

[Provisional Translation Only]

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Issuer

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**Sale of Retail Asset  
(Twicere Yokohama Isogo)**

Ichigo Office decided today to sell a retail asset, the Twicere Yokohama Isogo (retail section).

1. Asset Sale Summary

Asset Number Asset Name	Z-11 Twicere Yokohama Isogo (Retail Section)
Asset Type	Other (Retail)
Date Built	July 6, 2009
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Date Acquired	December 10, 2013
Buyer <sup>1</sup>	A Third-Party Japanese Company
Broker	A Third-Party Broker
Sale Price <sup>2</sup> (A)	JPY 1,600 million
Book Value <sup>3</sup> (B)	JPY 1,418 million
Sale Price vs. Book Value <sup>4</sup> (A) – (B)	JPY 181 million
Appraisal Value <sup>5</sup>	JPY 1,510 million
Contract Date	September 22, 2023
Closing Date	October 30, 2023

<sup>1</sup> The buyer, a third-party Japanese company, did not provide consent to disclose its name.

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

<sup>3</sup> Book Value is an estimate based upon the most recent book value (April 2023 fiscal period-end), adjusted for expected capital expenditures and depreciation through the Closing Date.

<sup>4</sup> The difference between the Sale Price and Book Value is not equal to the gains on sale from today's sale.

<sup>5</sup> Appraisal Value is calculated by Daiwa Real Estate Appraisal as of April 30, 2023, pursuant to the appraisal guidelines stipulated in Ichigo Office's Articles of Incorporation and the rules of the Investment Trusts Association of Japan.

## 2. Sale Rationale

As a specialized office REIT that delivers robust earnings stability via a diversified portfolio, Ichigo Office continues to execute on its strategy to grow shareholder value by focusing its portfolio on high-quality, mid-size office assets.

Today's asset sale is the retail section on the basement to third floors of Twicere Yokohama Isogo, a condominium located in Yokohama that is directly accessible via a pedestrian walkway from Isogo Station on the JR Negishi Line.

Although the retail section had been fully occupied since Ichigo Office's acquisition in December 2013, occupancy decreased in May 2020 after a major tenant accounting for the most rental income departed due to a change in business strategy. As a result of Ichigo Office's leasing activities focused on earnings recovery, Ichigo Office successfully leased up half of the vacant space to a notable retail tenant.

After receiving an offer from the buyer for a price that exceeds book value and the recent appraisal value, Ichigo Office decided that the sale of this asset would be positive for its shareholders in light of anticipated increases in capital expenditures required for facility upgrades and the uncertain outlook for rent levels in the area. With this asset sale, Ichigo Office's post-transaction portfolio will be 97.6% office assets.

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

### 3. Asset Details

Asset Overview						
Asset Name		Twicere Yokohama Isogo (Retail Section)				
Form of Ownership		Trust beneficiary interest in real estate ( <i>juekiken</i> )				
Location		1-7-10 Mori, Isogo-ku, Yokohama City				
Land	Property Right	Freehold (48.7% Ownership)				
	Area	1,576.48m <sup>2</sup>				
	Zoning	Commercial				
	Coverage Ratio <sup>1</sup> Floor Area Ratio	80% 400%				
Building	Property Right	Freehold (48.7% Ownership)				
	Use	Office/Retail/Parking Lot				
	Structure	Reinforced Concrete, B1F/8F				
	Total Floor Area	7,479.46m <sup>2</sup>				
	Date Built	July 6, 2009				
Number of Tenants		8 (as of August 31, 2023)				
Monthly Rental Income <sup>2</sup>		JPY 7.895 million (as of August 31, 2023)				
Tenant Security Deposits <sup>2</sup>		JPY 54.270 million (as of August 31, 2023)				
Leasable Area		2,708.87m <sup>2</sup> (as of August 31, 2023)				
Leased Area		2,429.53m <sup>2</sup> (as of August 31, 2023)				
Occupancy		Oct 2021	Apr 2022	Oct 2022	Apr 2023	Aug 2023
		80.8%	80.8%	80.8%	80.8%	89.7%
Acquisition Price		JPY 1,620 million				
Appraisal Value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.				
	Appraisal Date	April 30, 2023				
	Appraisal Value	JPY 1,510 million				

<sup>1</sup> The coverage ratio is relaxed to 100% from 80% because the property complies with fire prevention zoning regulations.

<sup>2</sup> Monthly rental income and tenant security deposits are based on the monthly rental income (including common area service income) and tenant security deposits pursuant to tenant rental contracts.

Appraisal Details		
Asset Name	Twicere Yokohama Isogo (Retail Section)	
Appraisal Value	JPY 1,510,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	April 30, 2023	
	Amount (JPY)	Note
Appraisal Value	1,510,000,000	Calculated using an income approach, with a DCF valuation as a basis and verified using a direct capitalization valuation
Value by Direct Capitalization Method	1,530,000,000	
Income	125,417,479	
Maximum Obtainable Rental Income	131,734,188	Based on expected long-term, stable rental income, common area service income, parking lot income, and other income
Vacancy Loss	6,316,709	Based on a vacancy rate of 5.0%
Expenses	45,904,635	
Administrative and Maintenance Expenses	9,403,200	Based on management expenses pursuant to management agreement
Utility Expenses	19,731,360	Based on historical actual amounts and reference to similar assets
Repair Expenses	4,402,680	Calculated by subtracting repair expenses based on engineering reports from the repair reserve based on long-term repair plans
PM Fee	2,114,709	Based on existing contractual fees
Leasing Brokerage Fees	836,129	Based on tenant acquisition costs at similar assets
Taxes	8,355,700	Based on FY2022 actual amounts
Insurance Premiums	433,770	Based on current actual amounts
Other Expenses	627,087	Variable expenses based on historical actual amounts and forecasts
Net Operating Income (NOI)	79,512,844	
Income on Investment of Deposits Received	612,428	Based on a 1.0% investment yield
Capital Expenditure	3,705,000	Based on the average of the past 12 years of engineering reports
Net Profit	76,420,272	
Cap Rate	5.0%	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	1,500,000,000	
	Discount Rate	4.9%	Based on transactions of similar assets and the current yield of financial assets
	Terminal Cap Rate	5.3%	Based upon current NOI adjusted for expected marketability at the end of ownership period.
	Value via Cost Approach	1,450,000,000	
	Ratio of Land	63.0%	Based upon the value recorded in the government land assessment ( <i>koujikakaku</i> ) and transactions of similar assets
	Ratio of Building	37.0%	Based on current replacement costs and depreciation due to building age from engineering reports
<b>Notes</b>			
Ichigo Office determined that the value by direct capitalization method, which takes into consideration the market price from a profitability perspective, is more appropriate than the value via cost approach.			

#### 4. Buyer Profile

Name	The buyer, a third-party Japanese company, did not provide consent to disclose its name.
Relationship to Ichigo Office or Ichigo Investment Advisors (IIA)	The seller does not have any material capital, personnel, or transactional relationship with Ichigo Office or IIA. In addition, the seller is not a related party as defined in the Act on Trusts and Investment Corporations or the internal rules of IIA.

#### 5. Forward Commitment

Because the contract date is October 30, 2023, one month and 8 days from today, the asset sale constitutes a forward commitment by Ichigo Office as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators by the Financial Services Agency<sup>1</sup>.

In the event of a violation of the provisions of the asset sale by Ichigo Office of the buyer, the other party shall have the right to terminate the sale and claim up to 10% of the sale price as a penalty.

Because Ichigo Office is the seller, it is highly unlikely that Ichigo Office will incur the penalty or suffer a negative material impact on its financial position.

<sup>1</sup> Refers to a post-dated purchase and sales agreement under which payment and property delivery shall be made at least one month after the conclusion of the agreement, or any other agreement similar thereto.

#### 6. Transaction Method

Ichigo Office will receive a deposit of JPY 160 million on the contract date and will receive the remainder on the closing date.

#### 7. Use of Proceeds

Ichigo Office will distribute the gains on sale of c. JPY 112 million (calculated by subtracting book value, brokerage fee, IIA's gains on sale performance fee, and other asset sale-related expenses from the sale price) 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 renovations.

#### 8. Earnings Impact

Today's sale has been factored into Ichigo Office's October 2023 fiscal period earnings forecast announced in today's release, "Earnings Forecast Revision for the October 2023 Fiscal Period."

There is no change to the April 2024 fiscal period earnings forecast.

## Reference: Post-Sale Portfolio

No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	1.5
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	0.7
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	0.8
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.5
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	0.5
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	2.4
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	1.0
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.2
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	3.2
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	1.4
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.0
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	2.6
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
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	0.9

No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
O-51	Ichigo Ebisu Green Glass	Central Tokyo	5,900	2.8
O-52	Ichigo Omori Building	Central Tokyo	3,850	1.8
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	0.8
O-54	Ichigo Omiya Building	Tokyo Metro Area	3,430	1.6
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	3.4
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	1.7
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	2.2
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	1.5
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	1.7
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	0.8
O-72	Ichigo Shibuya East Building	Central Tokyo	1,350	0.6
O-73	Ichigo Ningyocho Building	Central Tokyo	1,450	0.7
O-74	Ichigo Nishi Honmachi Building	Four Major Regional Cities	2,190	1.0
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-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	3,010	1.4
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	1.6
O-82	Ichigo Fushimi Building	Four Major Regional Cities	2,340	1.1
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



No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
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	1.0
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	1.3
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	1.8
O-97	Ichigo Higashi Ikebukuro 3 Chome Building	Tokyo Metro Area	3,840	1.8
O-98	Ichigo Marunouchi South Building	Four Major Regional Cities	1,750	0.8
O-99	Ichigo Hakataeki Higashi Building	Four Major Regional Cities	3,500	1.7
O-100	Fukuoka Kensetsu Kaikan	Four Major Regional Cities	2,750	1.3
Subtotal - Office (84 Assets)			205,537	97.6
Z-09	Future IZUMI	Other Regional Cities	1,210	0.6
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.1
Z-14	Ichigo Kamata Building	Tokyo Metro Area	1,400	0.7
Subtotal - Other (3 Assets)			5,010	2.4
Total (87 Assets)			210,547	100

<b>TK Equity Investment</b>	GK Kizuna1 TK Equity Interest	38	—
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<sup>1</sup> 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.

<sup>2</sup> % of Portfolio is based upon acquisition price.