

[Provisional Translation Only]

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November 13, 2023

Issuer

Ichigo Office REIT Investment Corporation (“Ichigo Office,” 8975)

1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo

Representative: Keisuke Chiba, Executive Director

www.ichigo-office.co.jp/en

Asset Management Company

Ichigo Investment Advisors Co., Ltd.

Representative: Hiroshi Iwai, President

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**Bond Issuance to Ichigo
First Callable Unsecured Investment Corporation Bond
(Subordinated and Limited to Qualified Institutional Investors)**

Ichigo Office today decided to issue JPY 350 million of callable bonds (subordinated and limited to qualified institutional investors) (the “Investment Corporation Bonds”) to its sponsor, Ichigo, in order to finance the deployment of value-add capex to drive the value of its portfolio focused on mid-sized offices.

1. Bond Details

Name	Ichigo Office First Callable Unsecured Investment Corporation Bond (subordinated and limited to qualified institutional investors)
Allottee	Ichigo Inc. (“Ichigo”)
Total Issue Amount	JPY 350 million
Form of Bond Certificate	Pursuant to the Act on Book-Entry Transfer of Corporate Bonds and Shares, bond certificates will not be issued.
Bond Denomination Amount	JPY 350 million
Issue Price	Par (JPY 100)
Redemption Price	Par (JPY 100)
Offering Method	Private placement limited to qualified institutional investors
Subscription Period	November 13, 2023
Payment Date	November 20, 2023
Redemption Date and Method (Including Early Redemption)	Lump sum redemption on November 20, 2033. The principal may be redeemed in whole or in part before maturity at par (JPY 100) after November 21, 2028. If Ichigo Office decides on an early redemption, Ichigo Office must notify bondholders

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the amount and the redemption date 10 business days prior to the early redemption date. The Investment Corporation Bonds may be purchased and cancelled at any time on and after the day following the payment date unless otherwise stipulated by the depository. In the event the redemption date (or early redemption date) is not a business day, payment shall be made on the prior business day. Details on redemption are in “Subordination Agreement” below.

Interest Rate

1.0% (fixed rate)

Interest Payment Date

May 20 and November 20 every year (the first interest payment date will be May 20, 2024). If an interest payment date is not a business day, payment shall be made on the previous business day. The interest payment is calculated on a 365-day basis for each calculation period (the period starting on the payment date and ending on the first interest payment date, or the subsequent periods starting on subsequent interest payment dates and ending on the following interest payment date, where the first day of each period is not included in the interest calculation). Interest payments are rounded to the nearest whole number. Interest payments are made pursuant to the Subordination Agreement below, and there are no stipulations regarding accumulated interest.

Subordination Agreement

While Ichigo Office has senior debt obligations to its bondholders pursuant to its financing agreements with SMBC and other financial institutions (“creditors”) and its individual loan agreements with its creditors entered in line with these financing agreements, and the requirements (collectively referred to as “Senior Debt Documents”) of Ichigo Office’s debt obligations to its creditors and bonds issued by Ichigo Office (excluding (1) the Investment Corporation Bonds; (2) bonds with terms and conditions that are the same as or have lower priority than the Investment Corporation Bonds; and (3) Investment Corporation Bonds that are or are stipulated as having lower priority than the Investment Corporation Bonds), the principal, interest, and other payments relating to the Investment Corporation Bonds will have lower priority than senior debt, and will be made on the condition that senior debt that has reached maturity (including senior debt that is immediately due and payable) has been paid in full and when such condition has been met. Furthermore, while Ichigo Office has senior debt obligations, excluding senior debt that is immediately due and payable, if Ichigo Office lacks the funds to repay its subordinated debt that

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has reached maturity pursuant to the Senior Debt Documents, the deficit may be deferred until Ichigo Office has raised enough funds, and the deferral does not constitute a default on Ichigo Office's subordinated debt or a reason for the Investment Corporation Bonds to become immediately due and payable.

In the event of an Ichigo Office liquidation or rehabilitation, Investment Corporation Bonds will be treated as subordinated bankruptcy claims or subordinated rehabilitation claims. If proceedings related to liquidation under Japanese law, or liquidation, bankruptcy, or rehabilitation pursuant to laws outside of Japan arise and are ongoing, neither interest nor principal payment will be made until senior claims have been repaid in full.

Transfer Restrictions	Sales of the Investment Corporation Bonds require the approval of Ichigo Office, and can only be sold to qualified institutional investors as defined in Article 10, Clause 1 of the Cabinet Office Ordinance Relating to Definitions Prescribed in Article 2 of the Financial Instruments and Exchange Law. ¹
Financial Covenants	None
Collateral	The bonds are not secured by any collateral nor guaranteed, and no assets have been reserved as collateral for the Investment Corporation Bonds.
Credit Rating	None
Bond Administrator	None
Fiscal, Issuing, and Paying Agent	SMBC
Underwriters	SMBC Nikko Securities

¹ Ichigo, the allottee, has consented not to transfer the Investment Corporation Bonds without prior consent of Ichigo Office.

2. Reason for Bond Issuance

Ichigo Office continues to execute on its strategy to build a portfolio focused on mid-size offices, an asset class that offers both return stability and upside potential, and drives shareholder value via value-add and thorough asset management.

Ichigo Office is targeting long-term total returns of greater than 8%, and believes that growing asset value and NAV per share via the proactive deployment of value-add capex is essential to achieve this target.¹

Although Ichigo Office has historically kept capex below depreciation for each fiscal period, Ichigo Office has decided to proactively deploy value-add capex for select assets to differentiate its mid-size office portfolio while continuing to deploy capex necessary for building maintenance purposes. As a result, total capex (capex for maintenance purposes and value-add capex) will significantly exceed depreciation from the current April 2024 fiscal period.

After reviewing its financing options for the value-add capex in light of current liquidity

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and LTV, Ichigo Office decided to issue Investment Corporation Bonds to Ichigo as the allottee.

Ichigo Office believes the bond issuance will drive the earnings potential of its mid-size office portfolio, asset value, and NAV per share.

On the other hand, Ichigo is strengthening its commitment to Ichigo Office's growth as a sponsor and alignment with shareholder value creation, and will record gains on sale on assets sold to Ichigo Office.²

Ichigo Office will continue to execute on organic growth and acquisition-driven growth strategies, as well as financial strategy, to maximize shareholder value.

¹ Total Returns: Returns (Re-invested Dividends and Capital Gains) divided by Investment Amount (Share Price)

² Ichigo currently owns 107,040 Ichigo Office shares (7.07% of shares outstanding).

3. Characteristics and Benefits of Bond Issuance

The Investment Corporation Bonds have characteristics of both equity and debt. Although they are legally considered debt and do not cause share dilution, in the event of bankruptcy or rehabilitation, they are treated as subordinated bankruptcy claims or subordinated rehabilitation claims. Furthermore, if proceedings related to liquidation under Japanese law, or liquidation, bankruptcy, or rehabilitation pursuant to laws outside of Japan arise and are ongoing, the Investment Corporation Bonds are subordinated to other general claims pursuant to the Subordination Agreement and thus have characteristics of equity capital. The Investment Corporation Bond Issuance allows Ichigo Office to effectively strengthen its equity base while avoiding any dilution of net asset value per share.

4. Rationale of Bond Issuance Terms

Ichigo Office is issuing the Investment Corporation Bonds to its sponsor, Ichigo, to drive the earnings potential of its mid-sized office portfolio, asset value, and NAV per share.

Because there have been a limited number of Investment Corporation Bonds issued by investment corporations in Japan, Ichigo Office conducted a multi-faceted analysis to determine issuance terms including setting an interest rate based on information provided by financial institutions, interest rate spreads of existing subordinated investment corporation bonds, and interest rate spreads of other bonds issued by similar investment corporations, and discussed its analysis with Ichigo. Ichigo agreed to the above terms and conditions after reviewing the appropriateness of the terms and conditions of the Investment Corporation Bonds in light of its ongoing sponsor support.

5. Allottee Details

(1) Allottee Overview

Company Name	Ichigo Inc.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Scott Callon, Chairman Takuma Hasegawa, President

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Capital	JPY 26.888 billion
Establishment Date	March 17, 2000
Major Shareholder	Ichigo Trust Pte. Ltd.
Principal Businesses	Asset Management, Sustainable Real Estate, Clean Energy
Relationship with Ichigo Office or IIA	Parent company of Ichigo Investment Advisors (“IIA”), the asset management company

(2) Allottee Selection Rationale

Ichigo Office is issuing the Investment Corporation Bonds to finance the deployment of value-add capex to further drive portfolio growth. Towards this end, the selection of its sponsor, Ichigo, as allottee demonstrates Ichigo’s unwavering commitment and support for Ichigo Office.

Ichigo currently owns 107,040 Ichigo Office shares (7.07% of shares outstanding), and is the parent company of IIA, Ichigo Office’s asset management company.

(3) Related-Party Transactions

Transactions with the allottee, Ichigo, are related-party transactions as defined under the Investment Trust and Investment Corporation Law (Act No. 198 of 1951, including subsequent revisions). Pursuant to its rules on related-party transactions, IIA’s Risk Compliance Committee and Asset Management Committee reviewed and approved the terms and conditions of the Investment Corporation Bond issuance. Ichigo Office also received approval from its Board of Directors.

6. Total Amount to be Raised and Use and Timing of Proceeds

(1) Amount of Estimated Net Proceeds

JPY 342 million

(2) Use of Proceeds and Scheduled Expenditure Date

The proceeds will first be retained as cash-on-hand, and then deployed towards value-add capex as necessary.

7. Other

(1) Equity Treatment of Investment Corporation Bonds

The Investment Corporation Bonds are a form of hybrid financing that has characteristics of both equity and debt.

(2) Investment Risks

Risks related to this bond issuance include the “Investment Risks” described in the latest Financial Report submitted on July 26, 2023, as well as the following risks for Ichigo Office shareholders and holders of the Investment Corporation Bonds.

- The interest rate for the Investment Corporation Bonds has been set relatively high to appropriately reflect the subordinated priority of repayment compared to senior debt. Because Ichigo Office’s shareholder dividends are paid from profits after

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interest payments have been made to the holders of the Investment Corporation Bonds, dividends may be lower than dividends under a loan without a subordination agreement or a typical bond issuance.

- If an event triggering the prioritization of Ichigo Office's debt occurs, the Investment Corporation Bonds have lower priority than senior debt for interest and principal repayment, but have higher priority than shareholders for claims to residual assets because the bonds are characterized as debt. As such, depending on bond issuance terms, Ichigo Office's shareholder rights and share price may be negatively impacted.

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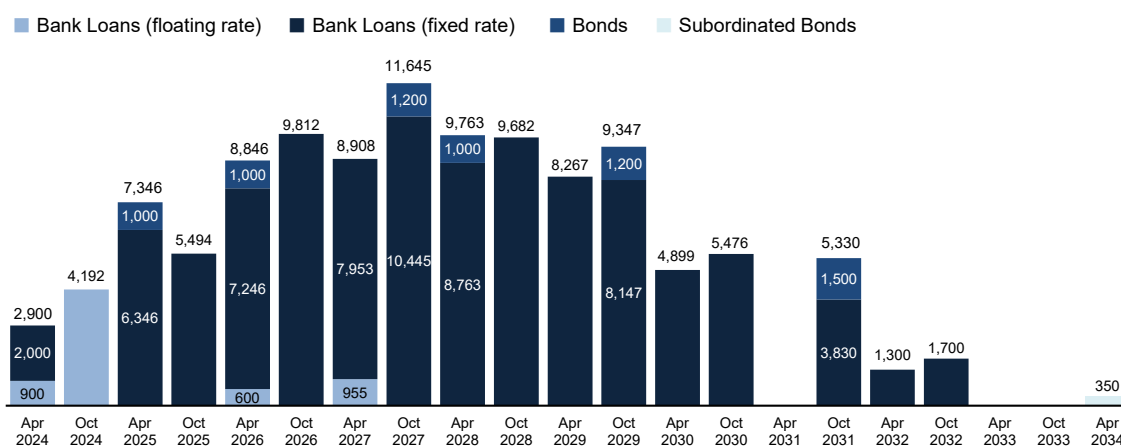
Reference

Outstanding Loan and Bond Balance

(JPY million)

	Before Bond Issuance (A)	After Bond Issuance (B)	Change (B) - (A)
Short-term bank loans	—	—	—
Long-term bank loans	108,007	108,007	—
Total bank loans	108,007	108,007	—
Bonds	6,900	6,900	—
Subordinated Bonds	—	350	+350
Total bonds	6,900	7,250	+350
Total bank loans and bonds	114,907	115,257	+350

Distribution of Loan and Bond Maturities



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