

[Provisional Translation Only]

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February 17, 2022

Issuer

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

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Asset Management Company

Ichigo Investment Advisors Co., Ltd.

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Sale of Portfolio Asset (Ichigo Akasaka 5 Chome Building)

Ichigo Office today decided to sell one of its assets, the Ichigo Akasaka 5 Chome Building.

1. Asset Sale Summary

Asset Number	O-08
Asset Name	Ichigo Akasaka 5 Chome Building
Asset Type	Office
Date Built	May 17, 1988
Form of Ownership	Real Estate
Acquisition Date	November 1, 2011
Buyer ¹	A Third-Party Japanese Company
Sale Price ² (A)	JPY 1,720 million
Book Value ³ (B)	JPY 727 million
Sale Price vs. Book Value (A) – (B)	JPY 993 million
Appraisal Value ⁴	JPY 878 million
Contract Date	February 17, 2022
Closing Date	February 18, 2022
Legal Form of Transaction	Sale of Real Estate

¹ The buyer did not provide consent to disclose its name.

² Sale Price is the sale price of the asset excluding incidental expenses such as fees and property, city planning, and consumption taxes.

³ Book Value is an estimate based upon the most recent book value (October 2021 fiscal period-end), adjusted for expected capital expenditures and depreciation through the Closing Date. Sale Price vs. Book Value is the difference between the sale price and book value of the asset (i.e., the Sale Price is higher than Book Value).

⁴ Appraisal Value is calculated by the Japan Real Estate Institute as of October 31, 2021, pursuant to both the appraisal guidelines of Ichigo Investment Advisors Co., Ltd. (“IIA”) and the rules of the Investment Trusts Association of Japan.

2. Sales Rationale

Ichigo Office continues to work to improve the quality of its portfolio and drive earnings by focusing its portfolio on high-quality, mid-size office assets that generate stable cash flow.

After receiving an offer from the buyer for a price that is 2.3 times book value and 1.9 times recent appraisal value, Ichigo Office decided that the sale of this office building, located in Minato-ku, Tokyo, would be positive for its shareholders in light of an anticipated increase in capital expenditures required for upgrades and the uncertain outlook for rents from tenants in the area.

This asset sale is forecast to generate a gain on sale of JPY 938 million in the April 2022 fiscal period. Ichigo Office will distribute 100% of this as a dividend to its shareholders.

Ichigo Office will use the proceeds from this asset sale for strategic investments such as asset acquisitions and value-add capex with the intent to offset any loss of rental income from this asset sale and therefore maintain portfolio earnings and dividends.

3. Details of the Ichigo Akasaka 5 Chome Building

Asset Overview						
Asset Name		Ichigo Akasaka 5 Chome Building				
Form of Ownership		Real Estate				
Location		5-4-9 Akasaka, Minato-ku, Tokyo				
Land	Property Right	Freehold				
	Area	119.16m ²				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 600%				
Building	Property Right	Freehold				
	Use	Office, Retail				
	Structure	Steel Reinforced Concrete, 8 floors & 1 basement floor				
	Total Floor Area	791.97m ²				
	Date Built	May 17, 1988				
Number of Tenants		9 (as of January 31, 2022)				
Monthly Rental Income		JPY 4.466 million (as of January 31, 2022)				
Tenant Security Deposits		JPY 49.578 million (as of January 31, 2022)				
Leasable Area ²		683.52m ² (as of January 31, 2022)				
Leased Area ²		683.52m ² (as of January 31, 2022)				
Occupancy		Apr 2020	Oct 2020	Apr 2021	Oct 2021	Jan 2022
		100%	100%	100%	100%	100%
Acquisition Price		JPY 735 million				
Appraisal Value	Appraiser	Japan Real Estate Institute				
	Appraisal Date	October 31, 2021				
	Appraisal Value	JPY 878 million				

Appraisal Details		
Asset Name	Ichigo Akasaka 5 Chome Building	
Appraisal Value	JPY 878,000,000	
Appraiser	Japan Real Estate Institute	
Appraisal Date	October 31, 2021	
	Amount (JPY)	Note
Appraisal Value	878,000,000	Calculated using an income approach, with a DCF valuation as a basis and verified using a direct capitalization valuation
Value by Direct Capitalization Method	888,000,000	
Income	51,977,000	
Maximum Obtainable Rental Income	54,341,000	Based on expected long-term, stable rental income, common area service income, parking lot income, and other income
Vacancy Loss	2,364,000	Based on long-term, normalized vacancy rates
Expenses	15,920,000	
Administrative and Maintenance Expenses	3,350,000	Based on an analysis of expenses of similar assets and historical actual amounts
Utility Expenses	3,800,000	Based on historical actual amounts and reference to similar assets
Repair Expenses	1,501,000	Based on engineering reports and reference to similar assets
PM Fee	1,445,000	Based on existing contractual fees and reference to similar assets
Leasing Brokerage Fees	345,000	Based on expected turnover rate and historical actual amounts, and reference to similar assets
Taxes	5,386,000	Based on FY2021 actual amounts
Insurance Premiums	93,000	Based on historical actual amounts and reference to similar assets
Other Expenses	–	
Net Operating Income (NOI)	36,057,000	
Income on Investment of Deposits Received	422,000	Based on a 1.0% investment yield
Capital Expenditure	3,610,000	Based on engineering reports and reference to similar assets
Net Profit	32,869,000	
Cap Rate	3.7%	Based on transactions of similar assets while taking into account the asset's location and specific characteristics, rights, and terms and conditions of the contract

Value via DCF Method	867,000,000	
Discount Rate	3.5%	Based on yields of similar assets and financial assets, taking into consideration the asset's location and specific characteristics
Terminal Cap Rate	3.9%	Cap rate adjusted for uncertainties
Value via Cost Approach	804,000,000	
Ratio of Land	89.9%	Based upon the value recorded in the government land assessment (<i>koujikakaku</i>) and transactions of similar assets
Ratio of Building	10.1%	Based upon the replacement cost specified in engineering reports and depreciation
Notes		
None		

4. Buyer Profile

Name	The buyer, a third-party Japanese company, did not provide consent to disclose its name.
Relationship with Ichigo Office or IIA	The buyer does not have any material capital, personnel, or transactional relationships with Ichigo Office or IIA. In addition, the buyer is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of IIA.

5. Broker Profile

Name	Nomura Securities Co., Ltd.
Address	1-13-1 Nihonbashi, Chuo-ku, Tokyo
Representative	Kentaro Okuda, President & Representative Director
Principal Business	Securities business
Capital	JPY 10 billion (as of March 31, 2021)
Establishment Date	May 7, 2001
Relationship with Ichigo Office or IIA	The broker does not have any material capital, personnel, or transactional relationships with Ichigo Office or IIA. In addition, the broker is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law.
Brokerage Fee	The broker did not provide consent to disclose the fee.

6. Settlement Method

Lump-sum payment

7. Use of Sale Proceeds

Ichigo Office will distribute the gain on sale as part of dividends to shareholders, and will deploy the remainder of the sales proceeds towards strategic investments such as asset acquisitions and value-add capex.

8. Earnings Impact

The impact of today's asset sale on Ichigo Office's April 2022 fiscal period earnings has already been reflected in the forecast presented in today's Ichigo Office release "Earnings Forecast Revision for the April 2022 Fiscal Period."

Because the impact of the asset sale on Ichigo Office's October 2022 fiscal period earnings is minimal, there is no change to the October 2022 fiscal period earnings forecast.

Reference: Post-Asset-Sale Portfolio

No.	Asset Name	Area ¹	Acquisition Price ² (JPY million)	% of Portfolio ³
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	1.6
O-03	Ichigo Mita Building	Central Tokyo	2,740	1.3
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	0.9
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	0.8
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	0.6
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	0.7
O-09	Ichigo Shibakoen Building	Central Tokyo	1,100	0.5
O-10	Ichigo Ebisu Nishi Building	Central Tokyo	1,917	0.9
O-11	Ichigo Ginza 612 Building	Central Tokyo	1,773	0.9
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.6
O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	550	0.3
O-15	Ichigo Tameike Building	Central Tokyo	580	0.3
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	0.9
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.6
O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	763	0.4
O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	844	0.4
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	2.5
O-21	Ichigo Shin Yokohama Building	Tokyo Metro Area	1,816	0.9
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metro Area	1,460	0.7
O-23	Ichigo Nakano North Building	Tokyo Metro Area	764	0.4
O-24	Ichigo Eitai Building	Tokyo Metro Area	1,490	0.7
O-26	Ichigo Ikejiri Building	Tokyo Metro Area	2,030	1.0
O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metro Area	639	0.3
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.4
O-29	Ichigo Kichijoji Building	Tokyo Metro Area	2,160	1.1
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.3
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	3.3
O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	1,645	0.8
O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	1,158	0.6
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	1.5
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.0
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	2.7
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	0.9
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.1

No.	Asset Name	Area ¹	Acquisition Price ² (JPY million)	% of Portfolio ³
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	0.9
O-51	Ebisu Green Glass	Central Tokyo	5,900	2.9
O-52	Ichigo Omori Building	Central Tokyo	3,850	1.9
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	0.8
O-54	Ichigo Omiya Building	Tokyo Metro Area	3,430	1.7
O-55	Ichigo Sagamihara Building	Tokyo Metro Area	1,174	0.6
O-56	Ichigo Ofuna Building	Tokyo Metro Area	2,000	1.0
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	0.9
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	0.7
O-59	Ichigo Jingumae Building	Central Tokyo	7,200	3.5
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	1.8
O-61	Ichigo Hiroo Building	Central Tokyo	3,960	1.9
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.3
O-63	Ichigo Nihonbashi East Building	Central Tokyo	4,700	2.3
O-64	Ichigo Sakurabashi Building	Central Tokyo	2,500	1.2
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.1
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.6
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	1.8
O-68	Axior Mita	Central Tokyo	1,800	0.9
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metro Area	4,570	2.2
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	0.8
O-71	Ichigo Kawasaki Building	Tokyo Metro Area	1,750	0.9
O-72	Ichigo Shibuya East Building	Central Tokyo	1,350	0.7
O-73	Ichigo Ningyocho Building	Central Tokyo	1,450	0.7
O-74	Ichigo Nishi Honmachi Building	Four Major Regional Cities	2,190	1.1
O-75	Ichigo Hakata Building	Four Major Regional Cities	1,380	0.7
O-76	Ichigo Nishiki First Building	Four Major Regional Cities	2,000	1.0
O-77	Ichigo Ikenohata Building	Tokyo Metro Area	5,130	2.5
O-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	3,010	1.5
O-79	Ichigo Motoazabu Building	Central Tokyo	1,890	0.9
O-80	Ichigo Otsuka Building	Tokyo Metro Area	2,740	1.3
O-81	Ichigo Nagoya Building	Four Major Regional Cities	3,420	1.7
O-82	Ichigo Fushimi Building	Four Major Regional Cities	2,340	1.1

No.	Asset Name	Area ¹	Acquisition Price ² (JPY million)	% of Portfolio ³
O-83	Ichigo Nishiki Building	Four Major Regional Cities	1,330	0.6
O-84	Ichigo Minami Morimachi Building	Four Major Regional Cities	1,040	0.5
O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	3,500	1.7
O-86	Win Gotanda Building	Central Tokyo	3,100	1.5
O-87	Ichigo Hongo Building	Tokyo Metro Area	2,300	1.1
O-88	Oimachi Center Building	Central Tokyo	1,680	0.8
O-89	Win Gotanda Building 2	Central Tokyo	3,300	1.6
O-90	MIF Building	Central Tokyo	2,200	1.1
O-91	Ichigo Uchi Honmachi Building	Four Major Regional Cities	1,900	0.9
O-92	Ichigo Minami Otsuka Building	Tokyo Metro Area	2,780	1.4
O-93	Ichigo Nogizaka Building	Central Tokyo	3,315	1.6
O-94	Ichigo Hakata East Building	Four Major Regional Cities	2,250	1.1
O-95	Ichigo Nakameguro Building	Tokyo Metro Area	1,495	0.7
O-96	Ichigo Tachikawa Building	Tokyo Metro Area	3,830	1.9
Subtotal - Office (81 Assets)			198,827	96.8
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	0.6
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.2
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metro Area	1,620	0.8
Z-14	Ichigo Kamata Building	Tokyo Metro Area	1,400	0.7
Subtotal - Other (4 Assets)			6,630	3.2
Total (86 Assets)			205,457	100.0

TK Equity Investment	GK Kizuna1 TK Equity Interest	50	—
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¹ Central Tokyo refers to Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa Wards. Tokyo Metro Area refers to Tokyo (excluding the six wards above), Kanagawa, Chiba, and Saitama Prefectures. Four Major Regional Cities refers to Osaka, Nagoya, Fukuoka, and Sapporo.

² % of Portfolio is based upon acquisition price.