



**Make The World
More Sustainable**

Ichigo Office REIT Semi-Annual Report (Audited)

27th Fiscal Period
November 1, 2018 – April 30, 2019

Ichigo Office REIT Investment Corporation

Imperial Hotel Tower, 1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011

Message from Management

Dear Shareholders,

We extend our gratitude to all of you for your trust.

For the April 2019 fiscal period, Ichigo Office focused on organic growth through sustaining high occupancy and proactive negotiations to increase rents, as well as conducting a strategic acquisition and sale of assets aimed to drive shareholder value.

We acquired two mid-size offices (Ichigo Minami Otsuka Building and Ichigo Nogizaka Building, total acquisition price 6.0 billion yen) in December 2018 as part of our strategic acquisition and sales. Both assets are located in central Tokyo and can expect ongoing rental growth. At the same time, we sold two retail assets. As a result, Ichigo Office's AUM (assets under management) at the end of the fiscal period was 85 assets, with a total acquisition price of 203 billion yen.

We also deployed our value-add capex capabilities to expand our tailored leasing activities via our Ichigo Layout Office and Ichigo Lounge high-quality office spaces. Both provide comfortable working environments which supports the recent changes in Japan's work habits by offering a flexible layout to suit the diverse needs of our tenants. Through these measures to increase tenant satisfaction, occupancy was over 99% throughout the fiscal period.

In terms of financing policies, we issued our third Investment Corporation Bond, and we continue to borrow long-term and at fixed rates in order to hedge future interest rate risk.

As a result of these actions, Ichigo Office's April 2019 results were operating revenue of 8,451 million yen, operating profit of 4,510 million yen, recurring profit of 3,733 million yen, and net income of 3,732 million yen. Base EPS, which is earnings per share minus capital gains per share, was 2,000 yen, and continues to grow. As we distributed the capital gains from the aforementioned asset sale, the dividend per share was 2,255 yen, marking eighteen consecutive periods of dividend growth, ranking Ichigo Office No.1 among all J-REITs.

Ichigo Office aims to drive sustainable growth and maximize shareholder value through growth investments that reflect a full understanding of and responsiveness to the market environment.

Ichigo Office's name comes from the ancient Japanese proverb, *Ichigo Ichie*, literally meaning "One lifetime, one encounter." We will continue to embrace this philosophy of sincerity and service. We work to build strong long-term relationships to support the success of our clients, shareholders, and all stakeholders.

Thank you so much for your continued support.

Yoshihiro Takatsuka, Executive Director
Ichigo Office REIT Investment Corporation

Hiroshi Iwai,
President and Representative Statutory Executive Officer
Ichigo Investment Advisors Co., Ltd.

Asset Management Overview

1 Historical Investment Performance

		23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018	27th Fiscal Period From November 1, 2018 to April 30, 2019
Operating Revenue	(Note 1) million yen	7,352	7,530	9,062	7,632	8,451
(Real Estate Rental Income)	million yen	(7,314)	(7,530)	(7,467)	(7,632)	(7,782)
Operating Expenses	million yen	3,974	4,009	3,876	3,886	3,940
(Real Estate Rental Expenses)	million yen	(2,959)	(3,004)	(3,008)	(2,993)	(2,990)
Operating Profit	million yen	3,378	3,521	5,185	3,745	4,510
Recurring Profit	million yen	2,616	2,796	4,442	2,958	3,733
Net Income	million yen	2,615	2,796	4,441	2,980	3,732
Total Assets	million yen	210,573	217,585	219,028	221,807	225,678
(Period-on-Period Change)	%	(-0.2)	(3.3)	(0.7)	(1.3)	(1.7)
Net Assets	million yen	101,911	101,761	103,245	103,217	103,863
(Period-on-Period Change)	%	(-0.3)	(-0.1)	(1.5)	(-0.0)	(0.6)
Shareholders' Equity	million yen	67,675	67,675	67,675	67,675	67,675
Number of Shares Outstanding	shares	1,532,287	1,532,287	1,532,287	1,532,287	1,532,287
Net Assets per Share	yen	66,509	66,411	67,380	67,361	67,783
Total Dividends	million yen	2,946	2,957	3,009	3,086	3,455
Dividend per Share	yen	1,923	1,930	1,964	2,014	2,255
(Payable Dividend per Share)	yen	(1,923)	(1,930)	(1,964)	(2,014)	(2,255)
(Dividend per Share in Excess of Earnings)	yen	(—)	(—)	(—)	(—)	(—)
Ratio of Recurring Profit to Total Assets	(Note 2) %	1.2(2.5)	1.3(2.6)	2.0(4.1)	1.3(2.7)	1.7 (3.4)
Return on Equity	(Note 2) %	2.6(5.2)	2.7(5.4)	4.3(8.7)	2.9(5.7)	3.6 (7.3)
Shareholder Equity Ratio	(Note 2) %	48.4	46.8	47.1	46.5	46.0
(Period-on-Period Change)	%	(-0.1)	(-1.6)	(0.4)	(-0.6)	(-0.5)
Dividend Payout Ratio	(Note 3) %	112.7	105.8	67.7	103.5	92.6
Other Reference Information						
Number of Assets	assets	82	85	82	85	85
Number of Tenants at Period-End	tenants	897	918	891	923	921
Total Leasable Area	m ²	253,545.89	262,751.74	255,487.63	263,440.38	264,762.27
Occupancy at Period-End	%	98.6	98.1	99.0	99.2	99.3
Depreciation	million yen	923	927	914	857	857
Capital Expenditures	thousand yen	570,887	446,991	395,979	453,299	442,533
NOI (Net Operating Income)	(Note 2) million yen	5,279	5,454	5,373	5,496	5,648
FFO (Funds from Operations) per Share	(Note 2) yen	2,285	2,430	2,454	2,489	2,558
Number of Days in the Period	days	181	184	181	184	181

(Note 1) Operating revenue, etc. do not include consumption tax or local consumption tax (hereinafter "consumption taxes").

(Note 2) The indicators stated are calculated using the formulas below. Figures in parentheses are annualized values.

Ratio of Recurring Profit to Total Assets	$\text{Recurring Profit} / (\text{Total Assets at Beginning of Period} + \text{Total Assets at End of Period}) \div 2$
Return on Equity	$\text{Net Income} / (\text{Net Assets at Beginning of Period} + \text{Net Assets at End of Period}) \div 2$
Shareholder Equity Ratio	$\text{Net Assets at End of Period} / \text{Total Assets at End of Period}$
NOI	$\text{Real Estate Rental Income} - \text{Real Estate Rental Expenses} + \text{Depreciation}$
FFO per Share	$(\text{Net Income} + \text{Depreciation} + \text{Loss on Retirement of Non-Current Assets} + \text{Expenses for Asset Retirement Obligations} \pm \text{Gain (Loss) on Sales of Assets} \pm \text{Extraordinary Profit (losses)}) / \text{Number of Shares Outstanding}$

(Note 3) Dividend Payout Ratio is calculated using the formula below and rounded down to the nearest unit:
Dividend per Share (not including dividend per share in excess of profits) / Net Income per Share

2 Summary of Operating Results for the Fiscal Period Ending April 30, 2019

(1) Overview

In the fiscal period ending April 30, 2019, Ichigo Office's 27th fiscal period, Ichigo Office worked to increase its attractiveness as a specialized office REIT focusing on mid-size offices by selling two retail assets and acquiring two mid-sized offices in return. Ichigo Office also strengthened its organic growth potential. Key action items during the period were: 1) driving increased asset value and investment efficiency through value-add capex (Note) and 2) further development of the Ichigo Office brand. Ichigo Office seeks to construct a portfolio specializing in mid-sized offices which can generate both earnings stability and earnings growth.

(Note) "Value-add capex" is capital expenditure that enhances the competitiveness and profitability of Ichigo Office assets.

(2) Market Environment and Investment Performance

(i) Market Environment

During the current fiscal period, the Japanese economy was able to maintain its steady growth trend although exports and manufacturing were affected by the economic conditions overseas. Going forward, negative impact from the consumption tax increase scheduled in October 2019 is a concern, but domestic demand is expected to grow steadily, supported by monetary easing and government expenditures. There are also concerns about the future of the global economy, which may be affected by the U.S policy changes, multinational trade disputes, and further turmoil caused by BREXIT.

In the real estate market, cap rates should continue to be low, as demand remains quite strong from both domestic and overseas investors, backed by the favorable financing environment.

Meanwhile, in the office leasing market, vacancies continues to be limited in Central Tokyo, leading to robust demand for larger office space and new supply, and strong growth in rents. In particular, the supply/demand balance for the mid-size offices in which Ichigo Office specializes continues to be tight.

(ii) Investment Performance

In order to pursue a robust mid-size office portfolio and maximize shareholder value, Ichigo Office conducted strategic acquisitions and sales of assets, by selling the Ichigo Machida East Building and Ichigo Shin Yokohama Arena Dori Building (total sale price for two assets: 3,600 million yen) and acquiring the Ichigo Minami Otsuka Building (acquisition price: 2,780 million yen) and Ichigo Nogizaka Building (acquisition price: 3,315 million yen) in return. Ichigo Office also sold a section of the underlying land of Ichigo Toyama Building (sale price: 12 million yen); therefore, the number of assets owned at period-end was 85 assets (total acquisition price: 203,017 million yen).

Ichigo office has focused on NOI growth, and worked to raise both rents and occupancy in order to increase the profitability of its assets. During the current fiscal period, Ichigo Office took various actions to enhance the competitiveness and profitability of its assets, such as the Ichigo Lounge, a shared lounge and conference space available only to tenants, designed for comfort and functionality, in the Ichigo Uchi Honmachi Building. As a result of such efforts, the occupancy for the overall portfolio at period-end was 99.3%.

(Note) Ichigo Lounge is Ichigo Office's original leasing strategy to increase tenant satisfaction by providing a high-quality shared work space designed to support tenants to communicate and collaborate.

(3) Financing

During the current fiscal period, Ichigo Office borrowed a total of 5,866 million yen from banks in November 2018 and April 2019 and issued its third Investment Corporation Bond (1,000 million yen) to repay loans that came due in those months (a total of 6,867 million yen). It also borrowed 3,000 million yen in new loans to acquire the Ichigo Minami Otsuka Building and the Ichigo Nogizaka Building. To maintain a stable financial base, Ichigo Office works to diversify repayment dates and is prudent about interest rate risks.

(4) Earnings and Dividends

As a result of the management initiatives above, Ichigo Office recorded an operating revenue of 8,451 million yen, operating profit of 4,510 million yen, recurring profit of 3,733 million yen and net income of 3,732 million yen for the fiscal period. With respect to dividends, the dividend policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed the amount equivalent to 90% of distributable earnings as provided for in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957 including subsequent amendments, hereinafter the “Special Measures Taxation Act”).

Ichigo Office has voluntary reserves for temporary difference adjustments and dividends. Of these voluntary reserves, it uses temporary difference adjustments of 105 million yen or more every period based on the revised Rules on Real Estate Investment Trusts and Real Estate Investment Corporations in 2015 (hereinafter the “Rules of the Investment Trust Association, Japan”). Similarly, Ichigo Office may use dividend reserves from the standpoint of stabilizing the dividend level, taking cash flows into account.

However, because Ichigo Office also has a tax loss carried forward ^(Note), mainly due to the loss on sales of real estate posted when assets were transferred in the past for the purpose of improving portfolio quality, it may internally reserve profits if it has total net gains on sales of real estate assets and other profits from operations.

For this period, Ichigo Office has decided to distribute 3,455 million yen, which is the total amount of unappropriated retained earnings (3,733 million yen) and the reversal of reserves for temporary difference adjustments (105 million yen) minus gain on sales of real estate transferred to dividend reserves in compliance with J-REIT conduit rules (382 million yen). As a result, the dividend per share was 2,255 yen.

(Note) The balance of tax losses carried forward owned by Ichigo Office is approximately 1.0 billion yen, and the expiration of the tax losses carrying forward period is the fiscal period ending April 30, 2022. Restrictions regarding the maximum reduction of losses able to be included in deductible expenses will not be applied.

3 Issuance of New Shares

Increases and decreases in the total number of shares outstanding and the total amount of shareholders’ equity for the most recent five years are as follows:

Date	Remarks	Number of Shares Outstanding (shares)		Shareholders’ Equity (million yen)		Notes
		Increase/decrease	Balance	Increase/decrease	Balance	
December 3, 2014	Public Offering	95,680	1,122,003	7,679	33,462	(Note 1)
December 24, 2014	Greenshoe	8,320	1,130,323	667	34,130	(Note 2)
May 1, 2015	Public Offering	271,700	1,402,023	23,418	57,548	(Note 3)
May 27, 2015	Greenshoe	14,300	1,416,323	1,232	58,781	(Note 4)
May 23, 2016	Public Offering	110,166	1,526,489	8,449	67,230	(Note 5)
June 22, 2016	Greenshoe	5,798	1,532,287	444	67,675	(Note 6)

(Note 1) Ichigo Office issued new shares via public offering at an issue price of 83,167 yen per share (underwriting price of 80,266 yen) for the purpose of raising funds to acquire new assets.

(Note 2) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 80,266 yen per share for the purpose of repaying loans.

(Note 3) Ichigo Office issued new shares via public offering at an issue price of 89,212 yen per share (underwriting price of 86,192 yen) for the purpose of raising funds to acquire new assets.

(Note 4) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 86,192 yen per share for the purpose of repaying loans.

(Note 5) Ichigo Office issued new shares via public offering at an issue price 79,365 yen per share (underwriting price of 76,695 yen) for the purpose of raising funds to acquire new assets.

(Note 6) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 76,695 yen per share for the purpose of repaying loans.

Share Price Performance

The table below shows the high and low prices (closing prices) on the Tokyo Stock Exchange REIT market, where Ichigo Office lists its shares, for each period.

	23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018	27th Fiscal Period From November 1, 2018 to April 30, 2019
High	77,200 yen	77,000 yen	83,600 yen	93,800 yen	106,200 yen
Low	63,100 yen	63,000 yen	73,900 yen	81,600 yen	91,300 yen

4 Dividends

With respect to dividends in the current fiscal period, the dividend distribution policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed the amount equivalent to 90% of distributable earnings as provided for in Article 67-15, Paragraph 1 of the Special Measures Taxation Act. Based on this policy, Ichigo Office has decided to pay a total dividend of 3,455 million yen, which is the entire amount (except for fractions in which the dividend per share is less than one yen) of unappropriated retained earnings of 3,733 million yen, plus 105 million yen, which is the reversal of reserves for temporary difference adjustments, minus 382 million yen, which is gain on sales of real estate transferred to dividend reserves in compliance with J-REIT conduit rules. As a result, the dividend per share came to 2,255 yen.

		23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018	27th Fiscal Period From November 1, 2018 to April 30, 2019
Unappropriated Retained Earnings	thousand yen	2,615,831	2,797,644	4,442,764	2,981,724	3,733,149
Retained Earnings for Dividend Reserve	thousand yen	1,407	1,220	848	698	93
Total Dividends	thousand yen	2,946,587	2,957,313	3,009,411	3,086,026	3,455,307
(Dividend per Share)	yen	(1,923)	(1,930)	(1,964)	(2,014)	(2,255)
Distributable Earnings	thousand yen	2,946,587	2,957,313	3,009,411	3,086,026	3,455,307
(Distributable Earnings per Share)	yen	(1,923)	(1,930)	(1,964)	(2,014)	(2,255)
Total Refund of Capital	thousand yen	—	—	—	—	—
(Refund of capital per share)	yen	(—)	(—)	(—)	(—)	(—)
Of the Total Refund of Capital, Total Distribution from Reserves for Temporary Difference Adjustment	thousand yen	—	—	—	—	—
(Of the Refund of Capital per Share, Distribution from Reserves for Temporary Difference Adjustment per Share)	yen	(—)	(—)	(—)	(—)	(—)
Of the Total Refund of Capital, Total Distribution from the Distribution Associated with a Decrease in Investment for Tax Purposes	thousand yen	—	—	—	—	—
(Of the Refund of Capital per Share, Distribution from the Distribution Associated with a Decrease in Investment for Tax Purposes)	yen	(—)	(—)	(—)	(—)	(—)

5 Investment Policies and Strategies

(1) Asset Acquisitions (Acquisition-Driven Growth)

Ichigo Office invests in real estate mainly located in central Tokyo, the Tokyo metropolitan area, major regional cities and prefectural capitals whose primary use is as offices, as well as real estate-backed securities related to these assets. In particular, Ichigo Office builds a portfolio specializing in mid-size offices with a focus on growth potential while securing earnings stability, given that both stability and growth potential can be expected in mid-size offices and that the replacement of assets in the portfolio in a mobilized manner according to the market conditions is also possible because the absolute number of assets is large and there are numerous opportunities for acquisition.

When acquiring assets, Ichigo Office works to obtain quality investment information at an early stage and promote an arm's length transaction, using information from Ichigo Investment Advisors Co., Ltd., the asset management company (hereinafter the "Asset Manager") of Ichigo Office, based on the Asset Manager's own network. In addition, based on the sponsor support agreement with Ichigo Inc., Ichigo Office also promotes steady external growth, taking advantage of the warehousing function of Ichigo Inc. Ichigo Office also strives to improve the quality of the portfolio through asset replacements by considering sales of assets with limited room for organic growth.

(2) Portfolio Management (Organic Growth)

In the management and operation of the assets owned, Ichigo Office strengthens their competitiveness by establishing the "Ichigo Office" brand through the active promotion of the following initiatives that will lead to the strengthening of the earnings power of individual assets.

- Provide differentiated Ichigo Layout Office and Ichigo Lounge high-quality office spaces
- Increase asset value and investment returns via value-add capex
- Maintain and drive earnings growth with a focus on tenant satisfaction
- Minimize downtime at re-tenanting and free-rent periods

(3) Financing Strategy

For the refinancing of existing loans, Ichigo Office will take advantage of the low-interest-rate environment by fixing borrowing rates and promoting the extension and diversification of borrowing periods. With respect to the long-term issuer rating it has acquired from Japan Credit Rating Agency, Ltd., Ichigo Office will strengthen its financial base and expand its cash flows while diversify financing using investment corporation bonds, with the aim of further improving the current rating of "A (Outlook: Stable)."

6 Significant Subsequent Events

(1) Asset Acquisition

The sales and purchase agreements for the following asset has been made in accordance with the guidelines specified in Ichigo Office's Articles of Incorporation.

Ichigo Hakata East Building^(Note 1)

Acquisition Price ^(Note 2)	2,250,000,000 yen
Location	1-13-6 Hakataeki Higashi, Hakata-ku, Fukuoka
Legal Form of Asset	Trust beneficiary interest in real estate (<i>juekiken</i>)
Property Right	Land: Freehold Building: Freehold
Contract Date	May 29, 2019
Closing Date	May 31, 2019
Seller	Kichijoji Holdings GK

(Note 1) After the acquisition by Ichigo Office, the building name will be changed from "Takeyama Hakata Building" to "Ichigo Hakata East Building".

(Note 2) The acquisition price is the sales value of the trust beneficiary interest in real estate that does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes.

(2) Asset Sale

The purchase and sales agreements for the following asset has been made in accordance with the guidelines specified in Ichigo Office's Articles of Incorporation.

Ichigo Fiesta Shibuya Building

Sales Price ^(Note 1)	2,400,000,000 yen
Book value ^(Note 2)	1,960,027,000 yen
Location	3-10 Udagawacho, Shibuya-ku, Tokyo
Legal Form of Asset ^(Note 3)	Trust beneficiary interest in real estate (<i>juekiken</i>)
Contract Date	May 29, 2019
Closing Date	May 30, 2019
Buyer	Hakata GK

(Note 1) The sale price is the transaction price of the trust beneficiary interest in real estate (*juekiken*) and does not include expenses for transfer, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes. In the 28th fiscal period (from May 1, 2019 to October 31, 2019), gain on sales of real estate of approximately 440,477 thousand yen is expected to be recorded.

(Note 2) The book value is the price as of April 30, 2019.

(Note 3) The legal form of asset has changed from real estate to trust beneficiary interest in real estate (*juekiken*) on the closing date, and the trust beneficiary interest has been transferred to the buyer.

Ichigo Office Overview

1 Shares and Shareholders' Equity

		23rd Fiscal Period April 30, 2017	24th Fiscal Period October 31, 2017	25th Fiscal Period April 30, 2018	26th Fiscal Period October 31, 2018	27th Fiscal Period April 30, 2019
Number of Authorized Shares	shares	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Number of Shares Outstanding	shares	1,532,287	1,532,287	1,532,287	1,532,287	1,532,287
Shareholders' Equity	million yen	67,675	67,675	67,675	67,675	67,675
Number of Shareholders	persons	19,327	18,328	16,994	14,705	13,091

2 Major Shareholders

Major shareholders as of April 30, 2019 are as follows:

Name	Shares	Ratio of Shares Held to Total Number of Shares Issued (%) (Note)
Ichigo Trust Pte. Ltd.	344,190	22.46
The Master Trust Bank of Japan, Trust Account	256,060	16.71
Japan Trustee Services Bank, Ltd., Trust Account	188,956	12.33
NOMURA BANK (LUXEMBOURG) S.A.	75,190	4.90
Morgan Stanley MUFG Securities Co., Ltd.	68,218	4.45
The Nomura Trust and Banking Co., Ltd., Investment Trust Account	46,185	3.01
Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	45,645	2.97
GOLDMAN SACHS INTERNATIONAL	31,233	2.03
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	25,300	1.65
STATE STREET BANK AND TRUST COMPANY 505012	19,153	1.24
Total	1,100,130	71.79

(Note) The ratio of shares held to the total number of shares issued is rounded down to the first decimal place.

3 Executive Director and Supervisory Directors

(1) Ichigo Office's directors and auditor as of April 30, 2019 are as follows:

Title	Name of Director	Other Major Positions	Total Compensation During the Current Fiscal Period (thousand yen)
Executive Director	Yoshihiro Takatsuka	R's Consulting KK, Representative Director Oct Advisors Inc., Director and Partner	2,160
Supervisory Directors	Takaaki Fukunaga	Fukunaga CPA Office, Representative Global Solutions Consulting Co., Ltd., Representative Director GreenOak Investment Management KK, external Corporate Auditor AWP Ticket Guard Small Amount & Short Term Insurance Co., Ltd., external Corporate Auditor PP Japan Co., Ltd., Corporate Auditor Retailer's Sphere Co., Ltd., Corporate Auditor GMO Registry, Inc., external Corporate Auditor	1,440
	Masahiro Terada	City-Yuwa Partners, Partner	1,440
Accounting Auditor	Grant Thornton Taiyo LLC	—	8,460

(Note) The Executive and Supervisory Directors do not own shares of Ichigo Office under either their own name or another person's name.

(2) Policy for Determining Dismissal or Non-Reappointment of Accounting Auditor

The Board of Directors will determine the dismissal of the accounting auditor pursuant to the provisions of the Act on Investment Trusts and Investment Corporations and the refusal to reappoint the accounting auditor, taking various factors into consideration, including the quality of the audit and compensation for the audit.

4 Asset Management Company, Asset Custodian, and Administrative Agents

The asset management company, asset custodian, and administrative agents as of April 30, 2019 are as follows:

Asset Management Company	Ichigo Investment Advisors Co., Ltd.
Asset Custodian	
Administrative Agent (Administration)	
Administrative Agent (Accounting)	Mizuho Trust Banking & Co., Ltd.
Administrative Agent (Transfer Agent)	
Administrative Agent (Special Accounts)	Sumitomo Mitsui Trust Bank, Limited
Administrative Agent (Special Accounts)	Mitsubishi UFJ Trust and Banking Corporation
Administrative Agent (Investment Corporation Bonds)	Sumitomo Mitsui Bankng Corporation
Administrative Agent (Investment Corporation Bonds)	MUFG Bank, Ltd.

Assets under Management

1 Asset Composition

Asset Type	Area (Note 1)	26th Fiscal Period (as of October 31, 2018)		27th Fiscal Period (as of April 30, 2019)	
		Book Value (million yen)(Note 2)	Ratio to Total Assets (%)	Book Value (million yen)(Note 2)	Ratio to Total Assets (%)
Real Estate	Central Tokyo	8,742	3.9	8,726	3.9
	Tokyo Metropolitan Area	4,038	1.8	4,028	1.8
	Four Major Regional Cities	10,563	4.8	10,497	4.7
Trust Beneficiary Interest in Real Estate (<i>juekiken</i>) (Note 3)	Central Tokyo	105,335	47.5	108,549	48.1
	Tokyo Metropolitan Area	40,699	18.3	40,558	18.0
	Four Major Regional Cities	17,422	7.9	17,388	7.7
	Other Regional Cities	10,814	4.9	10,723	4.8
Subtotal		190,506	89.1	200,472	88.8
Deposits and Other Assets		28,521	10.9	25,205	11.2
Total Assets		219,028	100.0	225,678	100.0

(Note 1) Areas are defined as follows:

Central Tokyo: Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa Wards
Tokyo Metropolitan Area: Tokyo (excluding the six wards above) and Kanagawa, Chiba and Saitama Prefectures
Four Major Regional Cities: Osaka, Nagoya, Fukuoka and Sapporo
Other Regional Cities: Regional cities other than the above (prefectural capitals, etc.)

(Note 2) Book Value is the amount recorded on the balance sheet as of the closing date (for real estate and the trust beneficiary interest in real estate, the book value after depreciation). Construction in progress and construction in progress in trust are not included in the subtotal of real estate and the trust beneficiary interest in real estate.

(Note 3) Land leasehold rights in trust held together with buildings in trust are stated in the section on the trust beneficiary interest in real estate by adding them to buildings in trust, etc.

2 Major Assets Owned

The table below is a summary of the major assets owned by Ichigo Office as of April 30, 2019 (top ten assets in terms of book value).

Asset Name	Book Value (million yen) (Note 1)	Leasable Area (m ²)	Leased Area (m ²)	Occupancy (%) (Note 2)	Ratio to Total Rent Revenue (%)	Asset Type
Ichigo Jingumae Building	7,413	4,510.04	4,510.04	100.0	2.6	Office
Ebisu Green Glass	5,832	3,159.27	3,159.27	100.0	2.1	Office
Ichigo Marunouchi Building	5,808	8,009.11	8,009.11	100.0	3.0	Office
Ichigo Akihabara North Building	5,576	6,250.53	6,250.53	100.0	2.8	Office
Ichigo Ikenohata Building	5,140	5,504.15	5,504.15	100.0	2.1	Office
Ichigo Sasazuka Building	4,895	6,425.29	6,425.29	100.0	2.4	Office
Ichigo Gotanda Building	4,860	5,346.39	5,346.39	100.0	2.7	Office
Ichigo Sakae Building	4,689	3,928.12	3,928.12	100.0	2.8	Office
Ichigo Higashi Ikebukuro Building	4,614	4,472.00	4,472.00	100.0	2.1	Office
Ichigo Nihonbashi East Building	4,547	4,216.97	4,216.97	100.0	1.9	Office
Total	53,379	51,821.87	51,821.87	100.0	24.3	

(Note 1) Book Value does not include construction in progress or construction in progress in trust.

(Note 2) Occupancy is the ratio of the Leased Area within the Leasable Area of the real estate or real estate in trust as of period-end. The ratio is rounded off to the first decimal place.

3 Portfolio Overview

Details of Portfolio Assets

The table below shows the details of assets owned by Ichigo Office as of April 30, 2019.

Asset Name	Location	Form of Ownership	Leasable Area (m ²)	Appraisal Value at Period-end (million yen) (Note 1)	Book Value at Period-end (million yen) (Note 2)	
O-02	Ichigo Nishisando Building	Yoyogi, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,564.63	3,280	3,363
O-03	Ichigo Mita Building	Shiba, Minato-ku, Tokyo	Trust beneficiary interest in real estate	4,119.63	3,580	2,725
O-04	Ichigo Nanpeidai Building	Nanpeidaicho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,925.24	2,600	1,917
O-05	Ichigo Hanzomon Building	Hayabusacho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	2,080.37	1,940	1,510
O-06	Ichigo Hijirizaka Building	Mita, Minato-ku, Tokyo	Trust beneficiary interest in real estate	1,947.90	1,440	1,220
O-07	Ichigo Shibuya Kamiyamacho Building	Kamiyamacho, Shibuya-ku, Tokyo	Real estate	1,321.54	1,860	1,373
O-08	Ichigo Akasaka 5 Chome Building	Akasaka, Minato-ku, Tokyo	Real estate	683.86	826	720
O-09	Ichigo Shibakoen Building	Shiba, Minato-ku, Tokyo	Real estate	1,602.29	1,130	1,100
O-10	Ichigo Ebisu Nishi Building	Ebisu-Nishi, Shibuya-ku, Tokyo	Real estate	1,484.39	2,480	1,925
O-11	Ichigo Ginza 612 Building	Ginza, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	1,387.09	2,030	1,777
O-12	Ichigo Uchikanda Building	Uchikanda, Chiyoda-ku, Tokyo	Real estate	1,378.83	1,210	1,122
O-14	Ichigo Yotsuya 4 Chome Building	Yotsuya, Shinjuku-ku, Tokyo	Trust beneficiary interest in real estate	780.64	576	510
O-15	Ichigo Tameike Building	Akasaka, Minato-ku, Tokyo	Real estate	494.14	688	524
O-16	Ichigo Jimbocho Building	Kanda Jimbocho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,891.01	2,380	1,809
O-17	Ichigo Hakozaeki Building	Nihonbashi Kakigaracho, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,387.34	1,150	1,147
O-18	Ichigo Kudan 2 Chome Building	Kudan Minami, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,288.31	936	733
O-19	Ichigo Kudan 3 Chome Building	Kudan Minami, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,302.43	851	822
O-20	Ichigo Gotanda Building	Higashi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	5,346.39	6,260	4,860
O-21	Ichigo Shin Yokohama Building	Shin Yokohama, Kohoku-ku, Yokohama	Trust beneficiary interest in real estate	4,021.32	1,920	1,700
O-22	Ichigo Minami Ikebukuro Building	Minami Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	1,491.51	1,660	1,380
O-23	Ichigo Nakano North Building	Arai, Nakano-ku, Tokyo	Trust beneficiary interest in real estate	1,250.85	885	739
O-24	Ichigo Eitai Building	Eitai, Koto-ku, Tokyo	Real estate	2,605.54	1,270	1,469
O-26	Ichigo Ikejiri Building	Ohashi, Meguro-ku, Tokyo	Real estate	2,385.69	2,230	1,954
O-27	Ichigo Nishi Ikebukuro Building	Ikebukuro, Toshima-ku, Tokyo	Real estate	1,261.91	957	604
O-28	Ichigo Nishi Gotanda Building	Nishi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	1,329.06	826	759
O-29	Ichigo Kichijoji Building	Kichijoji Honcho, Musashino City, Tokyo	Trust beneficiary interest in real estate	4,210.87	2,810	2,200
O-34	Ichigo Sakae Building	Sakae, Naka-ku, Nagoya	Real estate	3,928.12	6,490	4,689
O-37	Ichigo Marunouchi Building	Marunouchi, Naka-ku, Nagoya	Real estate	8,009.11	7,700	5,808
O-38	Ichigo Toyamaeki Nishi Building	Jinzu Honmachi, Toyama City, Toyama	Trust beneficiary interest in real estate	8,601.71	1,730	1,494
O-39	Ichigo Mirai Shinkin Building	Niagomachi, Oita City, Oita	Trust beneficiary interest in real estate	3,551.46	1,310	1,153
O-42	Ichigo Takamatsu Building	Kotobukicho, Takamatsu City, Kagawa	Trust beneficiary interest in real estate	6,329.33	3,500	2,357
O-46	Ichigo Kanda Nishikicho Building	Kanda-Nishikicho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	2,523.09	2,930	2,004
O-47	Ichigo Akihabara North Building	Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	6,250.53	6,970	5,576
O-48	Ichigo Sakaisuji Honmachi Building	Honmachi, Chuo-ku, Osaka	Trust beneficiary interest in real estate	3,729.35	2,320	1,787
O-49	Ichigo Kanda Ogawamachi Building	Kanda-Ogawamachi, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	2,295.57	2,480	2,195
O-50	Ichigo Hatchobori Building	Shintomi, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,697.36	2,620	1,814
O-51	Ebisu Green Glass	Ebisu Minami, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,159.27	6,720	5,832
O-52	Ichigo Omori Building	Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	3,585.92	4,230	3,796
O-53	Ichigo Takadanobaba Building	Takadanobaba, Shinjuku-ku, Tokyo	Trust beneficiary interest in real estate	1,606.92	1,890	1,586
O-54	Ichigo Omiya Building	Miyacho, Omiya-ku, Saitama City, Saitama	Trust beneficiary interest in real estate	6,180.68	4,020	3,625
O-55	Ichigo Sagamihara Building	Sagamihara, Chuo-ku, Sagamihara City, Kanagawa	Trust beneficiary interest in real estate	2,960.81	1,250	1,220
O-56	Ichigo Ofuna Building	Ofuna, Kamakura City, Kanagawa	Trust beneficiary interest in real estate	2,364.71	2,480	1,945

Asset Name		Location	Form of Ownership	Leasable Area (m ²)	Appraisal Value at Period-end (million yen) (Note 1)	Book Value at Period-end (million yen) (Note 2)
O-57	Ichigo Sendai East Building	Miyagino, Miyagino-ku, Sendai, Miyagi	Trust beneficiary interest in real estate	5,205.49	2,100	1,674
O-58	Ichigo Kumamoto Building	Karashimacho, Chuo-ku, Kumamoto City, Kumamoto	Trust beneficiary interest in real estate	4,507.59	1,580	1,472
O-59	Ichigo Jingumae Building	Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,510.04	8,050	7,413
O-60	Ichigo Shibuya Dogenzaka Building	Maruyamacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,789.86	5,140	3,670
O-61	Ichigo Hiroo Building	Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,510.44	4,580	4,002
O-62	Ichigo Sasazuka Building	Sasazuka, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	6,425.29	5,620	4,895
O-63	Ichigo Nihonbashi East Building	Nihonbashi Bakurocho, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	4,216.97	5,470	4,547
O-64	Ichigo Sakurabashi Building	Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,971.22	3,000	2,576
O-65	Ichigo Shinkawa Building	Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,312.03	2,870	2,387
O-66	Ichigo Kudan Building	Kanda Jimbocho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	3,090.65	3,480	3,218
O-67	Ichigo Higashi Gotanda Building	Higashi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	4,548.10	4,180	3,661
O-68	Axior Mita	Mita, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,369.82	2,260	1,752
O-69	Ichigo Higashi Ikebukuro Building	Higashi Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	4,472.00	5,070	4,614
O-70	Koriyama Big-i (Office Section)	Ekimae, Koriyama City, Fukushima	Trust beneficiary interest in real estate	3,433.07	2,110	1,488
O-71	Ichigo Kawasaki Building	Higashi Tamachi, Kawasaki-ku, Kawasaki City, Kanagawa	Trust beneficiary interest in real estate	3,710.17	2,130	1,777
O-72	Ichigo Shibuya East Building	Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,041.36	1,570	1,351
O-73	Ichigo Ningyocho Building	Nihonbashi Horidomecho, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	1,769.09	1,580	1,482
O-74	Ichigo Nishi Honmachi Building	Awaza, Nishi-ku, Osaka	Trust beneficiary interest in real estate	6,152.00	2,450	2,143
O-75	Ichigo Hakata Building	Gionmachi, Hakata-ku, Fukuoka	Trust beneficiary interest in real estate	2,423.86	1,500	1,365
O-76	Ichigo Nishiki First Building	Nishiki, Naka-ku, Nagoya	Trust beneficiary interest in real estate	3,324.70	2,100	1,976
O-77	Ichigo Ikenohata Building	Ikenohata, Taito-ku, Tokyo	Trust beneficiary interest in real estate	5,504.15	5,390	5,140
O-78	Ichigo Ikebukuro East Building	Higashi Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	3,118.69	3,240	2,985
O-79	Ichigo Motoazabu Building	Motoazabu, Minato-ku, Tokyo	Trust beneficiary interest in real estate	1,329.96	2,050	1,905
O-80	Ichigo Otsuka Building	Minami Otsuka, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	3,679.70	2,940	2,728
O-81	Ichigo Nagoya Building	Meieki, Nakamura-ku, Nagoya	Trust beneficiary interest in real estate	4,930.30	3,850	3,483
O-82	Ichigo Fushimi Building	Nishiki, Naka-ku, Nagoya	Trust beneficiary interest in real estate	4,155.57	2,450	2,330
O-83	Ichigo Nishiki Building	Nishiki, Naka-ku, Nagoya	Trust beneficiary interest in real estate	2,006.78	1,430	1,292
O-84	Ichigo Minami Morimachi Building	Matsugaecho, Kita-ku, Osaka	Trust beneficiary interest in real estate	2,521.51	1,140	1,014
O-85	Ichigo Shibuya Udagawacho Building	Udagawacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,491.48	4,060	3,595
O-86	Win Gotanda Building	Nishi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	3,689.88	3,280	3,110
O-87	Ichigo Hongo Building	Hongo, Bunkyo-ku, Tokyo	Trust beneficiary interest in real estate	2,722.58	2,390	2,299
O-88	Oimachi Center Building	Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	2,751.08	1,910	1,699
O-89	Win Gotanda Building 2	Osaki, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	3,433.16	3,530	3,308
O-90	MIF Building	Uchikanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,690.33	2,330	2,207
O-91	Ichigo Uchi Honmachi Building	Uchi Honmachi, Chuo-ku, Osaka	Trust beneficiary interest in real estate	3,004.07	2,110	1,994
O-92	Ichigo Minami Otsuka Building	Minami Otsuka, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	3,127.84	3,080	2,875
O-93	Ichigo Nogizaka Building	Akasaka, Minato-ku, Osaka	Trust beneficiary interest in real estate	2,175.88	3,580	3,334
Z-02	Ichigo Fiesta Shibuya Building	Udagawacho, Shibuya-ku, Tokyo	Real estate	1,185.85	2,210	1,960
Z-09	Konami Sports Club Izumi Fuchu	Fuchucho, Izumi City, Osaka	Trust beneficiary interest in real estate	1,185.85	2,210	1,960
Z-10	Ichigo Shibuya Bunkamura Dori Building	Udagawacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,733.68	1,440	1,083
Z-11	Twicere Yokohama Isogo (Retail Section)	Mori, Isogo-ku, Yokohama	Trust beneficiary interest in real estate	778.77	3,220	2,462
Z-12	Lions Square Kawaguchi	Motogo, Kawaguchi City, Saitama	Trust beneficiary interest in real estate	2,717.77	1,880	1,509
Z-13	Ichigo Shin Yokohama Arena Dori Building	Shin Yokohama, Kohoku-ku, Yokohama	Trust beneficiary interest in real estate	7,788.09	2,520	2,370
Z-14	Ichigo Kamata Building	Nishi Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	2,124.68	1,520	1,444
Total				264,762.27	234,805	200,472

(Note 1) The appraisal value at period-end is the value appraised by the real estate appraisers of Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd. and Rich Appraisal Institute under the Articles of Incorporation of Ichigo Office and the Regulation on Accounting of Investment Corporations (Cabinet Office Order No. 47 of 2006 including subsequent amendments).

(Note 2) The book value at period-end does not include construction in progress or construction in progress in trust.

The following shows the status of rental activity at Ichigo Office assets in the 26th and 27th Periods:

Asset Name	26th Fiscal Period From May 1, 2018 to October 31, 2018				27th Fiscal Period From November 1, 2018 to April 30, 2019			
	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)
O-02 Ichigo Nishisando Building	16	100.0	133,262	1.7	16	100.0	132,420	1.7
O-03 Ichigo Mita Building	10	100.0	123,059	1.6	9	100.0	122,778	1.6
O-04 Ichigo Nanpeidai Building	13	100.0	77,620	1.0	13	100.0	79,463	1.0
O-05 Ichigo Hanzomon Building	7	100.0	60,421	0.8	6	100.0	59,920	0.8
O-06 Ichigo Hijirizaka Building	6	100.0	59,055	0.8	6	100.0	58,920	0.8
O-07 Ichigo Shibuya Kamiyamacho Building	4	100.0	52,588	0.7	4	100.0	52,084	0.7
O-08 Ichigo Akasaka 5 Chome Building	9	100.0	29,122	0.4	9	100.0	28,181	0.4
O-09 Ichigo Shibakoen Building	5	100.0	48,915	0.6	4	100.0	36,869	0.5
O-10 Ichigo Ebisu Nishi Building	8	100.0	70,320	0.9	8	100.0	70,342	0.9
O-11 Ichigo Ginza 612 Building	24	96.5	65,063	0.9	25	100.0	64,696	0.8
O-12 Ichigo Uchikanda Building	8	100.0	42,488	0.6	8	81.1	46,267	0.6
O-14 Ichigo Yotsuya 4 Chome Building	10	100.0	21,034	0.3	10	100.0	20,652	0.3
O-15 Ichigo Tameike Building	5	80.6	19,192	0.3	6	100.0	20,280	0.3
O-16 Ichigo Jimbocho Building	7	92.6	69,757	0.9	8	100.0	75,263	1.0
O-17 Ichigo Hakozaeki Building	7	100.0	54,437	0.7	7	100.0	54,400	0.7
O-18 Ichigo Kudan 2 Chome Building	1	100.0	30,432	0.4	1	100.0	27,487	0.4
O-19 Ichigo Kudan 3 Chome Building	5	100.0	35,837	0.5	5	100.0	35,610	0.5
O-20 Ichigo Gotanda Building	14	100.0	208,149	2.7	14	100.0	208,035	2.7
O-21 Ichigo Shin Yokohama Building	14	97.7	75,194	1.0	14	97.7	79,957	1.0
O-22 Ichigo Minami Ikebukuro Building	10	100.0	53,107	0.7	10	100.0	53,577	0.7
O-23 Ichigo Nakano North Building	6	90.8	39,244	0.5	6	100.0	37,947	0.5
O-24 Ichigo Eitai Building	10	100.0	65,481	0.9	10	100.0	63,872	0.8
O-26 Ichigo Ikejiri Building	5	100.0	81,889	1.1	5	100.0	82,307	1.1
O-27 Ichigo Nishi Ikebukuro Building	1	100.0	26,387	0.3	1	100.0	31,540	0.4
O-28 Ichigo Nishi Gotanda Building	9	100.0	33,943	0.4	9	100.0	34,128	0.4
O-29 Ichigo Kichijoji Building	14	100.0	111,068	1.5	13	100.0	114,171	1.5
O-34 Ichigo Sakae Building	19	100.0	219,398	2.9	19	100.0	219,207	2.8
O-37 Ichigo Marunouchi Building	23	100.0	235,874	3.1	23	100.0	232,704	3.0
O-38 Ichigo Toyamaeki Nishi Building	15	98.5	117,837	1.5	14	97.5	123,741	1.6
O-39 Ichigo Mirai Shinkin Building	21	95.4	79,227	1.0	21	95.4	78,663	1.0
O-42 Ichigo Takamatsu Building	13	98.7	155,880	2.0	13	97.3	152,182	2.0
O-46 Ichigo Kanda Nishikicho Building	10	100.0	93,051	1.2	10	100.0	91,843	1.2
O-47 Ichigo Akihabara North Building	1	100.0	214,519	2.8	1	100.0	214,327	2.8
O-48 Ichigo Sakaisuji Honmachi Building	17	100.0	93,258	1.2	17	100.0	93,086	1.2
O-49 Ichigo Kanda Ogawamachi Building	9	100.0	81,596	1.1	9	100.0	81,669	1.0
O-50 Ichigo Hatchobori Building	7	100.0	92,399	1.2	7	100.0	91,702	1.2
O-51 Ebisu Green Glass	2	100.0	162,634	2.1	2	100.0	161,993	2.1
O-52 Ichigo Omori Building	9	100.0	132,597	1.7	8	100.0	131,656	1.7
O-53 Ichigo Takadanobaba Building	8	100.0	61,833	0.8	8	100.0	62,474	0.8
O-54 Ichigo Omiya Building	30	99.0	154,884	2.0	30	100.0	159,472	2.0
O-55 Ichigo Sagamiyara Building	13	100.0	60,462	0.8	13	100.0	60,128	0.8
O-56 Ichigo Ofuna Building	9	100.0	94,222	1.2	9	100.0	94,134	1.2
O-57 Ichigo Sendai East Building	11	97.9	101,436	1.3	10	95.5	102,104	1.3
O-58 Ichigo Kumamoto Building	31	100.0	86,189	1.1	31	97.5	86,633	1.1
O-59 Ichigo Jingumae Building	7	100.0	191,727	2.5	7	100.0	203,500	2.6
O-60 Ichigo Shibuya Dogenzaka Building	9	100.0	126,656	1.7	9	100.0	125,778	1.6
O-61 Ichigo Hiroo Building	5	100.0	133,128	1.7	5	100.0	133,903	1.7
O-62 Ichigo Sasazuka Building	6	100.0	181,472	2.4	6	100.0	183,552	2.4
O-63 Ichigo Nihonbashi East Building	7	100.0	148,804	1.9	7	100.0	147,325	1.9
O-64 Ichigo Sakurabashi Building	6	100.0	81,855	1.1	6	100.0	83,403	1.1
O-65 Ichigo Shinkawa Building	6	100.0	69,008	0.9	6	100.0	76,013	1.0
O-66 Ichigo Kudan Building	9	100.0	103,114	1.4	9	100.0	103,195	1.3
O-67 Ichigo Higashi Gotanda Building	18	100.0	124,046	1.6	18	100.0	130,131	1.7
O-68 Axior Mita	12	100.0	67,235	0.9	12	100.0	68,139	0.9
O-69 Ichigo Higashi Ikebukuro Building	20	100.0	150,960	2.0	20	100.0	160,056	2.1

Asset Name	26th Fiscal Period From May 1, 2018 to October 31, 2018				27th Fiscal Period From November 1, 2018 to April 30, 2019			
	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)
O-70 Koriyama Big-i (Office Section)	14	100.0	103,609	1.4	14	100.0	103,118	1.3
O-71 Ichigo Kawasaki Building	17	100.0	88,260	1.2	17	100.0	90,846	1.2
O-72 Ichigo Shibuya East Building	3	100.0	42,273	0.6	3	100.0	41,930	0.5
O-73 Ichigo Ningyocho Building	8	100.0	46,228	0.6	8	100.0	46,542	0.6
O-74 Ichigo Nishi Honmachi Building	31	100.0	110,048	1.4	31	100.0	106,512	1.4
O-75 Ichigo Hakata Building	28	100.0	53,063	0.7	28	100.0	52,968	0.7
O-76 Ichigo Nishiki First Building	4	89.7	24,251	0.3	5	100.0	69,106	0.9
O-77 Ichigo Ikenohata Building	7	100.0	157,575	2.1	7	100.0	162,527	2.1
O-78 Ichigo Ikebukuro East Building	3	100.0	91,548	1.2	3	100.0	94,460	1.2
O-79 Ichigo Motoazabu Building	3	100.0	53,485	0.7	3	100.0	53,147	0.7
O-80 Ichigo Otsuka Building	7	100.0	92,321	1.2	7	100.0	91,265	1.2
O-81 Ichigo Nagoya Building	36	100.0	146,376	1.9	36	100.0	150,447	1.9
O-82 Ichigo Fushimi Building	38	87.9	88,391	1.2	39	94.6	88,075	1.1
O-83 Ichigo Nishiki Building	23	100.0	49,490	0.6	23	100.0	49,173	0.6
O-84 Ichigo Minami Morimachi Building	12	100.0	47,740	0.6	12	100.0	47,353	0.6
O-85 Ichigo Shibuya Udagawacho Building	8	100.0	86,566	1.1	8	100.0	85,030	1.1
O-86 Win Gotanda Building	11	100.0	113,204	1.5	11	100.0	111,474	1.4
O-87 Ichigo Hongo Building	7	100.0	81,630	1.1	7	100.0	82,031	1.1
O-88 Oimachi Center Building	8	100.0	73,205	1.0	8	100.0	72,942	0.9
O-89 Win Gotanda Building 2	9	100.0	95,396	1.2	9	100.0	106,084	1.4
O-90 MIF Building	6	88.3	58,718	0.8	7	100.0	60,980	0.8
O-91 Ichigo Uchi Honmachi Building	16	96.3	9,933	0.1	16	90.7	58,618	0.8
O-92 Ichigo Minami Otsuka Building	—	—	—	—	9	100.0	53,089	0.7
O-93 Ichigo Nogizaka Building	—	—	—	—	5	100.0	54,139	0.7
Z-02 Ichigo Fiesta Shibuya Building	10	100.0	68,703	0.9	10	100.0	70,769	0.9
Z-03 Ichigo Burg Omori(Note 3)	—	—	3,625	0.0	—	—	—	—
Z-05 Ichigo Machida East Building (Note 5)	10	100.0	66,671	0.9	—	—	18,367	0.2
Z-07 Ichigo Sapporo Minami 2 Nishi 3 Building(Note 3)	—	—	808	0.0	—	—	—	—
Z-08 Ichigo Daimyo Balcony(Note 4)	—	—	575	0.0	—	—	—	—
Z-09 Konami Sports Club Izumi Fuchu	1	100.0	63,000	0.8	1	100.0	63,000	0.8
Z-10 Ichigo Shibuya Bunkamura Dori Building	4	100.0	75,827	1.0	4	100.0	75,868	1.0
Z-11 Twicere Yokohama Isogo (Retail Section)	8	100.0	81,421	1.1	8	100.0	81,953	1.1
Z-12 Lions Square Kawaguchi	3	100.0	123,562	1.6	3	100.0	121,997	1.6
Z-13 Ichigo Shin Yokohama Arena Dori Building(Note 5)	5	100.0	78,396	1.0	—	—	21,016	0.3
Z-14 Ichigo Kamata Building	2	100.0	54,047	0.7	2	100.0	53,516	0.7
Total	923	99.2	7,632,352	100.0	921	99.3	7,782,261	100.0

(Note 1) In the column “Number of Tenants at Period-end,” the total number of tenants who have concluded a lease contract with Ichigo Office or the trustee as the lessor is stated. If a master lease contract has been concluded with a master leasing company other than Ichigo Office, the number of tenants is counted as one.

(Note 2) “Occupancy Rate at Period-end” is the ratio of the Leased Area within the Leasable Area of the real estate or real estate in trust as of period-end. The ratio is rounded off to the first decimal place.

(Note 3) The asset was sold on March 30, 2018.

(Note 4) The asset was sold on April 20, 2018.

(Note 5) The asset was sold on December 20, 2018.

Details of Renewable Energy Power Generation Equipment

N/A

Details of PPP and PFI

N/A

Details of Investments in Securities

N/A

4 Status of Other Assets

Trust beneficiary rights whose major asset is real estate are included in “3. Portfolio Overview” above, and major specified assets in which the Investment Corporation invests as of April 30, 2019 are as follows.

Contract Value and Market Value of Specified Transactions

The table below shows the contract value and fair value of a specified transaction at Ichigo Office as of April 30, 2019.

Classification	Type	Contract Amount (thousand yen)		Market Value (thousand yen) (Note 2)
		(Note 1)	Exceeding One Year (Note 1)	
Transactions Other than Market Transactions	Interest rate swap (pay fixed, receive floating)	98,976,297	84,626,332	—
Total		98,976,297	84,626,332	—

(Note 1) The contract amount of interest rate swap is based on the notional principal.

(Note 2) Since the above transaction meets the specific matching criteria of the Accounting Standard for Financial Instruments, the statement of market value is omitted.

5 Assets by Country and Region

All Ichigo Office assets are located in Japan.

Capital Expenditures

1 Schedule of Capital Expenditures

The major renovation-related capital expenditures planned as of April 30, 2019 are as described below. The payment amount for the scheduled work below includes the amount classified as accounting expenses.

Asset Name (Location)	Purpose	Period	Expected Payment Amount (thousand yen)		
			Total Amount	Amount Paid in the Fiscal Period under Review	Amount Already Paid
Ichigo Toyamaeki Nishi Building (Toyama City, Toyama)	Air Conditioning Upgrade	From September 2019 to October 2019	42,481	—	—
Ichigo Hakata Building (Hakata- ku, Fukuoka)	Exterior Wall Renovation	From February 2020 to March 2020	27,763	—	—
Ichigo Kawasaki Building (Kawasaki City, Kanagawa)	Elevator Upgrade	From March 2020 to April 2020	27,670	—	—
Ichigo Uchikanda Building (Chiyoda-ku, Tokyo)	Renovation to Leasable Space	From May 2019 to May 2019	16,900	—	—

2 Capital Expenditures during the Current Fiscal Period

Capital expenditures during the current fiscal period amounted to 442,533 thousand yen, and construction work of a total of 581,382 thousand yen were conducted, combined with repair expenses of 138,848 thousand yen.

3 Cash Reserves for Long-Term Repair and Maintenance Plans

Based on each asset's long-term repair and maintenance plans, Ichigo Office reserves funds for future large-scale repairs and renovations from cash flow during each fiscal period as follows.

	(Thousand yen)				
	23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018	27th Fiscal Period From November 1, 2018 to April 30, 2019
Balance of Reserves at Beginning of Period	927,259	1,094,211	1,183,437	1,255,148	1,537,351
Gains	892,636	794,999	707,271	833,530	642,828
Reversals	725,683	705,773	635,561	551,326	688,314
Amount Brought Forward to Next Period	1,094,211	1,183,437	1,255,148	1,537,351	1,491,865

Expenses and Liabilities

1 Details of Operating Expenses

(Thousand yen)

	26th Fiscal Period From May 1, 2018 to October 31, 2018	27th Fiscal Period From November 1, 2018 to April 30, 2019
a. Asset Management Fees	765,737	807,440
b. Asset Custody Fees	14,761	14,872
c. Administrative Service Fees	47,641	43,293
d. Directors' Compensation	5,040	5,040
e. Other Operating Expenses	60,474	79,328
Total	893,654	949,974

2 Borrowings

The table below shows borrowings as of April 30, 2019.

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-Term Loans	SMBC	December 10, 2013	1,547	—	1.468 (Note 2)	November 30, 2018	(Note 3)	(Note 15)	No (No Guarantee)
	Shinsei Bank		483	—					
	Aozora Bank		1,063	—					
	Mizuho Bank		773	—					
	Resona Bank	April 30, 2014	1,000	—	0.969	April 26, 2019	(Note 4)		
	Bank of Fukuoka		1,000	—					
	SMBC	August 1, 2014	1,471	1,470	1.070 (Note 2)	July 31, 2019	(Note 5)		
	Mizuho Bank		1,275	1,274					
	Resona Bank		883	882					
	Shinsei Bank		883	882					
	Aozora Bank		883	882					
	The Kagawa Bank		490	490					
	ORIX Bank		490	490					
	SMBC	December 10, 2014	1,227	1,225	1.267 (Note 2)	December 10, 2020	(Note 6)		
	Mizuho Bank		1,227	1,225					
	Aozora Bank		785	784					
	Shinsei Bank		785	784					
	Resona Bank		589	588					
	MUFG Bank		785	784					
	SMBC	December 15, 2014	1,227	1,225	1.033 (Note 2)	December 16, 2019	(Note 7)		
Mizuho Bank	1,227		1,225						
Aozora Bank	785		784						
Shinsei Bank	785		784						
Resona Bank	589		588						
MUFG Bank	785		784						
Aozora Bank	February 27, 2015	2,127	2,127	1.142 (Note 2)	August 31, 2020	Lump-sum repayment			
Shinsei Bank		1,998	1,998						
ORIX Bank		400	400						
SMBC	April 30, 2015	674	673	1.148 (Note 2)	November 29, 2019	(Note 8)			
Mizuho Bank		611	610						
Shinsei Bank		642	642						
MUFG Bank		550	549						

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-term Loans	SMBC	April 30, 2015	1,374	1,372	1.185 (Note 2)	May 29, 2020	(Note 9)	(Note 15)	No (No Guarantee)
	Mizuho Bank		1,251	1,249					
	Shinsei Bank		1,312	1,311					
	MUFG Bank		1,126	1,124					
	SMBC	May 7, 2015	1,960	1,958	1.275 (Note 2)	May 7, 2021	(Note 10)		
	Mizuho Bank		1,960	1,958					
	Aozora Bank		591	591					
	Shinsei Bank		774	773					
	MUFG Bank		1,632	1,630					
	Resona Bank		1,368	1,366					
	Bank of Fukuoka		448	448					
	ORIX Bank		448	448					
	SMBC	May 7, 2015	1,960	1,958	1.347 (Note 2)	November 8, 2021	(Note 10)		
	Mizuho Bank		1,960	1,958					
	Aozora Bank		591	591					
	Shinsei Bank		774	773					
	MUFG Bank		1,632	1,630					
	Resona Bank		1,368	1,366					
	Bank of Fukuoka		448	448					
	ORIX Bank		448	448					
	SMBC	September 30, 2015	1,590	1,589	0.985 (Note 2)	March 31, 2021	(Note 11)		
	Mizuho Trust		287	286					
	Resona Bank		574	573					
	Aozora Bank		574	573					
	Mizuho Bank		1,071	1,070					
	ORIX Bank		287	286					
	MUFG Bank		496	496					
	The Kagawa Bank	September 30, 2015	955	955	0.662	March 31, 2020	Lump-sum repayment		
	SMBC	September 30, 2015	894	893	0.612	September 30, 2019	(Note 12)		
	SMBC	May 9, 2016	1,442	1,441	0.808 (Note 2)	May 31, 2022	(Note 13)		
	Mizuho Bank		1,044	1,043					
	MUFG Bank		895	894					
Shinsei Bank	497		497						
SMBC	May 9, 2016	1,442	1,441	0.858 (Note 2)	November 30, 2022	(Note 13)			
Mizuho Bank		1,044	1,043						
MUFG Bank		895	894						
Shinsei Bank		497	497						
SMBC	May 24, 2016	1,791	1,789	0.705 (Note 2)	May 31, 2022	(Note 14)			
Mizuho Bank		895	894						
MUFG Bank		696	695						
Shinsei Bank		597	596						
Aozora Bank		497	497						
Bank of Fukuoka		497	497						
Nishi-Nippon City Bank		497	497						
Resona Bank		348	347						

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-term Loans	SMBC	May 24, 2016	1,791	1,789	0.750 (Note 2)	November 30, 2022	(Note 14)	(Note 15)	No (No Guarantee)
	Mizuho Bank		895	894					
	MUFG Bank		696	695					
	Shinsei Bank		597	596					
	Aozora Bank		497	497					
	Bank of Fukuoka		497	497					
	Nishi-Nippon City Bank		497	497					
	Resona Bank		348	347					
	SMBC	November 2, 2016	1,000	—	0.452	April 26, 2019	(Note 4)		
	SMBC	November 2, 2016	1,000	1,000	0.845 (Note 2)	October 31, 2023	Lump-sum repayment		
	Development Bank of Japan	November 2, 2016	500	500	0.675	September 30, 2021	Lump-sum repayment		
	Development Bank of Japan	November 2, 2016	500	500	0.708	January 31, 2022	Lump-sum repayment		
	SMBC	May 10, 2017	1,100	1,100	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Mizuho Bank	May 10, 2017	1,000	1,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Shinsei Bank	May 10, 2017	900	900	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Resona Bank	May 10, 2017	400	400	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Development Bank of Japan	May 10, 2017	2,000	2,000	0.871	May 10, 2023	Lump-sum repayment		
	SMBC	November 7, 2017	215	215	0.761 (Note 2)	October 31, 2023	Lump-sum repayment		
	Mizuho Bank		340	340					
	MUFG Bank		283	283					
	Resona Bank		237	237					
	Shinsei Bank		135	135					
	Bank of Fukuoka		195	195					
	ORIX Bank		195	195					
	SMBC		November 7, 2017	633					
	Mizuho Bank	508		508					
	MUFG Bank	425		425					
	Resona Bank	356		356					
	Shinsei Bank	201		201					
	Aozora Bank	257		257					
	SMBC	April 27, 2018	352	352	0.990 (Note 2)	April 30, 2026	Lump-sum repayment		
	Mizuho Trust		1,352	1,352					
Aozora Bank	901		901						
Shinsei Bank	901		901						
Resona Bank	448		448						
SMBC	May 9, 2018	400	400	0.795 (Note 2)	April 30, 2024	Lump-sum repayment			
Mizuho Bank		350	350						
Shinsei Bank		300	300						
MUFG Bank		300	300						
Bank of Fukuoka		225	225						
The Kagawa Bank		200	200						
Nishi-Nippon City Bank		225	225						

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-term Loans	SMBC	June 15, 2018	835	835	0.860 (Note 2)	November 11, 2024	Lump-sum repayment	(Note 15)	No (No Guarantee)
	Mizuho Bank		491	491					
	Shinsei Bank		393	393					
	MUFG Bank		393	393					
	Aozora Bank		393	393					
	Resona Bank		294	294					
	The Kagawa Bank		147	147					
	SMBC	September 28, 2018	500	500	0.632	February 29, 2024	Lump-sum repayment		
	Mizuho Bank	September 28, 2018	400	400	0.632	February 29, 2024	Lump-sum repayment		
	SMBC	October 31, 2018	1,000	1,000	0.962 (Note 2)	April 30, 2026	Lump-sum repayment		
	Mizuho Bank	October 31, 2018	400	400	0.712	April 30, 2026	Lump-sum repayment		
	Shinsei Bank	October 31, 2018	200	200	0.712	April 30, 2026	Lump-sum repayment		
	SMBC	November 30, 2018	—	954	0.975 (Note 2)	September 30, 2026	Lump-sum repayment		
	Mizuho Bank		—	773					
	Shinsei Bank		—	483					
	Aozora Bank		—	656					
	SMBC	December 21, 2018	—	830	0.907 (Note 2)	September 30, 2026	Lump-sum repayment		
	Aozora Bank		—	570					
	SMBC	December 28, 2018	—	250	0.850 (Note 2)	April 30, 2026	Lump-sum repayment		
	Mizuho Bank		—	400					
	Development Bank of Japan		—	400					
	MUFG Bank		—	300					
	Shinsei Bank		—	250					
SMBC	April 26, 2019	—	1,000	0.867 (Note 2)	September 25, 2026	Lump-sum repayment			
Resona Bank	April 26, 2019	—	1,000	0.867 (Note 2)	September 25, 2026	Lump-sum repayment			
Bank of Fukuoka	April 26, 2019	—	1,000	0.867 (Note 2)	September 25, 2026	Lump-sum repayment			
	Subtotal		103,400	105,324					
	Total		103,400	105,324					

(Note 1) Average Interest Rate indicates a weighted average of interest rates during the period based on the number of days, and it is rounded down to the stated unit.

(Note 2) To avoid interest rate risk, an interest rate swap agreement has been signed separately to fix the interest rates, and the weighted average interest rate during the period after the effect of the interest rate swap is stated.

(Note 3) The remaining balance was repaid on November 30, 2018.

(Note 4) The remaining balance was repaid on April 26, 2019.

(Note 5) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 6) 3 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 13 million yen.

(Note 7) 3 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 8) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 9) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 10 million yen.

(Note 10) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 18 million yen.

(Note 11) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 9 million yen.

(Note 12) 0.4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is long-term borrowings due within one year.

(Note 13) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 7 million yen.

(Note 14) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 11 million yen.

(Note 15) The proceeds are used for acquisition of assets and/or beneficiary rights of real estate in trust and repayment of loans.

3 Investment Corporation Bonds

The status of investment corporation bonds outstanding as of April 30, 2019 is as follows:

	Date of Issuance	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Interest Rate (%)	Redemption Date	Redemption Method	Use	Collateralized
First unsecured investment corporation bonds	September 22, 2017	1,200	1,200	0.900	September 22, 2027	Lump-sum repayment	(Note 1)	No (No guarantee)
Second unsecured investment corporation bonds	April 26, 2018	1,000	1,000	0.900	April 26, 2028	Lump-sum repayment		
Third unsecured investment corporation bonds	November 29, 2018	—	1,000	0.750	November 28, 2025	Lump-sum repayment		
Total		2,200	3,200					

(Note 1) The proceeds are used for repaying existing loans.

(Note 2) A ranking *pari passu* among Ichigo Office investment corporation bonds is attached.

4 Short-Term Investment Corporation Bonds

N/A

5 Share Options

N/A

Acquisitions and Sales during the Fiscal Period

1 Acquisitions and Sales of Real Estate and Asset-Backed Securities, Infrastructure Assets, and Infrastructure-Related Assets

Asset Name	Acquisitions		Sales			
	Date	Price (million yen) (Note 1)	Date	Price (million yen) (Note 1)	Book Value (million yen)	Gain (loss) on Sales (million yen)
Ichigo Machida East Building ・ Ichigo Shin Yokohama Arena Dori Building	—	—	December 20, 2018	3,600 (Note 2)	2,947	650
Ichigo Minami Otsuka Building	December 21, 2018	2,780	—	—	—	—
Ichigo Nogizaka Building	December 28, 2018	3,315	—	—	—	—
Ichigo Toyamaeki Nishi Building (Portion)	—	—	February 21, 2019	24 (Note 3)	4	18

(Note 1) Acquisition and sales prices exclude incidental expenses such as fees and property, city planning, and consumption taxes.

(Note 2) Sales Price is the total sale price of the two assets, because the buyer did not provide consent to disclose each asset's sales price.

(Note 3) Price includes 11 million yen of compensation to Ichigo Office from the buyer

2 Acquisition and Sales of Other Assets

Assets other than the assets acquired shown above are mostly bank deposits and bank deposits in trust.

3 Review of Asset Values (Appraisal Values)

(1) Real Estate

Transaction	Asset Name	Transaction Date	Transaction Price (million yen) (Note 1)	Appraisal Value (million yen) (Note 2)	Appraiser	Date of Appraisal
Sale	Ichigo Machida East Building	December 20, 2018	— (Note 2)	1,550	The Tanizawa Sōgō Appraisal Co., Ltd.	October 31, 2018
Sale	Ichigo Shin Yokohama Arena Dori Building	December 20, 2018	— (Note 2)	1,780	Daiwa Real Estate Appraisal Co., Ltd.	October 31, 2018
Acquisition	Ichigo Minami Otsuka Building	December 21, 2018	2,780	3,080	Daiwa Real Estate Appraisal Co., Ltd.	November 1, 2018
Acquisition	Ichigo Nogizaka Building	December 28, 2018	3,315	3,510	The Tanizawa Sōgō Appraisal Co., Ltd.	November 1, 2018
Sale	Ichigo Toyamaeki Nishi Building (Portion)	February 21, 2019	12	9	The Tanizawa Sōgō Appraisal Co., Ltd.	December 1, 2018

(Note 1) Transaction Prices exclude incidental expenses such as fees and property, city planning, and consumption taxes.

(Note 2) The appraisal above is carried out by applying the "Appraisal of Value of Real Estate for Securitization in Chapter 3 of the Specific Standards of the Japanese Real Estate Appraisal Standards."

(Note 3) The total sale price of the two assets is 3,600 million yen, unit sales price is undisclosed, because the buyer did not provide consent to disclose each asset's sales price.

(2) Other

For assets that require a transaction price investigation pursuant to Article 201 of the Act on Investment Trusts and Investment Corporations and were not part of the list shown above, Ichigo Office entrusted the price inspection to Grant Thornton Taiyo LLC. For the inspection period of November 1, 2018 to April 30, 2019, the transactions subject to price verification were three interest rate swaps. With respect to the price verification of these interest rate swaps, all related research work was outsourced, including identification of the transaction counterparties, currency, interest rates, maturity, and other relevant transaction information.

4 Transactions with Related Parties^(Note 1)

(1) Transactions

N/A

(2) Amount of Fees Paid

N/A

(Note 1) Related Parties are as defined in Article 123 of the Enforcement Ordinance of the Investment Trust and Investment Corporation Law and Article 26 Paragraph 27 of the Regulation of the Investment Trust Association, Japan.

5 Transactions between the Asset Management Company and its Other Businesses

While Ichigo Investment Advisors Co., Ltd., the Asset Management Company of Ichigo Office, concurrently engages in operations of the Type II Financial Instruments Business, Real Estate Brokerage Business, and Real Estate Syndication Business, there are no applicable transactions.

Financial Statements

1 Assets, Liabilities, Principal, Profit and Loss

Please refer to “II. Balance Sheet,” “III. Income Statement,” “IV. Statement of Changes in Net Assets,” “V. Notes to Financial Statements,” and “VI. Statement of Dividends” later in this report.

2 Changes in Method of Depreciation

N/A

3 Changes in Method of Real Estate and Infrastructure Assets Appraisal

N/A

Other

1 Ichigo Office Shares Held by Asset Management Company

Details of Ichigo Office shares held by Ichigo Investment Advisors Co., Ltd., the Asset Management Company, are as follows:

(1) Transactions

Date	Number of Shares Acquired (shares)	Number of Shares Sold (shares)	Number of Shares Held (shares)
November 1, 2011	(Note)1,200	—	1,400
Cumulative total	1,400	—	1,400

(Note) Reflects a 7-for-1 share split with November 1, 2011 as the effective date.

(2) Status of Holdings

	Number of Shares Held at Period-end (shares)	Value of Shares Held at Period-end (thousand yen)(Note)	Ratio of Total Outstanding Shares (%)
17th Fiscal Period (November 1, 2013 to April 30, 2014)	1,400	86,100	0.1
18th Fiscal Period (May 1, 2014 to October 31, 2014)	1,400	117,180	0.1
19th Fiscal Period (November 1, 2014 to April 30, 2015)	1,400	125,720	0.1
20th Fiscal Period (May 1, 2015 to October 31, 2015)	1,400	117,040	0.1
21st Fiscal Period (November 1, 2015 to April 30, 2016)	1,400	116,760	0.1
22nd Fiscal Period (May 1, 2016 to October 31, 2016)	1,400	98,980	0.1
23rd Fiscal Period (November 1, 2016 to April 30, 2017)	1,400	88,340	0.1
24th Fiscal Period (May 1, 2017 to October 31, 2017)	1,400	103,040	0.1
25th Fiscal Period (November 1, 2017 to April 30, 2018)	1,400	113,820	0.1
26th Fiscal Period (May 1, 2018 to October 31, 2018)	1,400	129,640	0.1
27th Fiscal Period (November 1, 2018 to April 30, 2019)	1,400	143,640	0.1

(Note) The Value of Shares Held at Period-end is calculated by multiplying the Number of Shares Held by the share price at period-end.

2 Notices

N/A

3 Disclosure of Affiliated Foreign Real Estate Holding Companies

N/A

4 Disclosure of Assets Owned by Affiliated Foreign Real Estate Holding Companies

N/A

5 Other

In this document, whole numbers are rounded down and ratios are rounded off, unless otherwise specified.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Ichigo Office REIT Investment Corporation**

We have audited the accompanying financial statements of Ichigo Office REIT Investment Corporation ("the Company"), which comprise the balance sheet as at April 30, 2019, and the income statement, the statement of changes in net assets, the statement of dividends and the cash flow statement for the six months then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Ministerial Order for the Rules on Terminology, Forms, and Preparation Methods of Financial Statements, the Ordinance on Accountings of Investment Corporations and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at April 30, 2019, its financial performance and conditions of cash flow for the six months then ended in accordance with the Ministerial Order for the Rules on Terminology, Forms, and Preparation Methods of Financial Statements, the Ordinance on Accountings of Investment Corporations and accounting principles generally accepted in Japan.

Emphasis of matter

As described in "Notes to significant subsequent events", the Company carried out acquisition and sales of assets. The auditor's opinion is not modified with respect to the matter emphasized.

Grant Thornton Taiyo LLC

September 12, 2019

Tokyo, Japan

1. Financial Statements

(1) Balance Sheet

(Thousand Yen)

	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
Assets		
Current assets		
Cash and deposits	9,323,086	10,021,971
Cash and deposits in trust	13,229,574	13,654,840
Operating accounts receivable	5,208	15,125
Prepaid expenses	410,582	428,834
Consumption taxes receivable	231,965	–
Other	2,258	2,257
Total current assets	23,202,676	24,123,029
Non-current assets		
Property, plant, and equipment		
Buildings	7,235,000	7,260,271
Accumulated depreciation	(1,482,991)	(1,592,792)
Buildings, net	5,752,008	5,667,479
Structures	26,834	26,834
Accumulated depreciation	(22,864)	(23,865)
Structures, net	3,969	2,968
Machinery and equipment	283,903	286,757
Accumulated depreciation	(132,565)	(143,999)
Machinery and equipment, net	151,337	142,757
Tools, furniture, and fixtures	52,176	56,422
Accumulated depreciation	(40,337)	(42,887)
Tools, furniture and fixtures, net	11,838	13,535
Land	17,425,755	17,425,755
Buildings in trust	42,869,885	42,835,577
Accumulated depreciation	(6,557,635)	(7,099,173)
Buildings in trust, net	*1 36,312,249	35,736,403
Structures in trust	62,165	62,204
Accumulated depreciation	(27,454)	(29,425)
Structures in trust, net	34,710	32,778
Machinery and equipment in trust	518,515	574,386
Accumulated depreciation	(245,132)	(261,965)
Machinery and equipment in trust, net	273,383	312,420
Tools, furniture and fixtures in trust	171,689	192,509
Accumulated depreciation	(97,101)	(110,073)
Tools, furniture and fixtures in trust, net	74,588	82,435
Land in trust	133,082,735	136,560,928
Construction in progress in trust	754	980
Total property, plant, and equipment	193,123,333	195,978,444
Intangible assets		
Leasehold rights in trust	4,494,579	4,494,579
Total intangible assets	4,494,579	4,494,579
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	890,520	970,693
Other	63,335	69,449
Total investments and other assets	963,856	1,050,142
Total non-current assets	198,581,769	201,523,165
Deferred assets		
Bond issuance expenses	22,812	31,846
Total deferred assets	22,812	31,846
Total Assets	221,807,258	225,678,041

(Thousand yen)

	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
Liabilities		
Current Liabilities		
Operating accounts payable	719,409	642,683
Long-term loans (due within one year)	14,270,145	16,198,215
Accounts payable – other	591,670	613,798
Accrued expenses	4,140	18,834
Income taxes payable	605	605
Accrued consumption taxes	95,224	223,303
Advances received	1,451,818	1,476,410
Other	34,324	22,103
Total current liabilities	17,167,337	19,195,954
Long-Term Liabilities		
Investment corporation bonds	2,200,000	3,200,000
Long-term borrowings	89,130,111	89,126,332
Tenant leasehold and security deposits	1,579,794	1,605,062
Tenant leasehold and security deposits in trust	8,414,582	8,595,090
Asset retirement obligations	4,443	10,104
Other	93,652	81,735
Total long-term liabilities	101,422,583	102,618,324
Total Liabilities	118,589,920	121,814,279
Net Assets		
Shareholders' Equity		
Shareholders' capital	67,675,274	67,675,274
Surplus		
Capital reserve surplus	20,566,420	20,566,420
Discretionary reserves		
Reserve for dividends	2,254,373	2,254,373
Reserve for temporary difference adjustments	*3 9,739,544	*3 9,634,544
Total discretionary reserves	11,993,917	11,888,917
Unappropriated retained earnings (undisposed loss)	2,981,724	3,733,149
Total surplus	35,542,062	36,188,487
Total Shareholders' Equity	103,217,337	103,863,761
Total Net Assets	*2 103,217,337	*2 103,863,761
Total Liabilities and Net Assets	221,807,258	225,678,041

(2) Income Statement

(Thousand yen)

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Operating Revenues		
Rental revenues	*1 6,947,280	*1 7,150,026
Other rental revenues	*1 685,072	*1 632,235
Gain on sales of real estate	-	*2 668,975
Total operating revenue	7,632,352	8,451,237
Operating Expenses		
Rental expenses	*1 2,993,236	*12,990,685
Asset management fee	765,737	807,440
Asset custody fee	14,761	14,872
Administrative service fees	47,641	43,293
Directors' compensation	5,040	5,040
Other operating expenses	60,474	79,328
Total operating expenses	3,886,891	3,940,659
Operating Profit	3,745,461	4,510,578
Non-Operating Revenues		
Interest income	113	109
Reversal of distribution payable	868	1,873
Insurance payment income	2,126	27,129
Interest on tax refund	-	661
Other	-	439
Total non-operating revenues	3,108	30,213
Non-operating expenses		
Interest expenses	537,655	535,727
Borrowing expenses	251,361	269,974
Amortization of bond issuance expenses	1,241	2,021
Other	-	12
Total non-operating expenses	790,258	807,735
Recurring Profit	2,958,311	3,733,055
Extraordinary Profit		
Insurance proceeds	*3 154,024	-
Total extraordinary profit	154,024	-
Extraordinary Losses		
Loss on reduction of non-current assets	*4 130,854	-
Total extraordinary losses	130,854	-
Pre-tax income	2,981,480	3,733,055
Income taxes - current	605	605
Total income taxes	605	605
Net Income	2,980,875	3,732,450
Retained earnings brought forward	848	698
Unappropriated retained earnings (undisposed loss)	2,981,724	3,733,149

(3) Statement of Changes in Net Assets
 Previous fiscal period (May 1, 2018 to October 31, 2018)

(Thousand yen)

	Shareholders' equity				
	Shareholders' capital	Surplus			
		Capital reserve surplus	Discretionary reserves		
			Dividend reserve	Temporary difference adjustment reserve	Total discretionary reserves
Balance at beginning of period	67,675,274	20,566,420	659,446	9,901,966	10,561,413
Changes during the period					
Increase in dividend reserve			1,594,926		1,594,926
Release from temporary difference adjustment reserve				(162,422)	(162,422)
Dividends					
Net Income					
Total changes during the period	–	–	1,594,926	(162,422)	1,432,504
Balance at period-end	67,675,274	20,566,420	2,254,373	9,739,544	11,993,917

	Shareholders' equity			Total net assets
	Surplus		Total shareholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	4,442,764	35,570,598	103,245,872	103,245,872
Changes of items during period				
Provision of reserve for dividends	(1,594,926)	–	–	–
Release from temporary difference adjustment reserve	162,422	–	–	–
Dividends	(3,009,411)	(3,009,411)	(3,009,411)	(3,009,411)
Net Income	2,980,875	2,980,875	2,980,875	2,980,875
Total changes during period	(1,461,039)	(28,535)	(28,535)	(28,535)
Balance at period-end	2,981,724	35,542,062	103,217,337	103,217,337

Current fiscal period (November 1, 2018 to April 30, 2019)

(Thousand yen)

	Shareholders' equity				
	Shareholders' capital	Surplus			
		Capital reserve surplus	Discretionary reserves		
			Dividend reserve	Temporary difference adjustment reserve	Total discretionary reserves
Balance at beginning of period	67,675,274	20,566,420	2,254,373	9,739,544	11,993,917
Changes during the period					
Release from temporary difference adjustment reserve				(105,000)	(105,000)
Dividends					
Net Income					
Total changes during the period	–	–	–	(105,000)	(105,000)
Balance at period-end	67,675,274	20,566,420	2,254,373	9,634,544	11,888,917

	Shareholders' equity			Total net assets
	Surplus		Total shareholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	2,981,724	35,542,062	103,217,337	103,217,337
Changes of items during period				
Release from temporary difference adjustment reserve	105,000	–	–	–
Dividends	(3,086,026)	(3,086,026)	(3,086,026)	(3,086,026)
Net Income	3,732,450	3,732,450	3,732,450	3,732,450
Total changes during period	751,424	646,424	646,424	646,424
Balance at period-end	3,733,149	36,188,487	103,863,761	103,863,761

(4) Statement of Dividends

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
I. Unappropriated Retained Earnings	2,981,724,275 yen	3,733,149,050 yen
II. Discretionary Reserve Reversal Reversal of Temporary Difference Adjustment Reserve	105,000,000 yen	105,000,000 yen
III. Total Dividends (Dividend per share)	3,086,026,018 yen (2,014 yen)	3,455,307,185 yen (2,255 yen)
IV. Discretionary Reserves Provision to Dividend Reserve	–	382,748,608 yen
V. Retained Earnings Carried Forward	698,257 yen	93,257 yen
Method for calculating the amount of dividends	The dividend policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed 90% of “profit available for dividend” as provided for in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. Based on this policy, the decision was made to distribute, as dividends, 3,086,026,018 yen, which was the entire amount excluding the fractional portion where the amount of dividends per investment unit was less than 1yen from 3,086,724,275 yen, which was the amount after adding 105,000,000 yen of the reversal of the temporary difference adjustment reserve to 2,981,724,275 yen of unappropriated retained earnings. As a result, the dividend per share was 2,014 yen.	The dividend policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed 90% of “profit available for dividend” as provided for in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. Based on this policy, the decision was made to distribute, as dividends, 3,455,307,185 yen, which was the entire amount excluding the fractional portion where the amount of dividends per share was less than 1 yen from the amount after adding 105,000,000 yen of the reversal of the temporary difference adjustment reserve to 3,733,149,050 yen of unappropriated retained earnings, and transferring 382,748,608 yen of gain on sales of real estate to dividend reserves, within J-REIT conduit rules. As a result, the dividend per share was 2,255 yen.

(5) Cash Flow Statement

(Thousand yen)

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Cash flows from operating activities		
Pre-tax income	2,981,480	3,733,055
Depreciation	857,196	857,127
Interest income	(113)	(109)
Interest expense	537,655	535,727
Loss on retirement of non-current assets	269	-
Insurance proceeds	(154,024)	-
Loss on reduction of non-current assets	130,854	-
Decrease (increase) in operating accounts receivable	1,178	(9,917)
Decrease (increase) in consumption taxes receivable	(231,965)	231,965
Decrease (increase) in prepaid expenses	(5,340)	(18,251)
Decrease (increase) in long-term prepaid expenses	1,314	(80,172)
Increase (decrease) in accrued consumption taxes	(295,611)	128,078
Increase (decrease) in operating accounts payable	66,387	6,879
Increase (decrease) in accounts payable	75,778	22,128
Increase (decrease) in advances received	(194,899)	24,592
Decrease due to sales of property, plant, and equipment in trust	-	2,952,724
Other	493,724	24,184
Subtotal	4,263,885	8,408,013
Interest income received	113	109
Interest expenses paid	(545,938)	(521,033)
Income taxes paid	(605)	(605)
Cash flows from operations	3,717,454	7,886,484
Cash flows from investing activities		
Purchase of property, plant, and equipment	(26,504)	(43,895)
Purchase of property, plant, and equipment in trust	(7,864,015)	(6,690,269)
Proceeds from tenant leasehold and security deposits	11,923	29,858
Repayments from tenant leasehold and security deposits	(199,014)	(4,243)
Proceeds from tenant leasehold and security deposits in trust	785,265	1,927,715
Repayments from tenant leasehold and security deposits in trust	(794,282)	(1,814,216)
Cash flows from investments	(8,086,626)	(6,595,051)
Cash flows from financing activities		
Increase in long-term borrowings	7,446,000	8,866,000
Decrease in long-term borrowings	(4,633,329)	(6,941,709)
Proceeds from bond issuance	-	988,943
Dividends paid	(3,008,722)	(3,085,786)
Cash flows from financing	(196,051)	(172,552)
Net increase (decrease) in cash and cash equivalents	(4,565,222)	1,118,880
Cash and cash equivalents at beginning of period	27,051,869	22,486,646
Cash and cash equivalents at end of period	*1 22,486,646	*1 23,605,527

(Summary of Significant Accounting Policies)

<p>1. Method of depreciation of fixed assets</p>	<p>(1) Property, plant, and equipment (including assets in trust) The depreciation of property, plant, and equipment is calculated using the straight-line method. The useful lives of assets are as stated below. Buildings: 1 to 63 years Structures: 2 to 20 years Machinery and equipment: 1 to 15 years Tools, furniture and fixtures: 1 to 15 years (2) Long-term prepaid expenses The depreciation of long-term prepaid expenses is calculated using the straight-line method.</p>
<p>2. Accounting for deferred assets</p>	<p>Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized equally over the period up to the redemption.</p>
<p>3. Standards for recognition of revenues and expenses</p>	<p>Accounting for fixed asset taxes, etc. Of the amount of fixed asset taxes, city planning taxes and depreciable asset taxes imposed on real estate owned that was assessed and determined, the amount corresponding to the relevant computation period is expensed as expenses in the rental business. The amount corresponding to fixed asset taxes for the first fiscal year that the Investment Corporation should incur associated with the acquisition of real estate or trust beneficiary interests in real estate is not expensed, but is included in the acquisition costs of the real estate. The amount corresponding to fixed asset taxes that was included in the acquisition costs of real estate for the previous fiscal period was 24,346 thousand yen, whereas for the current fiscal period is 639 thousand yen.</p>
<p>4. Method of hedge accounting</p>	<p>(1) Method of hedge accounting In cases where the interest rate swaps meet the conditions for special treatment, special treatment is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans (3) Hedging policy The Investment Corporation conducts derivative transactions to hedge the risks set out in the Articles of Incorporation based on the risk management regulations. (4) Method for assessing the effectiveness of hedging The evaluation of the effectiveness of interest rate swaps is omitted because they meet the requirements for special treatment.</p>
<p>5. Scope of funds on the cash flow statement</p>	<p>Funds (cash and cash equivalents) on the cash flow statement consist of cash on hand, cash held in trust, bank deposits and bank deposits held in trust that can be withdrawn at any time, and short-term investments, with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and contain only an insignificant risk of value fluctuation.</p>
<p>6. Other significant matters serving as the basis for preparing financial statements</p>	<p>(1) Accounting for trust beneficiary interests in real estate For trust beneficiary interests in real estate, all trust assets and liabilities as well as all income generated and expenses incurred in trusts are recorded in the relevant accounts on the balance sheet and the income statement. The following material items of the trust accounts recorded in the relevant accounts are listed separately on the balance sheet. (i) Cash and deposits in trust (ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and land leasehold rights in trust (iii) Tenant leasehold and security deposits in trust (2) Accounting for consumption taxes The accounting for consumption taxes is tax exclusive. Non-deductible consumption taxes on assets are included in the acquisition costs of individual assets.</p>

(Notes to accounting standards not yet applied)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 on March 30, 2018, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 on March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition, and “Revenue from Contracts with Customers” was issued in May 2014 (IFRS 15 in IASB and Topic 606 in FASB). Given that IFRS 15 and Topic 606 would be applied from a business year starting on or after January 1, 2018 and after December 15, 2017, respectively, the Accounting Standards Board of Japan (ASBJ) developed comprehensive standards for revenue recognition and published the Accounting Standard for Revenue Recognition with the Implementation Guidance.

The basic policy of ASBJ for the development of accounting standards for revenue recognition is believed to set the accounting standards from the perspective of comparability between financial statements, which is one of the benefits of promoting consistency with IFRS 15, with the incorporation of the basic principles of IFRS 15 as a starting point, and if there are items that should be considered in practices implemented in Japan, to add alternative handlings to the extent to which comparability is not impaired.

(2) Planned date of application

The Accounting Standard for Revenue Recognition, etc. will be applied at the beginning of the fiscal period ending October 2021.

(3) Impact of applying the accounting standard, etc.

The amount of the impact of applying the Accounting Standard for Revenue Recognition, etc. on the financial statements is currently under review.

(Notes to Balance Sheet)

*1. Amount of advanced depreciation of property, plant, and equipment

Amount of advanced depreciation of property, plant, and equipment acquired with insurance proceeds
(Thousand yen)

Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
130,854	-

*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporation

(Thousand yen)

Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
50,000	50,000

*3. Provision and reversal of temporary difference adjustment reserves

Previous fiscal period (As of October 31, 2018)

(Thousand yen)

	Initial amount	Balance at beginning of period	Amount reserved during period	Amount reversed during period	Balance at end of period	Reasons for provision and reversal
Gain on Negative goodwill (Note)	10,432,940	9,901,966	-	162,422	9,739,544	Appropriation to dividends

(Note) The initial amount of gain on negative goodwill is the amount previously transferred from gain on negative goodwill to the temporary difference adjustment reserves account. For the current fiscal period, 162,422,000 yen, which is greater than the fixed reversal amount of 105,000,000 yen was reversed from the reserve.

Current fiscal period (As of April 30, 2019)

(Thousand yen)

	Initial amount	Balance at beginning of period	Amount reserved during period	Amount reversed during period	Balance at end of period	Reasons for provision and reversal
Gain on Negative goodwill (Note)	10,432,940	9,739,544	-	105,000	9,634,544	Appropriation to dividends

(Note) The initial amount of gain on negative goodwill is the amount previously transferred from gain on negative goodwill to the temporary difference adjustment reserves account. For the current fiscal period, 105,000,000 yen was reversed from the reserve.

(Notes to Income Statement)

*1. Details of real estate rental income

(Thousand yen)

	Previous fiscal period (May 1, 2018 to October 31, 2018)		Current fiscal period (November 1, 2018 to April 30, 2019)	
A. Real estate rental revenue				
Rental Revenues				
Rental revenue	5,676,610		5,837,627	
Common area charges	937,777		973,385	
Parking lot rental revenue	278,461		281,238	
Facility use charges	54,431	6,947,280	57,773	7,150,026
Other rental revenue				
Utilities revenue	638,126		580,820	
Other	46,945	685,072	51,415	632,235
Total real estate rental revenue		7,632,352		7,782,261
B. Real estate rental expenses				
Rental expenses				
Service provider expenses	668,128		668,737	
Utilities	642,997		611,250	
Trust fees	34,127		34,176	
Depreciation	857,196		857,127	
Repair expenses	117,337		138,848	
Taxes and public dues	619,297		624,886	
Non-life insurance expenses	11,880		14,129	
Other rental expenses	42,271		41,529	
Total real estate rental expenses		2,993,236		2,990,685
C. Net rental income (A-B)		4,639,115		4,791,576

*2. Details of real estate sales (Thousand yen)

Previous fiscal period (May 1, 2018 to October 31, 2018)

N/A

Current fiscal period (November 1, 2018 to April 30, 2019)

Ichigo Toyamaeki Nishi Building

Real estate sale revenue		24,170
Real estate sale cost	4,734	
Other real estate sale expenses	1,250	
Gain on real estate sales		18,185

(Note) Real estate sale revenue includes 11,800 thousand yen of compensation to Ichigo Office from the buyer.

Ichigo Machida East Building, Ichigo Shin Yokohama Arena Dori Building

Real estate sale revenue		3,600,000
Real estate sale cost	2,947,990	
Other real estate sale expenses	1,219	
Gain on real estate sales		650,789

(Note) Sale Price is the total sale price of the two assets, because the buyer did not provide consent to disclose each asset's sale price.

*3. Details of insurance income

Previous fiscal period (May 1, 2018 to October 31, 2018)

Insurance proceeds associated with the restoration work of air-conditioning equipment due to hail damage to the Ichigo Higashi Ikebukuro Building in July 2017 is posted as insurance income.

Current fiscal period (November 1, 2018 to April 30, 2019)

N/A

*4. Details of loss on reduction of non-current assets

Previous fiscal period (May 1, 2018 to October 31, 2018)

The loss on reduction of fixed assets is a value that is directly reduced from the acquisition cost of property, plant, and equipment newly acquired using insurance proceeds associated with the restoration work of air-conditioning equipment due to hail damage to the Ichigo Higashi Ikebukuro Building in July 2017, and its breakdown is as follows:

Current fiscal period (November 1, 2018 to April 30, 2019)

N/A

(Thousand yen)

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Buildings in trust	130,854	—

(Statement of Changes in Net Assets)

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Total number of authorized shares and total number of shares issued and outstanding		
Total number of authorized shares	14,000,000 shares	14,000,000 shares
Total number of shares issued and outstanding	1,532,287 shares	1,532,287 shares

(Notes to Statement of Dividends)

Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
By applying the transitional measures of Paragraph 3 of the Supplementary Provisions of the “Regulation on Accountings of Investment Corporations” (Cabinet Office Order No. 27 of 2015), an amount of 10,432,940,000 yen, which was the remaining balance of gain on negative goodwill was transferred to the temporary difference adjustment reserve account, and planned to reverse a minimum of 200,000,000 yen starting from the 23rd fiscal period, as stated on the statement of dividends for the 22nd fiscal period. But the policy has been changed to reversing a minimum of 105,000,000 yen starting from the 24th fiscal period. For this fiscal period, 105,000,000 yen will be reversed.	By applying the transitional measures of Paragraph 3 of the Supplementary Provisions of the “Regulation on Accountings of Investment Corporations” (Cabinet Office Order No. 27 of 2015), an amount of 10,432,940,000 yen, which was the remaining balance of gain on negative goodwill was transferred to the temporary difference adjustment reserve account, and planned to reverse a minimum of 200,000,000 yen starting from the 23rd fiscal period, as stated on the statement of dividends for the 22nd fiscal period. But the policy has been changed to reversing a minimum of 105,000,000 yen starting from the 24th fiscal period. For this fiscal period, 105,000,000 yen will be reversed.

(Notes to Cash Flow statement)

*1. Relationship between cash and cash equivalents at the end of the fiscal period and items shown on the Balance Sheet

	(Thousand yen)	
	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Cash and deposits	9,323,086	10,021,971
Cash and deposits in trust	13,229,574	13,654,840
Miscellaneous deposits	(66,014)	(71,283)
Cash and cash equivalents	22,486,646	23,605,527

(Notes to lease transactions)

Operating lease transactions

(Lessee)

(Thousand yen)

	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
Outstanding lease charges		
One year or less	69,171	71,344
Over one year	1,100,267	1,104,527
Total	1,169,439	1,175,871

(Lessor)

(Thousand yen)

	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
Outstanding lease charges		
One year or less	6,866,159	6,951,018
Over one year	2,580,555	2,139,885
Total	9,446,715	9,090,904

(Notes to Financial Instruments)

1. Matters concerning the status of financial instruments

(1) Policy for handling financial instruments

Ichigo Office manages its assets by investing mainly in specified assets such as real estate with the aim of securing stable earnings in the medium to long terms. It raises funds primarily through the issuance of investment units, the borrowing of bank loans and the issuance of investment corporation bonds. Derivative transactions are used for the purpose of mitigating the risk of future fluctuations in interest rates, and not for trading or speculative purposes. Ichigo Office also invests surplus funds carefully in consideration of safety and liquidity so as not to bear excess risks, taking the financial environment and cash management into full consideration.

(2) Description of financial instruments and associated risks, and risk management structure

Funds raised from loans and investment corporation bonds are used for the purchase of real estate and trust beneficiary interests in real estate and the repayment of loans, and they are exposed to the liquidity risk on the dates of repayment and redemption. Ichigo Office not only works to reduce the liquidity risk through the diversification of financing and the decentralization of repayment dates and lenders by controlling LTV in the range that is deemed appropriate, but also manages the liquidity risk in terms of the way the asset management company formulates a cash management plan. Loans with floating interest rates are exposed to the risk of fluctuations in interest rates, but LTV is managed appropriately to limit the impact of rising market interest rates on the operations of Ichigo Office.

(3) Supplementary explanation of matters concerning the market value, etc. of financial instruments

In addition to values based on market prices, the market value of financial instruments includes values based on reasonable calculations when there is no market price. Because certain preconditions, etc. are adopted in the calculation of the values concerned, there may be cases where the values concerned will vary when different preconditions, etc. are adopted.

2. Matters concerning the market value, etc. of financial instruments

The carrying amount on the balance sheet on October 31, 2018, the market value, and the difference between the carrying amount and the market value were as follows.

Financial instruments whose market value is deemed to be extremely difficult to determine are not included in the table below (see (Note2)), and those that are not material are omitted.

(Thousand yen)

	Carrying value	Market value	Difference
(1) Cash and deposits	9,323,086	9,323,086	—
(2) Cash and deposits in trust	13,229,574	13,229,574	—
Total assets	22,552,661	22,552,661	—
(3) Long-term borrowings (due within one year)	14,270,145	14,287,507	17,362
(4) Investment corporation bonds	2,200,000	2,188,441	(11,558)
(5) Long-term borrowings	89,130,111	89,715,450	585,339
Total liabilities	105,600,256	106,191,399	591,143
(6) Derivative transactions	—	—	—

(Note 1) Matters concerning the calculation method of the market value of financial instruments

(1) Cash and deposits (2) Cash and deposits in trust

The book value is used as the market value because the market values of these items are almost equal to their book values since they are settled within a short period of time.

(3) Long-term borrowings (due within one year) (5) Long-term borrowings

The market value of long-term loans with fixed interest rates is calculated by discounting the present value by an interest rate that is assumed if the total amount of principal and interest is borrowed in similar new loans. The market value of long-term loans with floating interest rates is based on the book value because the market value is approximately equal to the book value due to the situation in which the interest rate is renewed periodically. For some long-term loans with floating interest rates that are subject to the special treatment of interest rate swaps (see “Notes to Derivative Transactions” below), the present value is calculated by discounting the combined total of principal and interest translated at the logically estimated rates for similar loans.

(4) Investment corporation bonds

The market value of investment corporation bonds is calculated by discounting it based on the reference values announced by the Japan Securities Dealers Association.

(6) Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

The carrying amount on the balance sheet on April 30, 2019, the market value, and the difference between the carrying amount and the market value were as follows:

Financial instruments whose market value is deemed to be extremely difficult to determine are not included in the table below (see (Note2)), and those that are not material are omitted.

(Thousand yen)

	Carrying value	Market value	Difference
(1) Cash and deposits	10,021,971	10,021,971	–
(2) Cash and deposits in trust	13,654,840	13,654,840	–
Total assets	23,676,811	23,676,811	–
(3) Long-term borrowings (due within one year)	16,198,215	16,219,339	21,124
(4) Investment corporation bonds	3,200,000	3,215,916	15,916
(5) Long-term borrowings	89,126,332	90,079,373	953,041
Total liabilities	108,524,547	109,514,630	990,082
(6) Derivative transactions	–	–	–

(Note 1) Matters concerning the calculation method of the market value of financial instruments

(1) Cash and deposits (2) Cash and deposits in trust

The book value is used as the market value because the market values of these items are almost equal to their book values since they are settled within a short period of time.

(3) Long-term borrowings (due within one year) (5) Long-term borrowings

The market value of long-term loans with fixed interest rates is calculated by discounting the present value by an interest rate that is assumed if the total amount of principal and interest is borrowed in similar new loans. The market value of long-term loans with floating interest rates is based on the book value because the market value is approximately equal to the book value due to the situation in which the interest rate is renewed periodically. For some long-term loans with floating interest rates that are subject to the special treatment of interest rate swaps (see “Notes to Derivative Transactions” below), the present value is calculated by discounting the combined total of principal and interest translated at the logically estimated rates for similar loans.

(4) Investment corporation bonds

The market value of investment corporation bonds is calculated by discounting it based on the reference values announced by the Japan Securities Dealers Association.

(6) Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

(Note 2) Financial instruments whose market value is deemed to be extremely difficult to determine

(Thousand yen)

Classification	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
(1) Tenant leasehold and security deposits	1,579,794	1,605,062
(2) Tenant leasehold and security deposits in trust	8,414,582	8,595,090

(1) (2) Tenant leasehold and securities deposits deposited by lessees in leasehold assets and tenant leasehold and securities deposits in trust are not subject to the disclosure of market values because it is deemed to be extremely difficult to rationally estimate future cash flows given that they do not have a market price and that it is difficult to determine the substantive deposit period of lessees from when they move in until they vacate the asset.

(Note 3) Maturity profile of monetary receivables after the fiscal period-end date (October 31, 2018)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Cash and deposits	9,323,086	–	–	–	–	–
Cash and deposits in trust	13,229,574	–	–	–	–	–
Total	22,552,661	–	–	–	–	–

Maturity profile of monetary receivables after the fiscal period-end date (April 30, 2019)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Cash and deposits	10,021,971	–	–	–	–	–
Cash and deposits in trust	13,654,840	–	–	–	–	–
Total	23,676,811	–	–	–	–	–

(Note 4) Maturity profile of investment corporation bonds and long-term loans after the fiscal period-end date (October 31, 2018)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Long-term borrowings (due within one year)	14,270,145	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	2,200,000
Long-term borrowings	–	18,493,568	19,941,293	19,292,000	14,223,250	17,180,000
Total	14,270,145	18,493,568	19,941,293	19,292,000	14,223,250	19,380,000

Maturity profile of investment corporation bonds and long-term loans after the fiscal period-end date (April 30, 2019)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Long-term borrowings (due within one year)	16,198,215	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	3,200,000
Long-term borrowings	–	19,897,332	19,317,000	19,266,000	7,500,000	23,146,000
Total	16,198,215	19,897,332	19,317,000	19,266,000	7,500,000	26,346,000

(Securities)

Previous fiscal period (As of October 31, 2018)

N/A

Current fiscal period (As of April 30, 2019)

N/A

(Notes to Derivative Transactions)

1. Non-hedge accounting derivatives

Not applicable in the previous fiscal period (ended October 31, 2018) and the current fiscal period (ended April 30, 2019).

2. Hedge accounting derivatives

Previous fiscal period (As of October 31, 2018)

(Thousand yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Market value	Calculation method of market value
				Over one year		
Special treatment of interest rate swaps	Interest rate swap transaction (pay fixed, receive floating)	Long-term borrowings	94,051,106	83,675,111	(Note)	–

(Note) Interest rate swaps accounted under the special treatment method are processed together with the hedged items (in this case, a long-term borrowing). Therefore, their market values are included in the market values of (3) Long-term borrowings (due within one year) (5) long-term borrowings payable in (Note 1) of “Notes to financial instruments, 2. Matters concerning the market value, etc. of financial instruments” above.

Current fiscal period (As of April 30, 2019)

(Thousand yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Market value	Calculation method of market value
				Over a year		
Special treatment of interest rate swaps	Interest rate swap transaction (pay fixed, receive floating)	Long-term borrowings	98,976,297	84,626,332	(Note)	–

(Note) Interest rate swaps accounted under the special treatment method are processed together with the hedged items (in this case, long-term borrowings). Therefore, their market values are included in the market values of (3) Long-term borrowings (due within one year) (5) long-term borrowings payable in (Note 1) of “Notes to financial instruments, 2. Matters concerning the market value, etc. of financial instruments” above.

(Notes to retirement benefits)

Previous fiscal period (As of October 31, 2018)

N/A

Current fiscal period (As of April 30, 2019)

N/A

(Notes to Tax Accounting)

1. Breakdown of deferred tax assets and liabilities by major cause (Thousand yen)

	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
Deferred tax assets		
Valuation difference of assets transferred at merger	5,838,345	5,728,673
Asset retirement obligations	1,031	1,078
Tax loss carried forward	336,476	335,942
Other	163	47
Subtotal	6,176,016	6,065,742
Valuation allowance	(6,176,016)	(6,065,742)
Total deferred tax assets	–	–
Deferred tax assets (net)	–	–

2. Breakdown of tax rate differences between the statutory tax rate and the effective tax rate by major cause

	Previous fiscal period (As of October 31, 2018)	Current fiscal period (As of April 30, 2019)
Statutory tax rate	31.51%	31.51%
(Adjustment)		
Deductible dividend distribution	(31.11%)	(28.86%)
Change in valuation allowance	(0.40%)	(2.65%)
Other	0.02%	0.02%
Effective tax rate	0.02%	0.02%

(Notes to share of profit and loss of entities accounted for using the equity method)

Previous fiscal period (May 1, 2018 to October 31, 2018)

N/A

Current fiscal period (November 1, 2018 to April 30, 2019)

N/A

(Notes to Related Party Transactions)

1. The parent company and principal shareholders of Ichigo Office

Not applicable in the previous fiscal period (from May 1, 2018 to October 31, 2018) and the current fiscal period (from November 1, 2018 to April 30, 2019)

2. Affiliated companies

Not applicable in the previous fiscal period (from May 1, 2018 to October 31, 2018) and the current fiscal period (from November 1, 2018 to April 30, 2019)

3. Fellow subsidiaries

Not applicable in the previous fiscal period (from May 1, 2018 to October 31, 2018) and the current fiscal period (from November 1, 2018 to April 30, 2019)

4. Directors and principal individual shareholders

Not applicable in the previous fiscal period (from May 1, 2018 to October 31, 2018) and the current fiscal period (from November 1, 2018 to April 30, 2019)

(Asset Retirement Obligations)

Previous fiscal period (May 1, 2018 to October 31, 2018)

The statement is omitted because the total amount of asset retirement obligations is not material.

Current fiscal period (November 1, 2018 to April 30, 2019)

The statement is omitted because the total amount of asset retirement obligations is not material.

(Notes to Rental Assets)

Ichigo Office owns rental assets mainly in the six wards of central Tokyo, other Tokyo metropolitan areas, the four largest cities and other major cities for the purpose of earning stable rental revenues. The carrying amounts, increase (decrease) during the period, and market values of these rental assets are as follows:

(Thousand yen)			
Use		Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Office	Carrying amount		
	Balance at the beginning of period	176,647,062	183,798,045
	Increase (decrease) during period	7,150,982	5,843,224
	Balance at period-end	183,798,045	189,641,269
	Market value at period-end	212,888,000	222,015,000
Other	Carrying amount		
	Balance at the beginning of period	13,859,917	13,819,112
	Increase (decrease) during period	(40,805)	(2,988,339)
	Balance at period-end	13,819,112	10,830,773
	Market value at period-end	16,310,000	12,790,000
Total	Carrying amount		
	Balance at the beginning of period	190,506,980	197,617,158
	Increase (decrease) during period	7,110,177	2,854,885
	Balance at period-end	197,617,158	200,472,043
	Market value at period-end	229,198,000	234,805,000

(Note 1) The carrying amounts represent the amounts after deducting the accumulated depreciation from the acquisition costs.

(Note 2) The major increase in rental assets during the previous fiscal period was due to the acquisition of trust beneficiary interests in real estate of three assets (7,514,322 thousand yen), and the major decrease was due to depreciation.

The major increase during the current fiscal period was due to the acquisition of trust beneficiary interests in real estate of two assets (6,222,103 thousand yen), and the major decrease was due to sales of trust beneficiary interest in real estate of two assets (2,947,990 thousand yen), a partial sale of a trust beneficiary interest in real estate of one asset (4,734 thousand yen) and depreciation.

(Note 3) The market value at the end of the period was based on the appraisal value or investigation value estimated by external real estate appraisers.

The details of real estate rental income is stated in "Income Statement."

(Segment Information)

The segment information is omitted because Ichigo Office has only one segment of the real estate rental business.

(Related Information)

Previous fiscal period (May 1, 2018 to October 31, 2018)

1. Information by product and service

The statement is omitted because operating revenue from external customers in a single product and service category comprises more than 90% of operating revenue on the Income Statement.

2. Information by region

(1) Operating revenue

The statement is omitted because operating revenue from external customers in Japan comprises more than 90% of operating revenue on the income statement.

(2) Property, plant and equipment

The statement is omitted because the amount of property, plant and equipment located in Japan comprises more than 90% of the amount of property, plant and equipment on the balance sheet.

3. Information by main customer

The statement is omitted because all operating revenue from a single external customer comprises less than 10% of operating revenue on the income statement.

Current fiscal period (November 1, 2018 to April 30, 2019)

1. Information by product and service

The statement is omitted because operating revenue from external customers in a single product and service category comprises more than 90% of operating revenue on the income statement.

2. Information by region

(1) Operating revenue

The statement is omitted because operating revenue from external customers in Japan comprises more than 90% of operating revenue on the income statement.

(2) Property, plant and equipment

The statement is omitted because the amount of property, plant and equipment located in Japan comprises more than 90% of the amount of property, plant and equipment on the balance sheet.

3. Information by main customer

The statement is omitted because all operating revenue from a single external customer comprises less than 10% of operating revenue on the income statement.

(Notes to Per-Share Information)

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Net assets per share (yen)	67,361	67,783
Net income per share (yen)	1,945	2,435

(Note 1) Net income per share is calculated by dividing net income by the daily weighted average number of shares. Diluted net income per share is not stated because there are no diluted shares.

(Note 2) The basis for calculating net income per share is as follows.

	Previous fiscal period (May 1, 2018 to October 31, 2018)	Current fiscal period (November 1, 2018 to April 30, 2019)
Net Income (Thousand yen)	2,980,875	3,732,450
Amount not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to common shareholders (Thousand yen)	2,980,875	3,732,450
Average number of shares during period (Shares)	1,532,287	1,532,287

(Notes to Significant Subsequent Events)

1. Acquisition of assets

Ichigo Office acquired the following assets based on the basic policy for asset management set forth in the Articles of Incorporation.

Ichigo Hakata East Building (Note 1)

Acquisition Price (Note 2)	2,250,000,000 yen
Location	1-13-6 Hakataeki Higashi, Hakata-ku, Fukuoka
Legal form of asset	Trust beneficiary interest in real estate (<i>juekiken</i>)
Type of ownership	Land: Freehold Building: Freehold
Contract date	May 29, 2019
Closing date	May 31, 2019
Seller	Kichijoji Holdings GK

(Note 1) After the acquisition, Ichigo Office will change the building name from “Takeyama Hakata Building” to “Ichigo Hakata East Building”.

(Note 2) The acquisition price is the transaction price of the trust beneficiary interest (*juekiken*) and does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes.

2. Sales of assets

Ichigo Office sold the following assets based on the basic policy for asset management set forth in the Articles of Incorporation.

Ichigo Fiesta Shibuya Building

Sales Price (Note 1)	2,400,000,000 yen
Book value (Note 2)	1,960,027,000 yen
Location	3-10 Udagawacho, Shibuya-ku, Tokyo
Legal form of asset (Note 3)	Trust beneficiary interest in real estate (<i>juekiken</i>)
Contract date	May 29, 2019
Closing date	May 30, 2019
Buyer	Hakata GK

(Note 1) The sales price is the transaction price of the trust beneficiary interest (*juekiken*) and does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes. In the 28th fiscal period (from May 1, 2019 to October 31, 2019), a gain on sale of real estate of approximately 440,477,000 yen is expected to be recorded.

(Note 2) The book value is the price as of April 30, 2019.

(Note 3) The legal form of asset has been changed from real estate to trust beneficiary interest in real estate (*juekiken*) on the closing date, and the trust beneficiary interest has been transferred to the buyer.

(7) Supplementary Schedules

(i) Securities Held

(a) Equities

N/A

(b) Securities other than equities

N/A

(ii) Contract value and market value of derivative transactions and forward exchange contracts

(Thousand yen)

Classification	Type	Contract amount (Note 1)		Market value (Note 2)
			Exceeding 1 year	
Transactions other than market transactions	Interest rate swap (pay fixed, receive floating)	98,976,297	84,626,332	-
Total		98,976,297	84,626,332	-

(Note 1) The contract amount of interest rate swap is based on the notional principal.

(Note 2) Since the above transaction meets the specific matching criteria of the Accounting Standard for Financial Instruments, the statement of market value is omitted.

(iii) Real estate held

(Thousand yen)

Asset type	Balance at beginning of current period	Increase during period	Decrease during period	Balance at end of current period	Accumulated depreciation or accumulated amortization		Balance at end of current period	Remarks	
						Depreciation or amortization during period			
Property, plant, and equipment	Buildings	7,235,000	25,271	-	7,260,271	1,592,792	109,800	5,667,479	
	Structures	26,834	-	-	26,834	23,865	1,001	2,968	
	Machinery and equipment	283,903	2,854	-	286,757	143,999	11,434	142,757	
	Tools, furniture, and fixtures	52,176	4,245	-	56,422	42,887	2,549	13,535	
	Land	17,425,755	-	-	17,425,755	-	-	17,425,755	
	Buildings in trust	42,869,885	933,451	967,759	42,835,577	7,099,173	691,074	35,736,403	(Note)
	Structures in trust	62,165	345	306	62,204	29,425	2,248	32,778	(Note)
	Machinery and equipment in trust	518,515	69,236	13,365	574,386	261,965	24,540	312,420	(Note)
	Tools, furniture, and fixtures in trust	171,689	22,878	2,058	192,509	110,073	14,478	82,435	(Note)
	Land in trust	133,082,735	5,606,453	2,128,261	136,560,928	-	-	136,560,928	(Note)
	Construction in progress in trust	754	980	754	980	-	-	980	
	Subtotal	201,729,417	6,665,717	3,112,506	205,282,627	9,304,183	857,127	195,978,444	
	Intangible assets	Land leasehold rights in trust	4,494,579	-	-	4,494,579	-	-	4,494,579
Subtotal		4,494,579	-	-	4,494,579	-	-	4,494,579	
Total		206,223,996	6,665,717	3,112,506	209,777,207	9,304,183	857,127	200,473,023	

(Note) The major increase during the current fiscal period was due to the acquisition of trust beneficiary interests in real estate of two assets (6,222,103,000 yen), and the major decrease was due to sales of trust beneficiary interest in real estate of two assets (2,947,990,000 yen), a partial sale of a trust beneficiary interest in real estate of one asset (4,734,000 yen) and depreciation.

(iv) Other assets held

N/A

(v) Investment corporation bonds outstanding

(Thousand yen)

	Date of issuance	Balance at period-start	Decrease during period	Balance at period-end	Interest rate (%)	Redemption date	Use	Security
First unsecured investment corporation bonds	September 22, 2017	1,200,000	–	1,200,000	0.900	September 22, 2027	(Note 1)	Unsecured/ unguaranteed
Second unsecured investment corporation bonds	April 26, 2018	1,000,000	–	1,000,000	0.900	April 26, 2028		
Third unsecured investment corporation bonds	November 29, 2018	–	–	1,000,000	0.750	November 28, 2025		
Total	–	2,200,000	–	3,200,000	–	–	–	–

(Note 1) The proceeds are used for repaying existing loans.

(Note 2) A ranking *pari passu* among Ichigo Office investment corporation bonds is attached.

(Note 3) The maturity profile of investment corporate bonds for each year within five years after the balance sheet date is as follows.

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years
Investment corporation bonds	–	–	–	–	–

(vi) Loans outstanding

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-Term Loans	SMBC	1,547,150	–	1,547,150	–	1.468 (Note 2)	November 30, 2018	(Note 3)	(Note 15)	No (No guarantee)
	Shinsei Bank	483,500	–	483,500	–					
	Aozora Bank	1,063,680	–	1,063,680	–					
	Mizuho Bank	773,590	–	773,590	–	0.969	April 26, 2019	(Note 4)		
	Resona Bank	1,000,000	–	1,000,000	–					
	Bank of Fukuoka	1,000,000	–	1,000,000	–					
	SMBC	1,471,952	–	1,875	1,470,077	1.070 (Note 2)	July 31, 2019	(Note 5)		
	Mizuho Bank	1,275,717	–	1,625	1,274,092					
	Resona Bank	883,187	–	1,125	882,062					
	Shinsei Bank	883,187	–	1,125	882,062					
	Aozora Bank	883,187	–	1,125	882,062					
	The Kagawa Bank	490,657	–	625	490,032					
	ORIX Bank	490,657	–	625	490,032	1.267 (Note 2)	December 10, 2020	(Note 6)		
	SMBC	1,227,400	–	1,562	1,225,837					
	Mizuho Bank	1,227,420	–	1,562	1,225,837					
	Aozora Bank	785,550	–	1,000	784,550					
	Shinsei Bank	785,550	–	1,000	784,550					
	Resona Bank	589,170	–	750	588,420					
MUFG Bank	785,550	–	1,000	784,550						

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-Term Loans	SMBC	1,227,400	—	1,562	1,225,837	1.033 (Note 2)	December 16, 2019	(Note 7)	(Note 15)	No (No guarantee)
	Mizuho Bank	1,227,420	—	1,562	1,225,857					
	Aozora Bank	785,550	—	1,000	784,550					
	Shinsei Bank	785,550	—	1,000	784,550					
	Resona Bank	589,170	—	750	588,420					
	MUFG Bank	785,550	—	1,000	784,550					
	Aozora Bank	2,127,000	—	—	2,127,000	1.142 (Note 2)	August 31, 2020	Lump-sum repayment		
	Shinsei Bank	1,998,000	—	—	1,998,000					
	ORIX Bank	400,000	—	—	400,000					
	SMBC	674,287	—	816	673,471	1.148 (Note 2)	November 29, 2019	(Note 8)		
	Mizuho Bank	611,486	—	740	610,746					
	Shinsei Bank	642,887	—	778	642,109					
	MUFG Bank	550,338	—	666	549,672					
	SMBC	1,374,312	—	1,384	1,372,928	1.185 (Note 2)	May 29, 2020	(Note 9)		
	Mizuho Bank	1,251,180	—	1,260	1,249,920					
	Shinsei Bank	1,312,746	—	1,322	1,311,424					
	MUFG Bank	1,126,062	—	1,134	1,124,928					
	SMBC	1,960,182	—	1,974	1,958,208	1.347 (Note 2)	November 8, 2021	(Note 10)		
	Mizuho Bank	1,960,182	—	1,974	1,958,208					
	Aozora Bank	591,828	—	596	591,232					
	Shinsei Bank	776,526	—	782	775,744					
	MUFG Bank	1,632,492	—	1,644	1,630,848					
	Resona Bank	1,366,368	—	1,376	1,364,992					
	Bank of Fukuoka	448,836	—	452	448,384					
	ORIX Bank	448,836	—	452	448,384					
	SMBC	1,960,182	—	1,974	1,958,208					
	Mizuho Bank	1,960,182	—	1,974	1,958,208	1.275 (Note 2)	May 7, 2021	(Note 10)		
	Aozora Bank	591,828	—	596	591,232					
	Shinsei Bank	774,540	—	780	773,760					
	MUFG Bank	1,632,492	—	1,644	1,630,848					
Resona Bank	1,368,354	—	1,378	1,366,976						
Bank of Fukuoka	448,836	—	452	448,384						
ORIX Bank	448,836	—	452	448,384						

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-Term Loans	SMBC	1,590,792	—	1,601	1,589,191	0.985 (Note 2)	March 31, 2021	(Note 11)	(Note 15)	No (No guarantee)
	Mizuho Trust	287,220	—	289	286,931					
	Resona Bank	574,441	—	578	573,863					
	Aozora Bank	574,441	—	578	573,863					
	Mizuho Bank	1,071,191	—	1,078	1,070,113					
	ORIX Bank	287,220	—	289	286,931					
	MUFG Bank	496,750	—	500	496,250					
	The Kagawa Bank	955,000	—	—	955,000	0.662	March 31, 2020	Lump-sum repayment		
	SMBC	894,150	—	900	893,250	0.612	September 30, 2019	(Note 12)		
	SMBC	1,442,750	—	1,450	1,441,300	0.808 (Note 2)	May 31, 2022	(Note 13)		
	Mizuho Bank	1,044,750	—	1,050	1,043,700					
	MUFG Bank	895,500	—	900	894,600					
	Shinsei Bank	497,500	—	500	497,000					
	SMBC	1,442,750	—	1,450	1,441,300	0.858 (Note 2)	November 30, 2022	(Note 13)		
	Mizuho Bank	1,044,750	—	1,050	1,043,700					
	MUFG Bank	895,500	—	900	894,600					
	Shinsei Bank	497,500	—	500	497,000					
	SMBC	1,791,000	—	1,800	1,789,200	0.705 (Note 2)	May 31, 2022	(Note 14)		
	Mizuho Bank	895,500	—	900	894,600					
	MUFG Bank	696,500	—	700	695,800					
	Shinsei Bank	597,000	—	600	596,400					
	Aozora Bank	497,500	—	500	497,000					
	Bank of Fukuoka	497,500	—	500	497,000					
	Nishi-Nippon City Bank	497,500	—	500	497,000					
	Resona Bank	348,250	—	350	347,900					
	SMBC	1,791,000	—	1,800	1,789,200	0.750 (Note 2)	November 30, 2022	(Note 14)		
	Mizuho Bank	895,500	—	900	894,600					
	MUFG Bank	696,500	—	700	695,800					
	Shinsei Bank	597,000	—	600	596,400					
	Aozora Bank	497,500	—	500	497,000					
	Bank of Fukuoka	497,500	—	500	497,000					
	Nishi-Nippon City Bank	497,500	—	500	497,000					
Resona Bank	348,250	—	350	347,900						
SMBC	1,000,000	—	1,000,000	—	0.452	April 26, 2019	(Note 4)			
SMBC	1,000,000	—	—	1,000,000	0.845 (Note 2)	October 31, 2023	Lump-sum repayment			
Development Bank of Japan	500,000	—	—	500,000	0.675	September 30, 2021	Lump-sum repayment			
Development Bank of Japan	500,000	—	—	500,000	0.708	January 31, 2022	Lump-sum repayment			
SMBC	1,100,000	—	—	1,100,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment			
Mizuho Bank	1,000,000	—	—	1,000,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment			
Shinsei Bank	900,000	—	—	900,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment			
Resona Bank	400,000	—	—	400,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment			

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-Term Loans	Development Bank of Japan	2,000,000	—	—	2,000,000	0.871	May 10, 2023	Lump-sum repayment	(Note 15)	No (No guarantee)
	SMBC	215,000	—	—	215,000	0.761 (Note 2)	October 31, 2023	Lump-sum repayment		
	Mizuho Bank	340,000	—	—	340,000					
	MUFG Bank	283,000	—	—	283,000					
	Resona Bank	237,000	—	—	237,000					
	Shinsei Bank	135,000	—	—	135,000					
	Bank of Fukuoka	195,000	—	—	195,000					
	ORIX Bank	195,000	—	—	195,000					
	SMBC	633,000	—	—	633,000					
	Mizuho Bank	508,000	—	—	508,000					
	MUFG Bank	425,000	—	—	425,000					
	Resona Bank	356,000	—	—	356,000					
	Shinsei Bank	201,000	—	—	201,000					
	Aozora Bank	257,000	—	—	257,000					
	SMBC	352,000	—	—	352,000	0.990 (Note 2)	April 30, 2026	Lump-sum repayment		
	Mizuho Trust	1,352,000	—	—	1,352,000					
	Aozora Bank	901,000	—	—	901,000					
	Shinsei Bank	901,000	—	—	901,000					
	Resona Bank	448,000	—	—	448,000	0.795 (Note 2)	April 30, 2024	Lump-sum repayment		
	SMBC	400,000	—	—	400,000					
	Mizuho Bank	350,000	—	—	350,000					
	Shinsei Bank	300,000	—	—	300,000					
	MUFG Bank	300,000	—	—	300,000					
	Bank of Fukuoka	225,000	—	—	225,000					
	The Kagawa Bank	200,000	—	—	200,000					
	Nishi-Nippon City Bank	225,000	—	—	225,000					
	SMBC	835,000	—	—	835,000	0.860 (Note 2)	November 11, 2024	Lump-sum repayment		
	Mizuho Bank	491,000	—	—	491,000					
	Shinsei Bank	393,000	—	—	393,000					
	MUFG Bank	393,000	—	—	393,000					
	Aozora Bank	393,000	—	—	393,000					
	Resona Bank	294,000	—	—	294,000					
The Kagawa Bank	147,000	—	—	147,000						
SMBC	500,000	—	—	500,000	0.632	February 29, 2024	Lump-sum repayment			
Mizuho Bank	400,000	—	—	400,000	0.632	February 29, 2024	Lump-sum repayment			
SMBC	1,000,000	—	—	1,000,000	0.962 (Note 2)	April 30, 2026	Lump-sum repayment			
Mizuho Bank	400,000	—	—	400,000	0.712	April 30, 2026	Lump-sum repayment			
Shinsei Bank	200,000	—	—	200,000	0.712	April 30, 2026	Lump-sum repayment			
SMBC	—	954,000	—	954,000	0.975 (Note 2)	September 30, 2026	Lump-sum repayment			
Mizuho Bank	—	773,000	—	773,000						
Shinsei Bank	—	483,000	—	483,000						
Aozora Bank	—	656,000	—	656,000						

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-Term Loans	SMBC	—	830,000	—	830,000	0.907 (Note 2)	September 30, 2026	Lump-sum repayment	(Note 15)	No (No guarantee)
	Aozora Bank	—	570,000	—	570,000					
	SMBC	—	250,000	—	250,000	0.850 (Note 2)	April 30, 2026	Lump-sum repayment		
	Mizuho Bank	—	400,000	—	400,000					
	Development Bank of Japan	—	400,000	—	400,000					
	MUFG Bank	—	300,000	—	300,000					
	Shinsei Bank	—	250,000	—	250,000					
	SMBC	—	1,000,000	—	1,000,000	0.867 (Note 2)	September 25, 2026	Lump-sum repayment		
	Resona Bank	—	1,000,000	—	1,000,000	0.867 (Note 2)	September 25, 2026	Lump-sum repayment		
	Bank of Fukuoka	—	1,000,000	—	1,000,000	0.867 (Note 2)	September 25, 2026	Lump-sum repayment		
Total	103,400,256	8,866,000	6,941,709	105,324,547						

(Note 1) Average Interest Rate indicates a weighted average of interest rates during the period based on the number of days, and it is rounded down to the stated unit.

(Note 2) To avoid interest rate risk, an interest rate swap agreement has been signed separately to fix the interest rates, and the weighted average interest rate during the period after the effect of the interest rate swap is stated.

(Note 3) The remaining balance was repaid on November 30, 2018.

(Note 4) The remaining balance was repaid on April 26, 2019.

(Note 5) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 6) 3 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 13 million yen.

(Note 7) 3 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 8) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 9) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 10 million yen.

(Note 10) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 18 million yen.

(Note 11) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 9 million yen.

(Note 12) 0.4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is long-term borrowings due within one year.

(Note 13) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 7 million yen.

(Note 14) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 11 million yen.

(Note 15) The proceeds are used for acquisition of assets and/or beneficiary rights of real estate in trust and repayment of loans.

(Note 16) The total amounts of long-term loans to be repaid for each year within five years after the balance sheet date are as follows.

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years
Long-term borrowings due within one year	16,198,215	—	—	—	—
Long-term borrowings	—	19,897,332	19,317,000	19,266,000	7,500,000
Total	16,198,215	19,897,332	19,317,000	19,266,000	7,500,000