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Issuer

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Withdrawal of Ichigo Trust’s Proposals, Proposed Amendments to Articles of Incorporation and Nomination of Directors, and Ichigo Office’s Position on Berkeley Global’s Proposals

Ichigo Office received a shareholder request from Berkeley Global, LLC, as announced in the March 17, 2023 release “Shareholder Request for Convocation of Extraordinary Shareholder Meeting.”

As announced in the April 28, 2023 release “Receipt of Shareholder Proposals,” Ichigo Office also received shareholder proposals from Ichigo Trust Pte. Ltd. (“Ichigo Trust”).

Ichigo Office’s Board of Directors is comprised of independent directors who have no relationship with Ichigo Office’s asset management company or the Ichigo group. Upon careful review of both Ichigo Trust’s and Berkeley Global’s proposals under this independent governance system, Ichigo Office’s Board of Directors has decided to support Ichigo Trust’s proposals and propose them as Ichigo Office for approval at the Extraordinary Shareholder Meeting (EGM).

Ichigo Office received today a written notification from Ichigo Trust that Ichigo Trust will thus withdraw its proposals, and Ichigo Office’s Board of Directors decided to submit the following amendments to its Articles of Incorporation (AOI) and Director candidates for approval at its EGM scheduled on June 23, 2023.

Berkeley Global’s proposals remain on the EGM agenda.

Ichigo Office’s Board of Directors does not believe Berkeley Global’s proposals contribute to Ichigo Office shareholder value, and opposes all of Berkeley Global’s proposals.

1. EGM Proposals

(1) Ichigo Office Proposals (Proposals 1~8)

Ichigo Office proposes to amend the relevant parts of its AOI and the Appointment of an Executive Director and a Supervisory Director as follows.

Proposal 1: Amendment to the Articles of Incorporation (Reduce NOI & Dividend Performance Fee)

Proposal 2: Amendment to the Articles of Incorporation (Amend Gains on Sale Performance Fee)

Proposal 3: Amendment to the Articles of Incorporation (Amend Gains on Merger Performance Fee)

Proposal 4: Amendment to the Articles of Incorporation (Amend Gains on REIT TOB Sale Performance Fee)

Proposal 5: Appointment of Mr. Takafumi Kagiyama as Executive Director

Proposal 6: Appointment of Mr. Yuji Maruo as Supervisory Director

Proposal 7: Amendment to the Articles of Incorporation (Reduce upper limit on Director compensation and add Director compensation shareholder approval requirement)

Proposal 8: Amendment to the Articles of Incorporation (Introduce upper limit on the number of Directors)

(2) Berkeley Global Shareholder Proposals (Proposals 9~14)

Proposal 9: Partial amendments to the Articles of Incorporation (regarding change in the rate of NOI & Dividend Performance Fee)

Proposal 10: Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Sale Performance Fee, and adoption of Asset Acquisition Fee and Asset Sale Fee)

Proposal 11: Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee, and adoption of Merger Fee)

Proposal 12: Appointment of Mr. Toru Sugihara as an executive director

Proposal 13: Appointment of Mr. Akihiko Fujinaga as a supervisory director

Proposal 14: Partial amendments to the Articles of Incorporation (regarding adoption of a cap on remuneration for Executive Directors and Supervisory Directors)

2. Ichigo Office Proposal Rationale

(1) Proposal 1: Amendment to the Articles of Incorporation (Reduce NOI & Dividend Performance Fee)

J-REIT shareholders have a shared interest in maximizing the dividend and share price. Ichigo Office believes that shareholder returns are supported by an asset management fee structure that is aligned with value creation for shareholders, not a fee structure based on portfolio size, acquisitions, or sales. In particular, asset management fees should be paid based on how much value per share (that is, performance) the asset management company generates, and the no fixed fee, performance fee-only structure aiming to maximize long-term shareholder value approved at the Ichigo Office shareholder meeting held in July 2020 (“2020 Shareholder Meeting”) represents Ichigo Office and Ichigo Investment Advisor’s (“IIA”) shareholder-aligned asset management philosophy and execution. Ichigo Office believes that maintaining this philosophy and asset management fee structure contributes to shareholder returns.

Ichigo Office’s long-term returns have met shareholders’ expectations, significantly outperforming the TSE REIT Index. As of March 17, 2023, the date of Berkeley Global’s EGM convocation request, Ichigo Office’s one-year, three-year, and ten-year total returns including reinvested dividends were +9.73%, +46.97%, and +129.23%, respectively. (Source: Bloomberg) Ichigo Office’s outperformance versus the TSE REIT Index (total return basis) over the same one-year, three-year, and ten-year periods was +13.11%, +17.16%, and +62.52%, respectively, thus showing the appropriateness of Ichigo Office’s no fixed fee, performance fee-only structure.

Berkeley Global observes that Ichigo Office’s current fee structure resulted in higher fees during the April 2021 to October 2022 fiscal periods than would have been the case under our previous fee structure, which is contrary, they claim, to calculations shown at the 2020 Shareholder Meeting that the now-current fee structure would have resulted in lower fees than the previous structure over the historical five year period from the October 2015 to April 2020 fiscal periods. However, there was no flaw in the calculations. The increase under the new fee structure was due to the favorable subsequent performance of Ichigo Office. The April 2021 fiscal period earnings forecast was properly disclosed in the earnings material announced prior to the 2020 Shareholder Meeting and the materials handed out at the Shareholder Meeting.

Asset management fees do impact the dividend, but in asset classes like real estate, which involve unique assets where asset values deteriorate over time, careful asset management requiring much time and effort is essential to maintaining and improving the value of assets. Ichigo Office differentiates itself from other listed J-REITs by acquiring assets with high value-add potential, with IIA leveraging the specialized know-how and real estate value value-add capabilities of its sponsor Ichigo. Ichigo Office’s portfolio of older mid-size offices with high liquidity requires greater asset management services, and Ichigo Office believes that paying IIA an appropriate asset management fee to maintain high quality asset management services is important to maximizing shareholder value.

Nonetheless, based on discussions with shareholders, particularly institutional investors, Ichigo Office believes it is reasonable to expect IIA to continue improving operational efficiency and repay the outcome to shareholders via lower fees when appropriate.

Ichigo Office has confirmed with IIA that, three years having passed, given the current portfolio and market environment, they can maintain their management structure and performance with a c. 10% decrease in the management fee, and proposes a reduction from 0.0054% to 0.0048%.

(Amended areas underlined)

Current	After Amendment
Attachments	Attachments
Asset Management Fee Structure	Asset Management Fee Structure
1. NOI & Dividend Performance Fee	1. NOI & Dividend Performance Fee
The NOI & Dividend Performance Fee is calculated by: 1) dividing the Investment Corporation’s distributable earnings ³ (before the deduction of the NOI & Dividend Performance Fee) in the relevant fiscal period by total shares outstanding in the same period to generate the Dividend per Share (DPS); 2) multiplying the DPS in 1) by Net Operating Income (NOI), calculated as total rental income minus total rent-related expenses (excluding depreciation and losses on disposal of fixed assets) of the relevant fiscal period; and 3) multiplying the amount in 2) by <u>0.0054%</u> .	The NOI & Dividend Performance Fee is calculated by: 1) dividing the Investment Corporation’s distributable earnings ³ (before the deduction of the NOI & Dividend Performance Fee) in the relevant fiscal period by total shares outstanding in the same period to generate the Dividend per Share (DPS); 2) multiplying the DPS in 1) by Net Operating Income (NOI), calculated as total rental income minus total rent-related expenses (excluding depreciation and losses on disposal of fixed assets) of the relevant fiscal period; and 3) multiplying the amount in 2) by <u>0.0048%</u> .
NOI & Dividend Performance Fee = DPS (before the deduction of the NOI & Dividend	NOI & Dividend Performance Fee = DPS (before the deduction of the NOI & Dividend

Current	After Amendment
Performance Fee) * NOI * <u>0.0054%</u> (omitted)	Performance Fee) * NOI * <u>0.0048%</u> (omitted)

(2) Proposal 2: Amendment to the Articles of Incorporation (Amend Gains on Sale Performance Fee)

Ichigo Office’s current Gains on Sale Performance Fee is consistent with the philosophy set forth in Proposal 1, because it is paid only when gains on sales are recorded. It was approved at the 2020 Shareholder Meeting as part of the no fixed fee, performance fee-only structure that aligns the asset management company’s activities with shareholder value creation. Actively working to enhance the value of Ichigo Office’s assets is the role of an asset management company. Ichigo Office believes that maintaining the current Gains on Sale Performance Fee structure, where the asset management company is compensated in line with its performance only after it has completed an asset sale, contributing to maximizing shareholder value.

Berkeley Global argues that this amendment would essentially abolish the Gains on Sale Performance Fee, but their argument embeds an assumption that the NOI & Dividend Performance Fee will always exceed the Gains on Sale Performance Fee. This is incorrect. If large gains on sales are generated, the Gains on Sale Performance Fee will exceed the NOI & Dividend Performance Fee. In such a case a Gains on Sale Performance Fee will be paid, an outcome fully aligned with the intentions of the current no fixed fee, performance fee-only structure.

The Asset Acquisition Fee and Asset Sale Fee (reference: Proposal 10) proposed by Berkeley Global are calculated by multiplying the Acquisition Price and Sale Price by a maximum 0.5% respectively, resulting in fees linked to asset size, whether or not they realized gains. If an acquired asset is sold at a loss, the asset management company is still paid a fee while shareholders bear the loss, which is not aligned with shareholder value.

Current	After Amendment
<p>Attachments</p> <p>Asset Management Fee Structure</p> <p>2. Gains on Sale Performance Fee</p> <p>When the Investment Corporation sells a real estate asset during the relevant fiscal period and Gains on Sale are generated, a Gains on Sale Performance Fee shall be calculated by multiplying the Gains on Sale (before the deduction of the Gains on Sale Performance Fee) by 15%.</p> <p>Gains on Sale Performance Fee = Gains on Sale of a real estate asset (before the deduction of the Gains on Sale Performance Fee) * 15%</p> <p>However, in cases where the Investment Corporation’s cumulative sum of all Gains on</p>	<p>Attachments</p> <p>Asset Management Fee Structure</p> <p>2. Gains on Sale Performance Fee</p> <p>When the Investment Corporation sells a real estate asset during the relevant fiscal period and Gains on Sale are generated, a Gains on Sale Performance Fee shall be calculated by multiplying the Gains on Sale (before the deduction of the Gains on Sale Performance Fee) by 15%.</p> <p>Gains on Sale Performance Fee = Gains on Sale of a real estate asset (before the deduction of the Gains on Sale Performance Fee) * 15%</p> <p>However, in cases where the Investment Corporation’s cumulative sum of all Gains on</p>

Current	After Amendment
<p>Sale of real estate assets minus the sum of all losses on such sales through the relevant fiscal period is negative, the Gains on Sale Performance Fee shall be zero.</p> <p>The Gains on Sale Performance Fee payment date shall be within three months of the relevant fiscal period.</p> <p>(New)</p> <p>Payment shall be made within three months of the end of the Investment Corporation’s relevant fiscal period.</p>	<p>Sale of real estate assets minus the sum of all losses on such sales through the relevant fiscal period is negative, the Gains on Sale Performance Fee shall be zero.</p> <p>The Gains on Sale Performance Fee payment date shall be within three months of the relevant fiscal period.</p> <p><u>Should a Gains on Sale Performance Fee arise, the amount will be subtracted from the NOI & Dividend Performance Fee prescribed in Clause 1 “NOI & Dividend Performance Fee.”</u></p> <p>Payment shall be made within three months of the end of the Investment Corporation’s relevant fiscal period.</p>

(3) Proposal 3: Amendment to the Articles of Incorporation (Amend Gains on Merger Performance Fee)

NOI & Dividend Performance Fee and Gains on Sale Performance Fees, in principle, reflect the operating results of each fiscal period, based on the value realized for shareholders at that time. Actions taken by the asset management company to generate value over a longer-term perspective (for example, sourcing real estate assets at attractive prices aiming for future capital gains, making wise capex decisions to enhance property value, and identifying the optimal time to sell real estate assets at the best price), are not compensated immediately.

So long as the asset management company continues to conduct Ichigo Office’s asset management activities, the results of such long-term efforts will eventually be realized and paid out to the asset management company as performance fees.

However, if the asset management company changes due to an event such as a merger or TOB, the contract between Ichigo Office and the asset management company ends without them being fully compensated for their efforts to increase long-term value, because the events that would have triggered compensation payments (such as realizing gains on the sale of an asset) have not yet taken place. Ichigo Office believes that a fee structure that does not provide compensation in this case fails to create the right incentives for the asset management company to focus on long-term performance.

In cases where the asset management company will change post-merger, the Gains on Merger Performance Fee, which was approved and introduced at the 2020 Shareholder Meeting, is designed to reflect the per-share increase in value the asset management company has contributed to Ichigo Office up to that point (specifically, the unrealized gains per share at the time of the merger agreement). If there are, instead, unrealized losses, no fees are paid.

Acquiring real estate assets at the lowest possible price and executing value-add actions to realize the assets’ full potential are what drive shareholder value. The Gains on Merger Performance Fee incentivizes the asset management company to grow long-term value per share and aligns the asset management company’s activities with shareholder value.

Berkeley Global, however, claims that the Gains on Merger Performance Fee and the Gains on REIT TOB Sale Performance Fee are unconnected to the services provided by the asset management company, and proposes a fee structure similar to the one employed by Ichigo Office prior to the 2020 Shareholder Meeting (reference: Proposal 11). However, this type of fee structure is linked to asset size rather than shareholder value, mechanically paying more as assets grow regardless of whether assets are acquired at attractive prices. The Gains on Merger Performance Fee avoids the drawbacks of a fee structure linked to asset size, and focuses instead on rewarding the asset management company only should they succeed in improving shareholder value, thus invalidating Berkeley Global's argument.

Berkeley Global also claims that the Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee are takeover defense measures, but Ichigo Office believes that it has the opposite effect. Typically, if a merger or TOB offer would result in changing the current asset management company, meaning the asset management company is at risk of losing a client, the asset management company may be reluctant to whole-heartedly assist in the merger or TOB process even if the offer would benefit the REIT shareholders. However, in the case of Ichigo Office the immediate realization of 15% on unrealized gains is assured, so there is instead an incentive for the asset management company to consider merger or TOB offers in a positive light. Ichigo Office believes that the Gains on Merger Performance Fee rate, which is equal to the Gains on Sale Performance Fee rate, is reasonable.

Given the above, Ichigo Office believes that its Gains on Merger Performance Fee, a fee paid in line with asset management performance, i.e., driving value per share, should be maintained. In order to clarify any details regarding the Gains on Merger Performance Fee under the current AOI, Ichigo Office proposes the following changes.

- 1) Because Ichigo Office views the Gains on Merger Performance Fee as compensation for the asset management company's long-term contributions to Ichigo Office's shareholder value, the phrase "in response to a merger proposal" in the current AOI was meant to refer to a change in asset management company due to a merger. To clarify this point, Ichigo Office proposes deleting the phrase "in response to a merger proposal" and explicitly stating that the Gains on Merger Performance Fee is paid when the asset management company changes due to a merger.
- 2) Ichigo Office believes that the Gains on Merger Performance Fee, equal to 15% of unrealized gains on real estate assets in the current AOI, is a reasonable level as an incentive for the asset management company to increase long-term shareholder value. On the other hand, regarding Ichigo Office's Merger Price, the price is not necessarily readily evident. Therefore, to incorporate the above and clarify the calculation basis, Ichigo Office proposes replacing Ichigo Office's Merger Price with Merger Price as of the Merger Agreement Date, and redefining it as follows.

Merger Price as of the Merger Agreement Date is equal to (Net Assets Before Deducting the Gains on Merger Performance Fee + Unrealized Gains on Real Estate Assets - Unrealized Losses on Real Estate Assets) divided by Number of Shares Outstanding as of the Merger Agreement Date, calculated based on a merger ratio calculation report obtained during negotiations with the bidder.

Unrealized Gains per Share as of the Merger Agreement Date is equal to the above minus Net Assets per Share as of the Merger Agreement Date, thus clarifying that the calculation is based on the unrealized gains of Ichigo Office's real estate assets.

These calculations are based on the merger agreement date and not the date the merger becomes effective, because there is a time lag between the two. Although the asset value of the two merging Investment Corporations may fluctuate after the agreement date, shareholders will receive the value determined on the merger

agreement date, regardless of any subsequent changes. Because this fee is intended to align the interests of shareholders and the asset management company, it is fair to calculate the fee based on the unrealized gains at the time the merger ratio is determined, which is the signing date.

- 3) Lastly, because the Gains on Merger Performance Fee is a fee relating to mergers, it should be clear that a fee will not be paid unless a merger takes effect, but to further clarify this point, Ichigo Office proposes specifying a merger taking effect as a condition for the payment of the fee. If the merger does not go through for any reason, despite a signed merger agreement, this fee will not be paid.

Current	After Amendment
<p>Attachments</p> <p>Asset Management Fee Structure</p> <p>3. Gains on Merger Performance Fee</p> <p>When the Investment Corporation merges with another investment corporation, the Gains on Merger Performance Fee shall be calculated <u>by multiplying the merger price per share minus net assets per share at the time of the merger (as defined below) by the number of shares outstanding and multiplying by 15%.</u></p> <p>Gains on Merger Performance Fee = <u>Gains per Share (Merger Price – Net Assets per Share) * Number of Shares Outstanding * 15%</u></p> <p>However, <u>where the Gains per Share is negative</u>, the Gains on Merger Performance Fee shall be zero.</p> <p>The Gains on Merger Performance Fee arises when the Investment Corporation merges with another investment corporation either via a new merged entity or absorption-type merger, <u>in response to a merger proposal from the other investment corporation (including cases both where the Investment Corporation is surviving entity or the extinguished entity in an absorption-type merger).</u> “Net Assets per Share at the time of the merger” refers to <u>net assets at the time the merger is approved at the Shareholder Meeting divided by the number of shares outstanding at that time.</u></p>	<p>Attachments</p> <p>Asset Management Fee Structure</p> <p>3. Gains on Merger Performance Fee</p> <p>When the Investment Corporation merges with another investment corporation, the Gains on Merger Performance Fee shall be calculated <u>by multiplying the merger price per share calculated based on a merger ratio calculation report obtained from a third-party to be disclosed at the time of the merger minus net assets per share at the time of the merger agreement (as defined below) by the number of shares outstanding at the time of the merger agreement and multiplying by 15%.</u></p> <p>Gains on Merger Performance Fee = <u>Gains per Share at the Time of the Merger Agreement (Merger Price at the Time of the Merger Agreement – Net Assets per Share at the Time of the Merger Agreement) * Number of Shares Outstanding at the Time of the Merger Agreement * 15%</u></p> <p>However, <u>where the Gains per Share at the Time of the Merger Agreement is negative</u>, the Gains on Merger Performance Fee shall be zero.</p> <p>The Gains on Merger Performance Fee arises when the Investment Corporation merges with another investment corporation either via a new merged entity or absorption-type merger, <u>(including both cases where the Investment Corporation is the surviving entity or the extinguished entity in an absorption-type merger), and the asset management company of the Investment Corporation at the time of the merger agreement does not continue to manage the assets under management after the merger.</u></p>

Current	After Amendment
<p><u>The Gains on Merger Performance Fee is based upon the merger price, which is the appraised value of the real estate assets of the Investment Corporation used in the calculation of the merger ratio at the time of the merger. When the above (before deduction of the Gains on Merger Performance Fee) exceeds the value of the real estate assets on the Investment Corporation’s balance sheet at the time of the merger, 15% of the excess amount will be the fee to the Asset Management Company. The calculation shall be made with due consideration of such purpose.</u></p> <p>(New)</p> <p><u>The Gains on Merger Performance Fee will arise on the date the merger is approved at the shareholder meeting, and the payment date shall be within one month of the merger date.</u></p>	<p>(Deleted)</p> <p><u>The Merger Price at the Time of the Merger Agreement is based upon the net assets calculated based on a merger ratio calculation report (before deduction of the Gains on Merger Performance Fee), plus the unrealized gains from real estate assets, minus unrealized losses from real estate, divided by the number of shares outstanding at the time of the merger agreement.</u></p> <p><u>Net Assets per Share at the Time of the Merger Agreement is based upon the net assets divided by the number of shares outstanding at the time of the merger agreement.</u></p> <p><u>The Gains on Merger Performance Fee will arise when the merger agreement is signed, contingent on the merger closing, and the payment date shall be within one month of the merger date.</u></p>

(4) Proposal 4: Amendment to the Articles of Incorporation (Amend Gains on REIT TOB Sale Performance Fee)

Fees paid to Ichigo Office’s asset management company have been determined based on the philosophy that fees are compensation for improving value per share, and this applies to the Gains on REIT TOB Sale Performance Fee approved and introduced at the 2020 Shareholder Meeting. If the asset management company changes due to a TOB, the Gains on REIT TOB Sale Performance Fee is paid in line with the contribution made by the asset management company to improving value per share up to the TOB date, or specifically, the unrealized gains of Ichigo Office’s real estate assets per share as of the TOB date. If there are unrealized losses, no fees are paid. Acquiring real estate assets at the lowest possible price and executing value-add actions to realize the assets’ full potential are what drive shareholder value. The Gains on REIT TOB Sale

Performance Fee incentivizes the asset management company to grow long-term value per share and aligns the asset management company’s activities with shareholder value.

Berkeley Global claims that the Gains on REIT TOB Sale Performance Fee is unreasonable because it “lacks any connection” to the provision of services by the asset management company (that is, the asset management company does not provide services during the tender offer) and because Ichigo Office and the asset management company are not parties to the tender offer (reference: Proposal 11). However, the Gains on REIT TOB Sale Performance Fee is not intended to compensate for the provision of services at the time of the TOB, but rather to create incentives for the asset management company to maximize long-term shareholder value and share price returns. It is not a takeover defense mechanism, but instead encourages the asset management company to focus on building long-term shareholder value regardless of any potential TOB.

Given the above, Ichigo Office believes the concept underlying the Gains on REIT TOB Sale Performance Fee should be maintained. In order to clarify the details regarding the Gains on REIT TOB Sale Performance Fee under the current AOI, Ichigo Office proposes the following changes.

- 1) Similar to the Gains on Merger Performance Fee, the Gains on REIT TOB Sale Performance Fee is only paid when there is a change in asset management company as a result of a TOB. Based on the concept of compensating for increases in value per share, it is appropriate to compensate the asset management company for long-term increases in Ichigo Office’s shareholder value if there is a change in asset management company as a result of a TOB. However, if the TOB involves only a partial takeover of Ichigo Office’s shares, and the existing relationship with the asset management company is maintained after the TOB, the asset management company would continue to have opportunities to increase shareholder value after the TOB. The Gains on REIT TOB Sale Performance Fee will be paid only if part of or all of Ichigo Office’s shares are purchased as part of the TOB, and as of the TOB date, the asset management company is no longer Ichigo Office’s asset management company.
- 2) Considering the possibility of a squeeze-out by the bidder after a TOB, if a squeeze-out is implemented, the shares subject to the squeeze-out are included in the calculation of additional compensation, and the additional compensation occurs as of the date the squeeze-out is completed.

Current	After Amendment
<p>Attachments</p> <p>Asset Management Fee Structure</p> <p>4. Gains on REIT TOB Sale Performance Fee</p> <p>When the Investment Corporation is acquired by a third party via a TOB, the Gains on REIT TOB Sale Performance Fee shall be calculated by multiplying the TOB price per share minus net assets per share at the time of the TOB by the number of shares purchased by the third-party via the TOB and multiplying by 15%.</p>	<p>Attachments</p> <p>Asset Management Fee Structure</p> <p>4. Gains on REIT TOB Sale Performance Fee</p> <p>When the Investment Corporation is acquired by a third party via a TOB, the Gains on REIT TOB Sale Performance Fee shall be calculated by multiplying the TOB price per share minus net assets per share at the time of the TOB by the number of shares purchased by the third-party via the TOB <u>(however, if a squeeze-out of minority shareholders is to be initiated after the TOB, then the shares to be squeezed out are to be included)</u> and multiplying by 15%.</p>

Current	After Amendment
<p>Gains on REIT TOB Sale Performance Fee = Gains per Share (TOB Price – Net Assets per Share) * Number of Shares Purchased in TOB * 15%</p> <p>However, where the Gains per Share is negative, the Gains on REIT TOB Sale Performance Fee shall be zero.</p> <p>The Gains on REIT TOB Sale Performance Fee arises when the Investment Corporation’s shares are <u>acquired by a third party via a TOB</u>. “Net Assets per Share at the time of the acquisition” refers to net assets at the time the acquisition is approved at the Shareholder Meeting divided by the number of shares outstanding at that time.</p> <p><u>In addition, the purpose of the Gains on REIT TOB Sale Performance Fee is to reward the asset management company, if the Investment Company is to be acquired, with an amount equivalent to 15% of the excess amount of the total appraisal value of real estate assets of the Investment Corporation (before deduction of the Gains on REIT TOB Sale Performance Fee) used as the basis for calculating the TOB share price versus the total book value of the real estate assets. The calculation shall be made with due consideration of such purpose.</u></p> <p><u>The Gains on REIT TOB Sale Performance Fee will arise on the date the acquisition is approved at the shareholder meeting, and the payment date shall be within one month of the acquisition date.</u></p>	<p>Gains on REIT TOB Sale Performance Fee = Gains per Share (TOB Price – Net Assets per Share) * Number of Shares Purchased in TOB * 15%</p> <p>However, where the Gains per Share is negative, the Gains on REIT TOB Sale Performance Fee shall be zero.</p> <p>The Gains on REIT TOB Sale Performance Fee arises when the Investment Corporation’s shares are <u>acquired by a third party other than the current asset management company of the Investment Corporation via a TOB, and the asset management company is to change after the TOB</u>. “Net Assets per Share at the time of the acquisition” refers to net assets at the time the acquisition <u>(before deduction of the Gains on REIT TOB Sale Performance Fee)</u> is approved at the Shareholder Meeting divided by the number of shares outstanding at that time.</p> <p><u>The Gains on REIT TOB Sale Performance Fee will arise when the current asset management company loses its position as the asset management company of the Investment Corporation the end of the TOB share acquisition period. (However, if squeeze-out transactions are scheduled, the portion of the performance fee at the time of acquisition that corresponds to the squeezed-out shares will be calculated at the time of completion of the squeeze-out transaction.) The payment date shall be within one month from time when the current asset management company loses its position as the asset management company of the Investment Corporation after the last day of the tender offer period. (However, the payment date for the portion of the Gains on REIT TOB Sale Performance Fee that corresponds to the squeezed-out shares will be at the time of completion of the squeeze-out transaction.)</u></p>

(5) Proposal 5: Appointment of Mr. Takafumi Kagiya as Executive Director

Berkeley Global claims there are issues with Ichigo Office’s current asset management fee structure that undermine shareholder value and proposes the appointment of a new Executive Director and Supervisory Director with the expertise and experience to negotiate with the asset management company. As stated in the rationales for Proposals 1 through 4 above, Ichigo Office believes that its current asset management fee structure is appropriate and that maintaining this fee structure will help differentiate it from other

J-REITs and contribute to growing shareholder value.

On the other hand, because Ichigo Office's asset management fee structure is a first in the J-REIT market, Ichigo Office believes that, as it strives to grow shareholder value, it must constantly be re-examined and requires ongoing efforts to gain understanding from shareholders.

Ichigo Office takes very seriously the fact that it has received shareholder proposals regarding its asset management fee structure, and plans to further strengthen the supervisory and monitoring functions of Ichigo Office's Board of Directors through the additional knowledge and experience of a new Executive Director and Supervisory Director. Ichigo Office is determined to build a structure that will continue creating shareholder value via proactively engaging in shareholder-aligned asset management activities under the revised asset management fee structure based on Proposals 1 to 4. Ichigo Office is therefore proposing the nomination as Executive Director of Mr. Takafumi Kagiya, a real estate and finance expert who fully comprehends Ichigo Office's no fixed fee, performance-fee only structure.

To this end, Ichigo Office is nominating Mr. Kagiya as an Executive Director. Mr. Kagiya is a global management professional with extensive experience and knowledge of capital markets in and outside Japan. Considering his deep understanding of capital markets, corporate finance, asset management, ESG, and compliance, Ichigo Office expects that he will excel as an Executive Director to maximize shareholder value.

In particular, with his deep understanding of investor needs and the investment business, excellent communication skills, and native-level English, Ichigo Office expects Mr. Kagiya to communicate directly with both Japanese and global investors who hold a large portion of Ichigo Office shares. Ichigo Office expects that he will fulfill the responsibilities as an Executive Director by understanding and responding to investors' needs.

Ichigo Office believes that the appointment of Mr. Kagiya as an Executive Director will greatly contribute to attracting investments from high-quality, long-term investors who expect the implementation of global best practices.

Fiduciary duty in real estate investment trusts requires one to gain shareholders' confidence and pursue top-class investment returns. Ichigo Office is proposing the election of Mr. Kagiya as Executive Director to maintain and grow Ichigo Office's investment returns and further focus on ESG.

Under this proposal, pursuant to Article 19, Clause 3 of the AOI, the term of an Executive Director ends with the end of the term of the current Executive Director, and the term of the Executive Director ends at the end of the shareholder meeting held pursuant to Article 9, Clause 2 of the AOI after the Executive Director has been appointed.

This proposal is submitted based on approval by all Directors at the Board of Directors Meeting held on May 25, 2023.

The candidate's career history is as follows.

Title	Name (Date of Birth)	Career Summary, Positions, Responsibilities, and Important Concurrent Positions	
Executive Director (Candidate) (New)	Takafumi Kagiyama (April 17, 1956)	December 1981	Arthur Andersen and Company
		August 1984	Certified Public Accountant (California)
		June 1985	Kumagai Gumi Co., Ltd., North America Branch
		May 1990	Barings Securities Japan Ltd., Tokyo Branch
		June 1994	Lehman Brothers Japan Inc., Tokyo Branch
		May 1996	D.E. Shaw Securities, Tokyo Branch
		June 1998	Chief Operating Officer, Morgan Stanley Japan Limited, Tokyo Branch
		January 2001	Managing Director, Morgan Stanley Japan Limited, Tokyo Branch
		January 2003	Head of Sales, Equity Group, Morgan Stanley Japan Limited
		October 2005	Head of Equity Group, Morgan Stanley Japan Limited
		April 2006	Representative Director, Morgan Stanley Japan Limited, Tokyo Branch
		May 2010	Executive Officer, Deputy Head of Operations Division (Special Assignment), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (secondment)
		April 2011	Executive Officer, Deputy Head of Operation Management, Sales, & Corporate Divisions (special assignment), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (secondment)
April 2020	End of secondment at Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.		
August 2021	Statutory Auditor (Non-Executive), UBS SuMi TRUST Wealth Management Co., Ltd. (current)		

The above Executive Director candidate does not have Ichigo Office shares and is not a related party of Ichigo Office.

(6) Proposal 6: Appointment of Mr. Yuji Maruo as Supervisory Director

Similar to the rationale for Proposal 5, Ichigo Office proposes the appointment of a new Supervisory Director, Mr. Yuji Maruo.

Mr. Yuji Maruo has long been engaged in the development, sales, and leasing of mid-size buildings, Ichigo Office's main real estate category. He is a real estate management professional with extensive experience and knowledge of the real estate market and practices.

For over a decade, Mr. Maruo has focused on the energy efficiency of buildings and extending the useful life of buildings. He has researched technologies for building highly energy-efficient properties with a focus on high insulation performance. His track record in developing buildings that satisfy both economic efficiency and comfort has often received media attention. Ichigo Office believes that his track record is aligned with Ichigo Office's investment policy, focus on ESG, and growth strategy.

Furthermore, Mr. Maruo's extensive management experience at listed companies and as a real estate consultant for individual investors after establishing his own business is expected to contribute greatly to Ichigo Office's asset management, compliance, and risk management.

Ichigo Office proposes the appointment of Mr. Maruo as a new Supervisory Director because his multifaceted view as a real estate professional backed by his extensive experience will enhance Ichigo Office's monitoring functions and contribute to maximizing shareholder value.

Under this proposal, pursuant to Article 19, Clause 3 of the AOI, the term of an Executive Director ends with the end of the term of the current Executive Director, and the term of the Executive Director ends at the end of the shareholder meeting held pursuant to Article 9, Clause 2 of the AOI after the Executive Director has been appointed.

The candidate's career history is as follows.

Title	Name (Date of Birth)	Career Summary, Positions, Responsibilities, and Important Concurrent Positions	
Supervisory Director (Candidate) (New)	Yuji Maruo (August 21, 1971)	April 1994	Fujita Corporation
		October 2002	Meiho Enterprise Co., Ltd.
		August 2006	Executive Officer, Head of Shellze Group 1, Meiho Enterprise Co., Ltd.
		April 2007	Executive Officer, Deputy Head of Shellze Division and Head of Shellze Group 1, Meiho Enterprise Co., Ltd.
		August 2007	Executive Managing Officer, Deputy Head of Shellze Division and Head of Shellze Group, Meiho Enterprise Co., Ltd.
		August 2008	Executive Officer, Head of Shellze Group, Meiho Enterprise Co., Ltd.
		October 2008	Director & Executive Officer, Head of Shellze Group, Meiho Enterprise Co., Ltd.
		February 2009	Director & Executive Officer, Head of Shellze Group and Head of Shellze Sales Group, Meiho Enterprise Co., Ltd.
		November 2009	Director & Executive Officer, Head of Sales and Head of Business Development, Meiho Enterprise Co., Ltd.
		November 2010	Director & Executive Managing Officer, Head of Sales and Head of Business Development, Meiho Enterprise Co., Ltd.
		March 2012	Executive Officer, Saint Clair Co., Ltd.
October 2014	Representative Director, Equity Partners Co., Ltd. (current)		
June 2015	Senior Managing Director, Saint Clair Co., Ltd.		
June 2018	Representative Director, Equity Partners Co., Ltd. (current)		

The above Supervisory Director candidate does not have Ichigo Office shares and is not a related party of Ichigo Office.

(7) Proposal 7: Amendment to the Articles of Incorporation (Reduce upper limit on Director compensation and add Director compensation shareholder approval requirement)

Ichigo Office proposes the following changes and addition to Article 20 of the Articles of Incorporation.

Director compensation is very important for shareholders. In order to ensure the transparency and objectivity of Director compensation, Ichigo Office proposes that Director compensation be determined by Shareholder Meeting approval rather than by Ichigo Office's Board of Directors.

Ichigo Office also proposes reducing the upper compensation limits for Executive Directors and Supervisory Directors by 10% to JPY 720,000 per month for Executive Directors and JPY 450,000 per month for Supervisory Directors.

Under the above proposal, Director compensation will become a shareholder-oriented decision process, and shareholders will have the right to determine and approve Director compensation at Shareholder Meetings, taking into account general price and wage trends, as well as Ichigo Office's performance. Ichigo Office believes that the post-amendment upper compensation limits are appropriate, taking into account the duties expected of Directors. Because there are existing Directors as of today, Ichigo Office proposes the amendment take effect after the next General Shareholder Meeting.

If these amendments are approved, Ichigo Office will make a compensation proposal based on the amendments at the next General Shareholder Meeting.

Current	After Amendment
<p>Article 20</p> <p>Payment Standards for Compensation of Directors</p> <p>The payment standards and timing of payment for Directors of the Investment Corporation shall be as follows.</p> <p>(1) Compensation for each Executive Director shall be an amount determined by <u>the Board of Directors</u> as a reasonable amount in light of general price trends, wage trends, etc., and limited to a maximum of <u>JPY 800,000</u> per month. Remuneration for the current month shall be paid by the end of the current month each month.</p> <p>In addition, if an Executive Director loses his/her position as an Executive Director due to a merger or other organizational restructuring before the expiration of his/her term of office, and the Executive Director does not assume an equivalent position after the reorganization, the total amount of monthly compensation that was scheduled to be paid to the Executive Director during his/her two-year term of office, and the difference between the total amount of compensation actually paid by the Investment</p>	<p>Article 20</p> <p>Payment Standards for Compensation of Directors</p> <p>The payment standards and timing of payment for Directors of the Investment Corporation shall be as follows.</p> <p>(1) Compensation for each Executive Director shall be an amount determined by <u>Shareholder Meeting approval</u> as a reasonable amount in light of general price trends, wage trends, etc., and limited to a maximum of <u>JPY 720,000</u> per month. Remuneration for the current month shall be paid by the end of the current month each month.</p> <p>In addition, if an Executive Director loses his/her position as an Executive Director due to a merger or other organizational restructuring before the expiration of his/her term of office, and the Executive Director does not assume an equivalent position after the reorganization, the total amount of monthly compensation that was scheduled to be paid to the Executive Director during his/her two-year term of office, and the difference between the total amount of compensation actually paid by the Investment</p>

Current	After Amendment
<p>Corporation will be paid as retirement benefits. However, this shall not apply in the event that the Executive Director is dismissed for the reason that he/she is unable to perform his/her duties in accordance with laws and regulations.</p> <p>(2) Compensation for each Supervisory Director shall be an amount determined by <u>the Board of Directors</u> as a reasonable amount in light of general price trends, wage trends, etc., and limited to a maximum of <u>JPY 500,000</u> per month. Compensation for the current month shall be paid by the end of the current month each month.</p> <p>In addition, if a Supervisory Director loses his/her position as a Supervisory Director due to a merger or other organizational restructuring before the expiration of his/her term of office, and the Supervisory Director does not assume an equivalent position after the reorganization, the total amount of monthly compensation that was scheduled to be paid to the Supervisory Director during his/her two-year term of office, and the difference between the total amount of compensation actually paid by the Investment Corporation will be paid as retirement benefits.</p> <p>However, this shall not apply in the event that the Supervisory Director is dismissed for the reason that he/she is unable to perform his/her duties in accordance with laws and regulations.</p> <p>(New)</p>	<p>Corporation will be paid as retirement benefits. However, this shall not apply in the event that the Executive Director is dismissed for the reason that he/she is unable to perform his/her duties in accordance with laws and regulations.</p> <p>(2) Compensation for each Supervisory Director shall be an amount determined by <u>Shareholder Meeting approval</u> as a reasonable amount in light of general price trends, wage trends, etc., and limited to a maximum of <u>JPY 450,000</u> per month. Compensation for the current month shall be paid by the end of the current month each month.</p> <p>In addition, if a Supervisory Director loses his/her position as a Supervisory Director due to a merger or other organizational restructuring before the expiration of his/her term of office, and the Supervisory Director does not assume an equivalent position after the reorganization, the total amount of monthly compensation that was scheduled to be paid to the Supervisory Director during his/her two-year term of office, and the difference between the total amount of compensation actually paid by the Investment Corporation will be paid as retirement benefits.</p> <p>However, this shall not apply in the event that the Supervisory Director is dismissed for the reason that he/she is unable to perform his/her duties in accordance with laws and regulations.</p> <p><u>(Supplementary Provision)</u> <u>Changes to Article 20 shall take effect from the date of the General Shareholders Meeting to be held following the Extraordinary Shareholders Meeting scheduled for June 2023 (hereinafter referred to as the “next General Shareholders Meeting”). This supplementary provision will be deleted on the day of the next General Shareholders Meeting.</u></p>

(8) Proposal 8: Amendment to the Articles of Incorporation (Introduce upper limit on number of Directors)

If the proposals to appoint two new Directors are approved at the EGM, the number of officers will increase. Ichigo Office should avoid having an excessive number of Directors for a long period of time, and therefore proposes to limit the maximum number of Directors to five from the next General Shareholder Meeting.

Current	After Amendment
<p>Article 18</p> <p>Number of Directors and Composition of the Board of Directors</p> <p>The Investment Corporation shall have at least one Executive Director and at least two Supervisory Directors (however, the number of Supervisory Directors shall be the number of Executive Directors plus at least one). The Board of Directors is comprised of all Executive Directors and Supervisory Directors.</p> <p>(New)</p> <p>(New)</p>	<p>Article 18</p> <p>Number of Directors and Composition of the Board of Directors</p> <p>The Investment Corporation shall have at least one Executive Director and at least two Supervisory Directors (however, the number of Supervisory Directors shall be the number of Executive Directors plus at least one). The Board of Directors is comprised of all Executive Directors and Supervisory Directors, <u>and is limited to no more than five Directors.</u></p> <p><u>(Supplementary Provision 2)</u> <u>Changes to Article 18 shall take effect from the date of the General Shareholders Meeting to be held following the Extraordinary Shareholders Meeting scheduled for June 2023 (hereinafter referred to as the “next General Shareholders Meeting”). This supplementary provision will be deleted on the day of the next General Shareholders Meeting.</u></p>

3. Berkeley Global Proposals

The following descriptions and rationale for Proposals 9 to 14 are from Berkeley Global’s shareholder proposals received on March 17, 2023. (English translation provided by Berkeley Global)

Proposal 9: Partial amendments to the Articles of Incorporation (regarding change in the rate of NOI & Dividend Performance Fee)

[Summary of Proposal]

In Paragraph 1 “NOI & Dividend Performance Fee” of Exhibit “AM fees for Asset Management Company” of the Articles of Incorporation of IOR, to change the reference to “0.0054%” to “0.0036%”.

[Reason for Proposal]

At the unitholders’ meeting held in July 2020 (the “2020 Unitholders’ Meeting”), IOR completely changed its AM fee structure (the “AM Fees Change”) and adopted a new AM fee structure consisting of “NOI & Dividend Performance Fee”, “Gains on Sale Performance Fee”, “Gains on Merger Performance Fee” and “Gains on REIT TOB Sale Performance Fee” (the AM fee structure before the AM Fees Change and after the AM Fees Change shall be hereinafter referred to as the “Old AM Fee Structure” and the

“New AM Fee Structure”, respectively).

However, in respect of the amendments proposed in “(1) Partial amendments to the Articles of Incorporation (regarding change in the rate of NOI & Dividend Performance Fee)”, “(2) Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Sale Performance Fee, and adoption of Asset Acquisition Fee and Asset Sale Fee)” and “(3) Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee, and adoption of Merger Fee)” below, the New AM Fee Structure does not contribute to an increase in the IOR unitholders’ value.

Furthermore, as stated in item a. of “Reason for Proposal” under “(4) Appointment of Mr. Toru Sugihara as an executive director” below, the Claimant believes that the disclosure made by IOR upon the introduction of the New AM Fee Structure was misleading to unitholders and did not help unitholders to properly understand the level of fees that IOR would have to pay if the New AM Fee Structure was introduced.

While the details are as described in items a. to c. below, the “NOI & Dividend Performance Fee” regarding which the Claimant proposes a change in the fee rate through this proposal is of a significantly high level. In a situation where the external growth of IOR has been significantly stagnant, payment of such expensive AM fees is not only inappropriate in itself but also a factor that may hinder the external growth of IOR. Therefore, the Claimant considers that it is necessary to change the rate of “NOI & Dividend Performance Fee” in order to reduce it to an appropriate level and thereby create an environment that facilitates IOR’s external growth.

a. The external growth of IOR is stagnant

IOR has not achieved any external growth accompanying public offerings for seven years since the last public offering in May 2016. There are only three listed J-REITs including IOR that have not achieved external growth accompanying public offerings since May 2016, among which one listed J-REIT has conducted merger. The external growth of IOR has been significantly stagnant also in comparison with other listed J-REITs.

b. AM fees are of a significantly high level

Regardless of the situation described in item a. above, according to the Claimant’s calculation, the ratio to total assets of the AM fees IOR pays to its asset management company, Ichigo Investment Advisors (the “Asset Management Company”), is about 0.78%, which is the average of the amount calculated by multiplying the amount of the AM fees stated in the profit and loss statements of the most recent four fiscal periods up to the end of October 2022 by 2 and dividing by the total assets as of the end of each period. The ratio to NOI of the said AM fees is about 15.7%, which is the average of the amount calculated by dividing the amount of the AM fees stated in the profit and loss statements of the most recent four fiscal periods up to the end of October 2022 by the NOI of each period. These are clearly of a higher level than the average among other listed J-REITs of the ratio of AM fees to total assets of about 0.46% and the average among other listed J-REITs of the ratio of AM fees to NOI of about 10.2%. For both ratios, the amount of the AM fees for the most recent two fiscal periods are used for recently listed J-REITs. The ratio of the said AM fees to total assets is the highest among 60 listed J-REITs.

c. Change in the rate of “NOI & Dividend Performance Fee” leads to optimization of the amount of fees and securing of opportunities for external growth

In a situation where external growth has not been achieved for a long time, the payment to the Asset Management Company of expensive AM fees that are significantly higher than the average of listed J-REITs cannot possibly be justified in itself. In addition, from the perspective that expensive AM fees may cause a decline in investment unit prices and become a factor that creates an environment where it is difficult to conduct a public offering, the Claimant must say that such expensive AM fees are inappropriate.

Under the current fee structure of IOR, unless events such as a transfer of property or a merger occur, AM fees are mostly “NOI & Dividend Performance Fee”. The Claimant is of the view that the high rate of “NOI & Dividend Performance Fee” is the main cause of AM fees becoming expensive. Therefore, the Claimant considers that it is necessary and appropriate for all unitholders that the amount of the AM fee be optimized by reducing the rate of “NOI & Dividend Performance Fee”, and that IOR by itself creates an environment that facilitates external growth by securing distribution sources and creating upward pressure on investment unit prices through such reduction of fee rate. According to the Claimant’s calculation based on the financial statements of IOR for the fiscal period ended October 2022, if the rate of “NOI & Dividend Performance Fee” was reduced from 0.0054% to 0.0036%, the distribution source would increase by about 239 million yen. Assuming that all such distribution sources are distributed as dividends, which the Claimant believes is a realistic assumption in light of the dividend payout ratio of IOR since a reduction in AM fees leads directly to an increase in the profit of an investment corporation, the dividends for the fiscal period ended October 2022 would have been increased by about 158 yen per investment unit.

Ichigo Office’s Position on Proposal 9

Ichigo Office believes that Proposal 9 does not contribute to shareholder value, and opposes Proposal 9.

Ichigo Office differentiates itself from other listed J-REITs by acquiring assets with high value-add potential, with IIA leveraging sponsor Ichigo’s know-how and value-add capabilities to drive asset value. Ichigo Office’s portfolio of older mid-size offices with high liquidity requires greater asset management services, and Ichigo Office believes that paying IIA an appropriate asset management fee to maintain and improve their high quality asset management services is critical to maximizing shareholder value.

Although we believe it is important for the asset management company to improve its operational efficiency and pass along those savings over time as a reduction in the fee rate, decreasing the rate excessively would compromise the soundness of the asset management company and hinder their ability to maintain high quality services, hurting shareholder value.

In order to maximize long-term shareholder value, it is necessary to set a rate that balances shareholder returns with appropriate incentives for the asset management company. Therefore, Ichigo Office believes that its proposals under Proposal 1 are appropriate.

Proposal 10: Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Sale Performance Fee, and adoption of Asset Acquisition Fee and Asset Sale Fee)

[Summary of Proposal]

To change Exhibit “AM Fees for Asset Management Company” to the Articles of Incorporation of IOR as follows:

a. To delete Paragraph 2 “Gains on Sale Performance Fee”; and

b. To add the following provisions as Paragraphs 2 and 3:

“2. Asset Acquisition Fee

When IOR acquires real estate or real estate-backed securities among specific assets, except for succession as a result of a merger, an Asset Acquisition Fee shall be calculated by multiplying its purchase price by a rate separately agreed with the Asset Management Company but not higher than 0.5%; provided, however, that in the case of the acquisition of a specific asset from a related party as defined in the regulations on transactions with related parties of the Asset Management Company, it shall be calculated by multiplying its purchase price of by a rate separately agreed with the Asset Management Company but not higher than 0.25%.

Payment shall be made within one (1) month from the end of the month in which IOR acquires the relevant asset (being, in other words, the month in which the transfer of the ownership and any other rights in respect of the relevant asset takes effect).

3. Asset Sale Fee

When IOR sells real estate or real estate-backed securities among specific assets, an Asset Sale Fee shall be calculated by multiplying its sale price by a rate separately agreed with the Asset Management Company but not higher than 0.5%; provided, however, that in the case of sale of a specific asset to a related party as defined in the regulations on transactions with related parties of the Asset Management Company, it shall be calculated by multiplying its sale price by a rate separately agreed with the Asset Management Company but not higher than 0.25%.

Payment shall be made within one (1) month from the end of the month in which the relevant asset is sold (being, in other words, the month in which the transfer of the ownership and any other rights on the relevant asset takes effect).”

[Reason for Proposal]

As detailed in items a. through c. below, the “Gains on Sale Performance Fee” is set at 15%, which is an extremely high rate, and in the event of an occurrence of a gain on the sale of assets, which is in principle obtained by deducting the asset’s book value from its sale price, IOR will have to bear extremely high fees. In addition, if a gain on the sale of assets occurs for IOR, the “NOI & Dividend Performance Fee” will also be increased. As a result, IOR will have to bear two burdens: the accrual of the “Gains on Sale Performance Fee” and an increase in the “NOI & Dividend Performance Fee”. Therefore, the Claimant believes that it is necessary to abolish the “Gains on Sale Performance Fee” and newly adopt a standard asset acquisition fee and asset sale fee to align with the prevailing fee structure for other listed J-REITs.

Furthermore, as stated in item a. of “Reason for Proposal” under “(4) Appointment of

Mr. Toru Sugihara as an executive director” below, the Claimant believes that the disclosure made by IOR upon the introduction of the New AM Fee Structure was misleading to unitholders and did not help unitholders to properly understand the level of fees that IOR would have to pay if the New AM Fee Structure was introduced.

a. Sale of assets affects two types of fees of “Gains on Sale Performance Fee” and “NOI & Dividend Performance Fee”

In the case where IOR sells its assets, resulting in a gain on the sale of assets, this will result in an extremely high “Gains on Sale Performance Fee” which is 15% of the gain on the sale of assets as described in item b. below. In addition to this, the gain on the sale of assets will increase dividends per unit, and IOR will have to pay an “NOI & Dividend Performance Fee” which is increased by such increased dividends per unit. This means that when IOR earns a gain on the sale of assets, it will have to pay to the Asset Management Company two types of fees of the “Gains on Sale Performance Fee” and an increased “NOI & Dividend Performance Fee”.

While the Claimant does not always consider that a fee structure is inappropriate solely based on the fact that a single event affects two types of fees, the total amount of AM fees is expected to be higher due to the effect on the two types of fees. Accordingly, the Claimant believes that it is necessary to carefully consider the rate of the “Gains on Sale Performance Fee” when setting it. However, the Claimant suspects that such a careful consideration has not been made. In fact, while two other J-REITs adopt similar gains on sale performance fees, only one of them has a fee structure under which a single event affects two types of fees, as is the case for IOR.

b. Level of “Gains on Sale Performance Fee” is extremely high

Gains on a sale of assets owned by an investment corporation should be attributed to its unitholders who originally bear risks associated with the owned assets. Hence, the Claimant considers that, in order for the AM fees paid to the Asset Management Company when gains on a sale of assets have accrued to be considered fair, they must be within a reasonable range as a fee for the relevant “services”. However, the “Gains on Sale Performance Fee” is calculated by multiplying gains on a sale of assets by 15% and this significantly high rate makes the level of the “Gains on Sale Performance Fee” extremely high. For example, IOR sold “Ichigo Akasaka 5-chome Building” in the fiscal period ended April 30, 2022, resulting in a gain on the sale of that asset of 940.11 million yen, of which approximately 140 million yen was paid to the Asset Management Company as a “Gains on Sale Performance Fee”. In addition, IOR plans to sell “Ichigo Ikenohata Building” in the fiscal period ending April 30, 2023, which will result in a gain on the sale of that asset of approximately 5,167 million yen, which is calculated by dividing the gain on that sale of 4,392 million yen (net of the Gains on Sale Performance Fee announced by IOR), by 85% (100 minus 15). Thus, IOR will pay approximately 775 million yen (15% of 5,167 million yen above) as the “Gains on Sale Performance Fee”.

c. Proposed AM Fee Structure

Despite the fact that careful consideration was necessary when setting the rate of the “Gains on Sale Performance Fee”, as described in item a. above, it is evident that the “Gains on Sale Performance Fee” is unreasonable in light of the facts that the level of the “Gains on Sale Performance Fee” is set so high that even the “Gains on Sale Performance Fee” alone is unreasonable, as described in item b. above, and that the “NOI & Dividend Performance Fee” is increased as a result of the accrual of a gain on

the sale of assets.

As such, the Claimant hereby makes a proposal as described in the “Outline of Proposal” above as the Claimant believes that it is necessary to abolish the “Gains on Sale Performance Fee” and set a well-balanced level of fees consisting of the “NOI & Dividend Performance Fee” as a performance-linked fee, and the “Asset Acquisition Fee” and the “Asset Sale Fee” as fees for the services provided by the Asset Management Company in relation to acquisition and sale of properties.

Ichigo Office’s Position on Proposal 10

Ichigo Office believes that Proposal 10 does not contribute to shareholder value, and opposes Proposal 10.

Ichigo Office believes that an asset management fee structure that links asset management fees with Ichigo Office’s shareholder profits, not a fee structure where asset management fees are linked to buy and sell transactions regardless of profitability, is aligned with shareholder objectives of maximizing the dividend and shareholder value.

Introducing an asset management fee structure where compensation is linked to buy and sell transactions regardless of profitability, as proposed under Proposal 10, creates incentives for the asset management company to transact assets regardless of whether they can increase those assets’ value. Considering that Ichigo Office’s strategy is to acquire properties with a high potential for value enhancement while leveraging the specialized know-how and real estate value-add capabilities of its sponsor Ichigo, a fee structure such as this would be inconsistent with our strategy.

Ichigo Office’s proposals under Proposal 2 maintain the linkage between asset management fees and shareholder profits and prevents the asset management fee amount from being excessive.

Proposal 11: Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee, and adoption of Merger Fee)

[Summary of Proposal]

To change Exhibit “AM Fees for Asset Management Company” to the Articles of Incorporation of IOR as follows:

- a. To delete Paragraph 3 “Gains on Merger Performance Fee” and Paragraph 4 “Gains on REIT TOB Sale Performance Fee”; and
- b. To add the following provision as Paragraph 4:

“4. Merger Fee

If, in the course of a consolidation-type merger or an absorption-type merger, regardless of whether IOR will be a surviving corporation or a dissolving corporation, (hereinafter collectively referred to as a “Merger” or “Merge”) executed by IOR, the Asset Management Company investigates and evaluates the assets held by the counterparty to the Merger, performs other services related to the Merger, and the Merger comes into effect, the Merger Fee shall be calculated by multiplying the appraised value at the time of the Merger (hereinafter referred to as an “Appraised Value”) of the real estate or the real estate-backed securities held by the counterparty which will be taken over or held by the new corporation incorporated in the incorporation-type merger or the corporation

surviving the absorption-type merger, by a rate separately agreed with the Asset Management Company but not higher than 0.5%; provided, however, that in the case of a Merger with an investment corporation that falls under a related party as defined in the regulations on transactions with related parties of the Asset Management Company or with an investment corporation which entrusts the management of its assets to a related party, it shall be calculated by multiplying the Appraised Value by a rate separately agreed with the Asset Management Company but not higher than 0.25%.

The date of payment shall be determined by separate negotiation between IOR and the Asset Management Company.”

[Reason for Proposal]

As detailed in items a. through d. below, the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” lack any connection with the services provided by the Asset Management Company. In addition, while the amount of these fees can be extremely high, their calculation methods are unclear and, as a result, these fees are unreasonable and lack rationality as a constructive fee structure. Practically, they have the effect of discouraging proposals that would contribute to increasing the IOR unitholders’ value. Therefore, the Claimant believes that it is necessary to abolish the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” and to newly adopt the Merger Fee to align with the prevailing fee structure for other listed J-REITs.

Furthermore, as stated in item a. of “Reason for Proposal” under “(4) Appointment of Mr. Toru Sugihara as an executive director” below, the Claimant believes that the disclosure made by IOR upon the introduction of the New AM Fee Structure was misleading to unitholders and did not help unitholders to properly understand the level of fees that IOR would have to pay if the New AM Fee Structure was introduced.

a. “Gains on Merger Performance Fee” and “Gains on REIT TOB Sale Performance Fee” are unreasonable and lack any connection with the services provided by the Asset Management Company

The “Gains on REIT TOB Sale Performance Fee” is supposed to accrue when investment units of IOR are acquired by a third party through a tender offer. However, in the first place, the Asset Management Company is not in a position to provide any services in a tender offer for investment units of IOR. In addition, a tender offer is a sale and purchase transaction of investment units to be executed between a purchaser who executes the tender offer and the unitholders who apply for the tender offer (in other words, who offer to sell their investment units in response to an offer to purchase investment units related to the tender offer). As such, neither IOR nor the Asset Management Company which are the parties to the asset management agreement will be a party to a tender offer.

The “Gains on Merger Performance Fee” is supposed to accrue only when IOR Merges in response to a Merger proposal from another investment corporation, regardless of whether IOR survives the Merger or not. Thus, no fee should accrue when IOR proposes a Merger. However, in the case of a Merger between investment corporations, various duties including due diligence with respect to the counterparty are required, regardless of whether IOR survives or dissolves in the Merger, in order for a merger agreement to be concluded, and, in practice, such duties are generally performed by the Asset Management Company for and on behalf of IOR which has no employees. This means that when IOR intends to merge, the Asset Management Company will be required to provide certain services regardless of which investment corporation

proposes the Merger. Despite this, the “Gains on Merger Performance Fee” makes an extreme difference in fees to the Asset Management Company, which can be either zero or an exorbitant amount (as detailed below) depending on which investment corporation proposes the Merger. It can be said that it is an unreasonable fee structure and lacks any connection with the services provided by the Asset Management Company.

Based on the above, given that the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” are unreasonable and lack rationality as a constructive fee structure. They have the effect of discouraging mergers and acquisitions that would contribute to increasing the IOR unitholders’ value as described in item b. below. Therefore, the Claimant cannot help but suspect that these fees were introduced with the aim to function as a de facto takeover defense measure.

b. Amount of “Gains on Merger Performance Fee” and “Gains on REIT TOB Sale Performance Fee” can be exorbitant

As detailed in item c. below, there are some unclear parts in the calculation of the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee”. Nevertheless, the amount of these fees can be exorbitant even with such unclear parts.

For example, when the Claimant calculates the “Gains on Merger Performance Fee” by using the management indicators for the fiscal period ended October 31, 2022 disclosed by IOR, provided that, for convenience, an investment unit price calculated based on a merger ratio was substituted with the NAV (Net Asset Value) per unit for the same period, the amount of such fee upon a Merger is estimated to be approximately 6,735 million yen, which is equal to 15% of the amount multiplying the difference between an investment unit price calculated based on a merger ratio, assuming that this is equal to the NAV per unit for the fiscal period ended October 31, 2022, and the amount of the net assets per unit as of the end of the fiscal period ended October 31, 2022 by the total number of the issued and outstanding investment units as of the end of the fiscal period ended October 31, 2022. Also, if it is calculated in accordance with the provision in the Articles of Incorporation that “... when the total Appraised Value of real estate-related assets of IOR (amount before deduction of the Gains on Merger Performance Fee) exceeds the total book value of the said real estate-related assets at the time of the merger, the Gains on Merger Performance Fee shall be the amount equivalent to 15% of the said excess amount”, the amount of such fee at the time of a Merger is estimated to be approximately 7,202 million yen, which is equal to 15% of the difference between the total Appraised Value of the real estate-related assets and the total book value of the real estate-related assets. Furthermore, when the Claimant calculates the “Gains on REIT TOB Sale Performance Fee” on the assumption that all of the investment units are subject to such fee, it is estimated to be approximately 6,735 million yen which is equal to 15% of the amount multiplying the difference between the TOB price, assuming that this is equal to the NAV per unit for the fiscal period ended October 31, 2022, and the amount of the net assets per unit as of the end of the fiscal period ended October 31, 2022, by the total number of the issued and outstanding investment units as of the end of the fiscal period ended October 31, 2022, or approximately 7,202 million which is equal to 15% of the difference between the total Appraised Value of the real estate-related assets and the total book value of the real estate-related assets.

Each amount of these fees is higher than double of the net income of IOR for the fiscal period ended October 31, 2022, which was approximately 3,001 million yen and may exceed the amount of cash and deposits held by IOR which was approximately 8,697 million yen as of the end of the fiscal period ended October 31, 2022, depending on the consideration for a Merger or a tender offer price. Each amount is so exorbitant that

IOR may have to consider selling its properties to pay these fees.

It is almost impossible to justify the fee structure that generates such an enormous amount of fees for the services provided by the Asset Management Company. As stated in item a. above, there are no “services to be provided” by the Asset Management Company in the case of a tender offer. Furthermore, assuming that such exorbitant fees are indeed to be paid, proposals for Mergers or tender offers to IOR will be discouraged even though such proposals are profitable for the unitholders. As such, these fees may function as a de facto takeover defense measure that prevents mergers and acquisitions that contribute to the enhancement of the IOR unitholders’ value, and the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” are irrational also in this respect.

By way of comparison, a merger fee paid by other listed J-REITs that have been merged in recent years was less than 1.0% of the Appraised Value of the assets to be taken over as a result of the mergers. If this were applied to a Merger between IOR and a J-REIT of a similar asset size, the Merger Fee would be estimated to be approximately 2,000 million yen. The fee for a Merger and takeover of IOR is more than three times as much as a normal merger fee even at the lowest estimate, and it is obviously abnormal.

c. “Gains on Merger Performance Fee” and “Gains on REIT TOB Sale Performance Fee” have unclear parts in their calculation and timing of accrual, and do not align with practical operation

According to the Articles of Incorporation of IOR, the “Gains on Merger Performance Fee” is calculated by using the formula of “unrealized gains per unit at the time of a Merger multiplied by the total number of issued and outstanding investment units multiplied by 15%”. However, the Articles of Incorporation also stipulate that “it is intended that when IOR is to be Merged with another investment corporation, ... when the total Appraised Value of real estate-related assets of IOR (amount before deduction of Gains on Merger Performance Fee) exceeds the total book value of the real estate-related assets at the time of the merger, the fees to the Asset Management Company shall be the amount equivalent to 15% of such excess amount, and the amount of the Gains on Merger Performance Fee shall be calculated by taking such intention into consideration”. This stipulation seems to imply that the Articles of Incorporation assume the application of a different formula other than the foregoing one in the case where IOR will be a dissolving corporation. Nevertheless, the Articles of Incorporation do not describe how to “take such intention into consideration”, and it is unclear how to calculate the Gains on Merger Performance Fee in the case where IOR will not survive such Merger. As described in item b. above, it is extremely inappropriate that the calculation formula is not clear although the amount of the Gains on Merger Performance Fee is highly likely to be exorbitant. Therefore, such a fee system should not be maintained.

Further, in order to calculate the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee,” it is necessary to calculate the amount of the net assets of IOR at the time of a resolution to approve a merger agreement or at the end of a tender offer period. However, as the amount of the net assets is normally calculated as of the end of a fiscal period, IOR may need to take procedures for preparing the financial statements and undergoing an audit in order to determine the amount of the net assets at a different point of time. On the other hand, these fees are supposed to accrue at such an early stage as at the time of a resolution to approve a merger agreement or at the end of a tender offer period. As such, the Claimant has serious questions about taking the above procedures at such a time to determine the amount of the net assets, and executing a Merger or acquisition based on that amount, in light of the costs

required for such actions.

Finally, the Articles of Incorporation of IOR stipulate that the Gains on Merger Performance Fee shall “accrue when a resolution to approve a merger agreement is adopted by a meeting of unitholders of IOR”. However, except for the case of a short form merger, a Merger between investment corporations requires a resolution to approve a merger agreement at a meeting of unitholders of the other investment corporation that is a party to the merger agreement because the Merger will not be closed until such resolution is made. Nevertheless, the provision of the Articles of Incorporation of IOR states that the “Gains on Merger Performance Fee” shall accrue at the end of a meeting of unitholders of IOR alone. This must have been drafted by a person who has no knowledge of the practice of mergers, and such provision is, therefore, unreasonable.

This means that the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” are unreasonable and difficult to calculate and apply under specific circumstances in mergers or acquisitions. The Claimant cannot help but suspect that they were adopted without any practical verification.

d. Proposed AM fee structure

As described in item a. above, the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” lack any connection with the services provided by the Asset Management Company. In addition, while the amount can be extremely high as described in item b. above, their calculations are unclear as described in item c. above and, as a result, these fees are unreasonable and lack rationale as a constructive fee structure. Practically, they may function as a de facto takeover defense measure to discourage proposals that would contribute to increasing the IOR unitholders’ value.

For these reasons, the Claimant hereby makes such a proposal as described above in the “Outline of Proposal” as the Claimant believes that it is necessary to abolish the “Gains on Merger Performance Fee” and the “Gains on REIT TOB Sale Performance Fee” and to adopt a Merger Fee to align with the prevailing fee structure for other listed J-REITs.

Ichigo Office’s Position on Proposal 11

Ichigo Office believes that Proposal 11 does not contribute to shareholder value, and opposes Proposal 11.

If there is a change in the asset management company due to a merger or TOB, Ichigo Office believes the asset management company should be compensated for its long-term efforts to increase share value by paying a Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee.

Proposal 11 eliminates the current Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee, and proposes a fee structure that mechanically pays a fee to the asset management company linked to asset size regardless of the asset management company’s success in improving value per share and generating unrealized gains. Under this fee structure, compensation grows with assets, regardless of any value creation, thus creating little incentive for the asset management company to acquire assets at the lowest possible price and to strive to realize the potential value of those assets. Furthermore, because an asset management fee will not be paid if there is a change in asset management company, the asset management company may be disinclined to cooperate with the merger or TOB even if the offer would benefit Ichigo Office’s shareholders.

Ichigo Office believes that its proposals under Proposals 3 and 4, which maintain the current no fixed fee, performance fee-only fee structure that pays a reasonable fee in line with the asset management company's contributions to improving shareholder value until the date of the merger or TOB, and clarify the relevant sections of the Articles of Incorporation, appropriately incentivize the asset management company.

Proposal 12: Appointment of Mr. Toru Sugihara as an executive director

[Summary of Proposal]

To appoint the following candidate as an executive director:

Candidate: Mr. Toru Sugihara (Date of Birth: May 19, 1968)
<Profile and Major Concurrent Positions >
Apr 1, 1991 Joined Nomura Securities Co. Ltd.
Oct 1, 2006 Joined Barclays Securities Japan Limited
Jul 1, 2012 Joined Kenedix, Inc.
Feb 1, 2015 Joined Star Asia Management Japan Limited, Tokyo Branch
Jun 22, 2015 Representative Director and General Manager of Finance Department, Star Asia Investment Management Co. Ltd. (seconded)
Aug 20, 2015 Director and General Manager of Finance Department, Star Asia Investment Management Co. Ltd.
Apr 26, 2019 Representative Member, Lion Partners Godo Kaisha
Aug 2019 Executive Director, Sakura Sogo REIT Investment Corporation
Aug 2020 Director and Vice President, Star Asia Investment Management Co. Ltd.
(seconded)
Feb 2023 Manager, Berkeley Global, LLC (Star Asia Group) (present)

(Note 1)

As of March 17, 2023, the above candidate does not hold any investment units of IOR.

(Note 2)

The above candidate and IOR do not have any special relationship with each other.

[Reason for Proposal]

As described in each "Reason for Proposal" in sections "(1) Partial amendments to the Articles of Incorporation (regarding change in the rate of NOI & Dividend Performance Fee)" to "(3) Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee, and adoption of Merger Fee)" above, the New AM Fee Structure contains a large amount of unreasonable and inappropriate details that are unlikely to contribute to the increase of the IOR unitholders' value. Furthermore, as described in item a. below, there were serious problems in the way IOR disclosed information at the 2020 Unitholders' Meeting and how it subsequently handled the matter.

In addition, as described in item b. below, the answers by the Asset Management Company when the Claimant proposed a review of the New AM Fee Structure were far from sincere in terms of responses to our suggestions. Thus, the Claimant has had no choice but to conclude that they totally disregard the unitholders' interests.

The Claimant believes that this attitude of disregard for the unitholders' interests by

IOR and the Asset Management Company is due to the fact that the supervision of the Asset Management Company by IOR is not being conducted properly. In order to correct this, it is essential to strengthen the governance structure of IOR and strengthen the supervision and oversight on the Asset Management Company. Therefore, as stated in c. below, the Claimant believes that Mr. Toru Sugihara, who has the proper knowledge and experience to become an executive director of IOR, shall be appointed as an executive director of IOR.

a. Problems found in the information disclosure made at the 2020 Unitholders' Meeting and the subsequent handling of the matter

In the convocation notice of the 2020 Unitholders' Meeting in connection with the AM Fees Change, IOR explained that the New AM Fee Structure was intended to "further improve the IOR unitholders' value". In addition, the press release of IOR titled "Notice of Amendment to the Terms and Appointment of Directors" dated June 15, 2020, which was disclosed prior to the 2020 Unitholders' Meeting, compared the total AM fees for the 5 years from the fiscal period ended October 2015 to the fiscal period ended April 2020 under the Old AM Fee Structure with the estimated total AM fees for the 5 years from the fiscal period ended October 2015 to the fiscal period ended April 2020 under the New AM Fee Structure, and included a bar graph showing that the total AM fees would decrease by 4.2% under the New AM Fee Structure. In other words, the material disclosed by IOR suggested that if IOR adopted the New AM Fee Structure, the total amount of AM fees would decrease, leading to an increase of the IOR unitholders' value.

However, the Claimant's calculation based on the material disclosed by IOR indicates that the actual result of the AM fees based on the New AM Fee Structure for the 4 periods from the fiscal period ended April 2021 to the fiscal period ended October 2022 after the AM Fees Change significantly exceeded the amount of the AM fees based on the Old AM Fee Structure. For example, although the amount of the AM fees for the fiscal period ended April 2021, which immediately followed the AM Fees Change, would be approximately 752 million yen under the Old AM Fee Structure (assuming that the maximum rate is applied; hereinafter the same), the actual result of the AM fees was increased to 834 million yen under the New AM Fee Structure, which is an increase of approximately 10.9%. Likewise, the amount for the following fiscal period ended October 2021 would be approximately 785 million yen under the Old AM Fee Structure, while the actual result of the AM fees was increased to 871 million yen under the New AM Fee Structure, which is an increase of approximately 11.0%.

Although the cause of such difference in the total amount of the AM fees between under the New AM Fee Structure and under the Old AM Fee Structure is not clear, given the fact that there is actually a significant difference between these amounts, it may be considered that IOR should have at least been able to fully acknowledge the possibility of the increase in the total amount of AM fees at the time of the AM Fees Change. Nevertheless, the material disclosed by IOR before the AM Fees Change indicated that the AM fees would be reduced due to the AM Fee Change and stated that the IOR unitholders' value would increase. This description should be considered questionable from the perspective of the accountability of IOR to its unitholders.

Even more importantly, IOR and the Asset Management Company could easily recognize the fact that the total amount of the AM fees under the New AM Fee Structure had become larger than the amount calculated under the Old AM Fee Structure. If IOR had intended to reduce the amount of the AM fees through the introduction of the New AM Fee Structure as stated in the material disclosed at the 2020 Unitholders' Meeting, it could have noticed that the actual result had increased by conducting a subsequent

validation process after the introduction and corrected the situation by reducing the rate at the unitholders' meeting held in July 2022 so that there was no discrepancy with the material disclosed in July 2020. However, the New AM Fee Structure has not been revised to date. As such, there is a governance issue within IOR. Although IOR implemented the AM Fees Change indicating that the AM fees would decrease, it has never conducted a subsequent validation to see if the amount actually decreased.

Furthermore, as described in the "Reason for Proposal" in "(3) Partial amendments to the Articles of Incorporation (regarding abolition of Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee, and adoption of Merger Fee)" above, the details of the "Gains on Merger Performance Fee" and the "Gains on REIT TOB Sale Performance Fee" were extremely unreasonable and inappropriate and therefore, the Claimant believes that IOR proposed them at the unitholders' meeting without conducting a practical validation based on the actual situations in which such fees were to be paid.

b. IOR's attitude of disregard for IOR unitholders' value which became obvious through its dialogue with the Claimant

The Claimant has requested IOR through the Asset Management Company to change the New AM Fee Structure as proposed above since February 9, 2023. However, the Claimant received an answer on March 10, 2023 from the Asset Management Company, as excerpted below, stating that it could not accept the Claimant's proposal:

(Translation of excerpt from the Asset Management Company's answer)

"This AM fee structure, which is intended to change the AM fees into "entirely performance-based fees" that are linked to the improvement of the unitholders' value in order to improve the IOR unitholders' value, was approved with the support of a large number of unitholders at the 12th unitholders' meeting held on July 18, 2020, and has been adopted for four fiscal periods since the fiscal period ended April 2021. Considering the details of the AM fee structure which aligns the interests of the unitholders with those of the Asset Management Company, and the fact that it has been approved by the unitholders as described above, the Asset Management Company believes that, as the Asset Management Company has already explained, the AM fee structure is appropriate. On the other hand, IOR also believes that it is important to continuously examine the AM fee structure from the perspective of improving the IOR unitholders' value."

(End of excerpt)

As described above, although the Claimant pointed out the fact that the fees under the New AM Fee Structure were extremely high and there were further issues on the New AM Fee Structure and the Asset Management Company received a proposal from the Claimant to change the New AM Fee Structure, the Asset Management Company did not enter into a constructive dialogue with the Claimant to discuss and consider which of the New AM Fee Structure, the current fee structure of IOR, and the fee structure proposed by the Claimant was more appropriate. Instead, the Asset Management Company referred only to the results of the voting at the 2020 Unitholders' Meeting, rejecting the proposal of the Claimant in a desultory manner, thereby showing an attitude of disregard for the IOR unitholders' interests.

c. Mr. Toru Sugihara's qualification as an executive director

As stated in items a. and b. above, it is considered that the governance system of IOR is inadequate to realize the fundamental principle of increasing the unitholders' value.

One of the reasons why these governance issues have not been resolved is that the current executive director, who was a supervisory director at the time of the 2020 Unitholders' Meeting, has no practical experience in the real estate industry or experience in the asset management of investment corporations and is extremely busy serving as the representative director of another company that provides consulting services including accounting and taxation services, and thus is not fully engaged in his duties as an executive director of IOR. Taking this into consideration, and in order to resolve such governance issues, the Claimant believes it is critical to appoint not only a supervisory director but also an executive director from outside the corporation, have the executive directors appropriately negotiate with the Asset Management Company on the AM fees from the viewpoint of protecting the IOR unitholders' interests, and have both of the executive director and the supervisory director monitor the governance of IOR through flexible management by the board of directors.

Mr. Toru Sugihara has significant knowledge and experience in the practice of investment corporations, including many years of practical experience in the real estate industry, deep experience in asset management at listed J-REITs, and prior experience as an executive director of a listed J-REIT. Therefore, he is able to supplement the lack of practical ability of IOR to verify the appropriateness of the fee structures, and quickly recognize and respond, flexibly and appropriately, to events that are contrary to the IOR unitholders' interests. From this perspective, the Claimant hereby requests the appointment of Mr. Toru Sugihara, Manager of Berkeley Global, LLC (Star Asia Group), as an executive director.

The term of office of the executive director under this proposal shall expire at the time of conclusion of the unitholders' meeting convened by IOR pursuant to Article 9, Paragraph 2 of the current Articles of Incorporation of IOR so that such term of office expires at the same time as the expiration of the term of office of the current executive director as provided in Article 19, Paragraph 3 of the current Articles of Incorporation.

Ichigo Office's Position on Proposal 12

Ichigo Office believes that Proposal 12 does not contribute to shareholder value, and opposes Proposal 12.

Ichigo Office believes that linking asset management fees with shareholder profits contributes to maximizing the dividend and shareholder value. Ichigo Office's asset management fee structure was thoughtfully designed, and as mentioned in the Proposal 1 rationale, this fee structure incentivizes the asset management company to help Ichigo Office differentiate itself and achieve strong long-term returns.

Mr. Toru Sugihara, the candidate proposed under Proposal 12, has expressed views on Ichigo Office's asset management fee structure without an adequate understanding of the underlying rationale or background, and has stated that Ichigo Office's governance structure must be strengthened, claiming that Ichigo Office's fee structure does not drive shareholder value and is unreasonable and inappropriate, and that there were significant problems with Ichigo Office's disclosures for the 2020 Shareholder Meeting. However, as explained in the Proposal 1 rationale, Ichigo Office's fee structure does indeed lead to increased shareholder value and there were no problems with Ichigo Office's disclosures for the 2020 Shareholder Meeting. Therefore, Ichigo Office does

not believe it is necessary to appoint Mr. Sugihara as an Ichigo Office Executive Director. Ichigo Office instead proposes the nomination of Mr. Kagiya (Proposal 5) as an additional Executive Director in order to further drive shareholder value.

Mr. Sugihara has been an employee of Star Asia Group since 2015, and is a Manager of Star Asia Group's Berkeley Global, LLC, the shareholder requesting to convene this EGM. Star Asia Investment Corporation, managed by Star Asia Group, competes for investments with Ichigo Office, resulting in a conflict of interest. If Mr. Sugihara is appointed as an Executive Director, there is a concern that, due to his economic reliance on Star Asia Group (discussed further below), he may use his position as Executive Director to make decisions and act in a way that would prioritize the profits and interests of Star Asia Group over the profits of Ichigo Office and Ichigo Office shareholders when making decisions for Ichigo Office.

Because Mr. Sugihara would receive a monthly Director compensation of JPY 10,000 under Proposal 14, he was asked to clarify his position with Star Asia Group during a meeting he attended with all of Ichigo Office's Directors. Ichigo Office confirmed that Mr. Sugihara currently intends to remain a Star Asia Group employee and maintain his relationship with Star Asia Group. That is, he expects to continue receiving economic support from Star Asia Group, even were he to be appointed as Ichigo Office's Executive Director. Under such circumstances, Ichigo Office believes that it would be difficult to expect Mr. Sugihara to fulfill his Executive Director role prioritizing Ichigo Office shareholders independently of Star Asia Group, regardless of how sincere and honorable he may be. Although he did mention that he will consider leaving Star Asia Group if requested by shareholders, if he were truly independent from Star Asia Group he should proactively clear any concerns regarding business-related conflicts of interest even without the urging of shareholders.

Given the above, Ichigo Office believes it is not appropriate to appoint Mr. Sugihara as an Executive Director.

Proposal 13: Appointment of Mr. Akihiko Fujinaga as a supervisory director

[Summary of Proposal]

To appoint the following candidate as a supervisory director:

Candidate: Mr. Akihiko Fujinaga (Date of Birth: August 25, 1956)

<Profile and Other Major Positions Held Concurrently>

Apr 1980	Joined Tokio Marine Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
Sep 2001	Manager of Finance and Accounting Department and Executive Director, Japan Real Estate Asset Management Co., Ltd. (seconded)
May 2006	Manager of Management Planning Division, Secured Capital Japan Co., Ltd. (currently PAG Investment Management Ltd)
Apr 2007	Senior Vice President and Executive Director, New City Corporation K.K.
Dec 2007	CFO and Director, MS Real Estate Advisors K.K.
Jan 2009	COO and Executive Director, LaSalle Investment Management K.K.
Jan 2015	Senior Executive Advisor, LaSalle Investment Management K.K.
Feb 2017	President & Representative Director, Tosei Asset Advisors, Inc.
Feb 2020	Chairperson of the Board, Tosei Asset Advisors, Inc.

Feb 2022

Left Tosei Asset Advisors, Inc.

(Note 1)

As of March 17, 2023, the above candidate does not hold any investment units of IOR.

(Note 2)

The above candidate and IOR do not have any special relationship with each other.

[Reason for Proposal]

As stated in the “Reason for Proposal” in “(4) Appointment of Mr. Toru Sugihara as an executive director” above, it is considered that the governance system of IOR has not been well established to realize the fundamental principle of increasing the unitholders’ value. In order to resolve such issues on the governance system, the Claimant believes it is critical to appoint one executive director and one supervisory director from outside the corporation, have the executive directors appropriately negotiate with the Asset Management Company on the AM fees from the viewpoint of protecting the IOR unitholders’ interests, and have both of the executive director and the supervisory director monitor the governance of IOR through the flexible management by the board of directors.

Mr. Akihiko Fujinaga has held important positions such as a president, executive director and other similar positions at many prominent real estate companies and asset management companies of listed J-REITs and is a person who is extremely well versed in real estate investment management practices. In addition, he has deep knowledge in the field of finance, having served as Manager of Finance and Accounting Department of Japan Real Estate Asset Management Co., Ltd. and CFO of MS Real Estate Advisors K.K., which enables him to analyze and supervise both the appropriateness of the fee formula itself based on his knowledge of the real estate industry and the appropriateness of the payments based on his knowledge of the field of finance. Therefore, he is an appropriate person to be a supervisory director of IOR, where the appropriateness of the AM fee structure is in issue.

From this perspective, the Claimant hereby requests the appointment of Mr. Akihiko Fujinaga as a supervisory director.

Pursuant to Article 18 of the Articles of Incorporation of IOR, the number of the supervisory directors shall be at least one more than the number of the executive directors. The term of office of the supervisory director under this proposal shall expire at the time of conclusion of the unitholders’ meeting convened by IOR pursuant to Article 9, Paragraph 2 of the current Articles of Incorporation of IOR so that such term of office expires at the same time as the expiration of the term of office of the current supervisory director as provided in Article 19, Paragraph 3 of the current Articles of Incorporation.

Ichigo Office’s Position on Proposal 13

Ichigo Office believes that Proposal 13 does not contribute to shareholder value, and opposes Proposal 13.

Berkeley Global has proposed the appointment of Mr. Akihiko Fujinaga as Supervisory Director due to his ability to “analyze and supervise both the appropriateness of the fee formula itself based on his knowledge of the real estate industry and the appropriateness of the payments based on his knowledge of the field of finance.” (excerpt from translation provided by Berkeley Global)

Ichigo Office opposes this proposal because the reasonableness of our asset management fee structure has already been established, and the asset management company has performed well in line with the incentives provided by this asset management fee structure. Ichigo Office believes that the appointments of Mr. Kagiya and Mr. Maruo as the Executive Director and Supervisory Director nominated under Proposals 5 and 6 will add further insights into the real estate and finance industries to conduct additional reviews of the asset management fee structure going forward, and do not believe it is necessary to appoint Mr. Fujinaga as an additional Supervisory Director.

All of Ichigo Office's Directors interviewed Mr. Fujinaga and deliberated on his credentials, track record, and expertise. However, in light of Mr. Fujinaga's relationship with Mr. Sugihara, Ichigo Office cannot rule out the possibility that he may prioritize the conflicted interests of Mr. Sugihara.

Given the above, Ichigo Office believes it is not appropriate to appoint Mr. Fujinaga as Supervisory Director.

Proposal 14: Partial amendments to the Articles of Incorporation (regarding adoption of a cap on remuneration for Executive Directors and Supervisory Directors)

[Summary of Proposal]

To add the following provision as Item 3 of Article 20 of the Articles of Incorporation of IOR:

(3) The maximum total amount of remuneration for all executive directors and supervisory directors set forth in the first sentence of Item 1 and the first sentence of Item 2 shall be 1,090,000 yen per month.

[Reason for Proposal]

The increase in the number of executive directors and supervisory directors proposed in “(4) Appointment of Mr. Toru Sugihara as an executive director” and “(5) Appointment of Mr. Akihiko Fujinaga as a supervisory director” above is a measure to improve the corporate governance of IOR and is intended to maintain and increase the IOR unitholders' interests. From the perspective of avoiding an unnecessary increase in the cost burden of IOR due to an increase in the number of such directors, the total amount of remuneration should be limited in order to keep it within a reasonable range.

The amount of 1,090,000 yen per month proposed as the upper limit of the total amount of remuneration for the executive directors and the supervisory directors is comprised of the sum of: (i) the amount of the monthly remuneration for the current directors that can be confirmed in the asset management report for the 34th fiscal period of IOR; (ii) 10,000 yen per month as the remuneration for the executive director who is requested to be newly appointed; and (iii) the monthly amount as the remuneration for the supervisory director who is requested to be newly appointed, which is the same amount currently paid for the other current supervisory directors. The specific breakdown is as follows:

Current executive director:	360,000 yen per month
Two current supervisory directors:	480,000 yen per month
New executive director:	10,000 yen per month
New supervisory director:	240,000 yen per month

Ichigo Office's Position on Proposal 14

Ichigo Office believes that Proposal 14 does not contribute to shareholder value, and opposes Proposal 14.

Director compensation is very important for shareholders. In order to ensure transparency and objectivity with respect to Director compensation, Ichigo Office proposes that Director compensation be determined via Shareholder Meeting approval rather than by Ichigo Office's Board of Directors.

Under Proposal 14, in order to avoid an increase in expenses as a result of additional directors, Berkeley Global is proposing a substantial reduction in the upper compensation limit, while retaining the right of the Board to determine Director compensation. Ichigo Office believes that Berkeley Global's proposal is inappropriate because it is based on the assumption that a newly appointed Executive Director will be paid only a nominal compensation.

If Director compensation is determined via the shareholder-oriented decision process proposed in Proposal 7, concerns of unreasonable Director compensation expenses will be eliminated. In addition, shareholders will be able to determine the compensation amount while taking into account general price and wage trends, as well as Ichigo Office's performance. Thus, Ichigo Office believes that Proposal 7 is appropriate.

4. Schedule

May 25, 2023 (today)	Board of Directors resolution
June 1, 2023	Shareholder meeting materials publication on website (expected)
June 8, 2023	Shareholder meeting materials mailed to shareholders (expected)
June 23, 2023	Shareholder meeting (expected)

5. Other

Ichigo Office will disclose a supplementary material to further explain the reasons for objection regarding Berkeley Global's proposals.