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Issuer

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

2-6-1 Marunouchi, Chiyoda-ku, Tokyo

Representative: Keisuke Chiba, Executive Director

[www.ichigo-office.co.jp/en](http://www.ichigo-office.co.jp/en)

Asset Management Company

**Ichigo Investment Advisors Co., Ltd.**

Representative: Hiroshi Iwai, President

Inquiries: Yuji Kamo, Head of Ichigo Office

Tel: +81-3-4485-5231

## Upward Earnings Forecast Revision for the October 2024 Fiscal Period

Ichigo Office is revising up its October 2024 fiscal period earnings forecasts announced in the April 26, 2024 release “Upward Earnings Forecast Revisions for the April 2024 Fiscal Period & October 2024 Fiscal Period.” There is no change to the April 2024 earnings forecast.

### 1. October 2024 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)	Dividend in Excess of Earnings (JPY)
Previous Forecast (A)	8,910	4,841	4,026	4,026	2,662	—
New Forecast (B)	9,214	4,978	4,062	4,062	2,680	—
Difference (B) - (A)	+304	+137	+35	+35	+18	—
% Change	+3.4%	+2.8%	+0.9%	+0.9%	+0.7%	—

Net Income per Share: JPY 2,612 (1,554,934 shares outstanding at period-end)

Note: The forecasts presented above are based on the preconditions set out below in “Preconditions for the October 2024 Earnings Forecast.” The actual operating revenue, operating profit, recurring profit, net income, and dividend may vary due to changes in circumstances. These forecasts should therefore not be construed as a guarantee of such results. Ichigo Office will revise the forecast should a substantial discrepancy emerge between the forecast and actual operating results.

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## 2. October 2024 Earnings Forecast Revisions Rationale

Ichigo Office is revising up its October 2024 fiscal period earnings forecast to reflect forecast increases in operating revenue, operating profit, recurring profit, net income, and dividend as a result of the asset acquisitions announced in today's releases "Issuance of New Shares via Third-Party Allotment," "Acquisition of Six Office Assets," and "New Loans for Acquisition of Office Assets."

The assets to be acquired are mid-size office assets with earnings upside, with three assets located in central Tokyo and three in central Fukuoka. Ichigo Office's sponsor Ichigo (2337) is strengthening its commitment to Ichigo Office's growth and driving shareholder value. Of the assets being acquired, Ichigo Office is acquiring the Ichigo Akihabara East Building and Ichigo Hakata Meiji Dori Building by exercising the preferential negotiation right it received to acquire underlying assets of the bridge fund created with the support of Ichigo and its subsidiary Ichigo Estate, and is acquiring the Ichigo Hakata Gion Building, Ichigo Tenjin North Building, Ichigo Gotanda West Building, and Ichigo Otemachi North Building from Ichigo Estate.

As a result, operating revenue, operating profit, recurring profit, net income, and dividend are expected to increase by JPY 304 million (+3.4% vs. previous forecast), JPY 137 million (+2.8%), JPY 35 million (+0.9%), JPY 35 million (+0.9%), and JPY 18 million (+0.7%), respectively.

Ichigo Office has a target of consistently generating total returns to shareholders of greater than 8% per annum, and believes that the acquisition of high-quality mid-size office assets with earnings upside and increasing asset values via value-add capex is essential to achieve this target.

In November 2023, Ichigo Office announced its policy to proactively deploy value-add capex to differentiate and increase the competitive advantage of its mid-size office portfolio.<sup>1</sup> As a result, in the current April 2024 fiscal period there are Ichigo Office assets which have benefited from this value-add capex and are attracting new tenants at rents significantly higher than pre-existing rents.

The asset acquisitions are being partially financed by a third-party share issuance at the previous day's closing share price. This approach to raising equity has the advantage over public offerings that typically involve share price risk and discounted issuances (along with underwriter fees). The share price of this issuance has been fixed at the last trading price, so there is no risk of the issuance price being pushed down post-announcement and share dilution increasing, as can happen with public offerings.

Ichigo Office will continue to execute on organic and acquisition-driven growth strategies and financing to maximize shareholder value.

<sup>1</sup> Please refer to the November 13, 2023 release "Bond Issuance to Ichigo First Callable Unsecured Investment Corporation Bond (Subordinated and Limited to Qualified Institutional Investors)" for details.

[www.ichigo-office.co.jp/news/news\\_file/file/IchigoOffice\\_20231113\\_Bond\\_Issuance\\_ENG.pdf](http://www.ichigo-office.co.jp/news/news_file/file/IchigoOffice_20231113_Bond_Issuance_ENG.pdf)

## Preconditions for the October 2024 Earnings Forecasts

Period	<ul style="list-style-type: none"> <li>October 2024: May 1, 2024 – October 31, 2024 (184 days)</li> </ul>
Number of Assets	<ul style="list-style-type: none"> <li>Total 92 assets. 87 assets as of today plus six assets to be acquired on May 30, 2024 minus one asset from the sale of the Ichigo Kudan 2 Chome Building on October 31, 2024</li> </ul>
Number of Shares	<ul style="list-style-type: none"> <li>1,513,367 shares issued and outstanding as of the date of this report. 1,554,934 shares assuming all new 41,567 shares will be issued via third third-party allotment approved at today’s board meeting.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>Rental income is calculated conservatively based on lease contracts that are in effect as of today while taking into consideration such factors as historical rents, the competitiveness of the properties, and market conditions.</li> <li>Utility income: JPY 648 million</li> <li>Total occupancy: 97.0% as of October 31, 2024</li> <li>Gain on sale of the Ichigo Kudan 2 Chome Building: JPY 1,068 million Gain on sale estimate calculated as the Sale Price minus Book Value, Brokerage Fees, Ichigo Investment Advisor’s Performance Fee, and other transaction expenses.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>Depreciation: JPY 943 million Depreciation has been calculated using the straight-line method and includes the depreciation of forecast future capital expenditures.</li> <li>Utilities expenses, including RE100 renewable energy-related expenses: JPY 685 million</li> <li>Property, city planning, and depreciable asset taxes: JPY 743 million. Prorated property and city planning taxes related to acquisitions will be recorded in the October 2025 fiscal period.</li> <li>Building maintenance and repair expenses: JPY 139 million. However, expenses may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc.</li> <li>Service provider expenses, including property management fees: JPY 770 million</li> <li>NOI &amp; Dividend Performance Fee: JPY 666 million</li> <li>Rental expenses, Ichigo Office’s principal operating expenses (other than depreciation, see above), are calculated based on historical data adjusted for any anticipated changes.</li> <li>Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>Expenses related to the new share issuance approved at today’s board meeting: JPY 22 million</li> <li>Interest expenses on loans and bonds: JPY 604 million</li> <li>Other borrowing-related expenses: JPY 283 million</li> </ul>
Interest-Bearing Liabilities	<ul style="list-style-type: none"> <li>Loans and bonds: JPY 123,757 million as of October 31, 2024 after new loans of JPY 8.5 billion on May 30, 2024 to finance the asset acquisitions</li> </ul>

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Dividend	<ul style="list-style-type: none"> <li>• The dividend forecasts assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Office’s Articles of Incorporation.</li> <li>• Total dividends are forecast to be JPY 4,168 million (unappropriated retained earnings (i.e., Net Income) of JPY 4,063 million plus JPY 105 million of negative goodwill amortization, subject to J-REIT conduit requirements).</li> <li>• The dividends are subject to change due to changes in circumstances such as asset acquisitions and dispositions, tenant turnover, unexpected maintenance and repair costs and other expenses, changes in interest rates, and the issuance of new shares.</li> </ul>
Dividend in Excess of Earnings	<ul style="list-style-type: none"> <li>• Ichigo Office does not plan on paying any dividend in excess of earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• These forecasts assume that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions.</li> </ul>

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