

[Provisional Translation Only]

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September 22, 2023

Issuer

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Earnings Forecast Revision for the October 2023 Fiscal Period

Ichigo Office is revising its October 2023 fiscal period earnings forecast announced in the June 14, 2023 release “April 2023 Fiscal Period Earnings.”

1. October 2023 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)	Dividend in Excess of Earnings (JPY)
Previous Forecast (A)	8,258	3,727	2,945	2,944	2,015	–
New Forecast (B)	8,137	3,880	3,098	3,097	2,116	–
Difference (B) - (A)	-121	+153	+153	+153	+101	–
% Change	-1.5%	+4.1%	+5.2%	+5.2%	+5.0%	–

Net Income per Share: JPY 2,046 (1,513,367 shares outstanding at period-end)

Note: The forecasts presented above are based on the preconditions set out below in “Preconditions for the October 2023 Earnings Forecast.” The actual operating revenue, operating profit, recurring profit, net income, and dividend may vary due to changes in circumstances. These forecasts should therefore not be construed as a guarantee of such results. Ichigo Office will revise the forecast should a substantial discrepancy emerge between the forecast and actual operating results.

2. October 2023 Earnings Forecast Revision Rationale

Ichigo Office is revising its earnings forecast to reflect the impact of the planned October 30, 2023 sale of the Twicere Yokohama Isogo (Retail Section) announced in today’s release “Sale of Retail Asset (Twicere Yokohama Isogo).” Ichigo Office expects to record gains on sale of c. JPY 112 million in the October 2023 fiscal period, which will be distributed as dividends to shareholders.

In addition, Ichigo Office has been transitioning its electricity contracts to market price-linked contracts because of the recent increase in gas prices, and its tenant electricity billing method from a fixed cost basis to a variable cost basis. Although the previous October 2023 earnings forecast is based on electricity prices at the time of the forecast, utility income and utility expenses are expected to be lower than the forecast given that electricity prices have been stable at lower-than-forecast levels.

Furthermore, due to the approval of Proposal 1: Amendment to the Articles of Incorporation (Reduce NOI & Dividend Performance Fee) at the Fourteenth Shareholder Meeting held on June 23, 2023, the NOI & Dividend Performance Fee rate of the asset management fees paid by Ichigo Office to its asset management company, Ichigo Investment Advisors, was reduced to 0.0048% from 0.0054%, and therefore, the October 2023 NOI & Dividend Performance Fee is expected to be lower than the previous forecast.

Although October 2023 operating revenue is forecast to be slightly lower than the previous forecast, the dividend is forecast to increase by JPY 101 (+5.0%).

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

(Note 1) Utility income (Operating Revenue) refers to the amount billed to the tenant by Ichigo Office based on the monthly electricity usage of each tenant space. Utility expenses (Operating Expenses) refers to the amount billed to Ichigo Office by the utility company based on monthly electricity usage for each asset, to which Ichigo Office adds a fixed percentage to the amount billed by the electric company as administrative costs to calculate the amount billed to the tenant.

(Note 2) The NOI & Dividend Performance Fee is calculated as follows.

Before Change	DPS (before deduction of NOI & Dividend Performance Fee) x NOI x <u>0.0054%</u>
After Change	DPS (before deduction of NOI & Dividend Performance Fee) x NOI x <u>0.0048%</u>

NOI is equal to the total rental income recorded during the applicable fiscal period minus the rental expenses (excluding Depreciation and Losses on Disposal of Fixed Assets)

Preconditions for the October 2023 Earnings Forecast

Period	<ul style="list-style-type: none"> October 2023: May 1, 2023 – October 31, 2023 (184 days)
Number of Assets	<ul style="list-style-type: none"> 88 assets; 87 assets after the sale of the Twicere Yokohama Isogo (Retail Section) on October 30, 2023
Number of Shares	<ul style="list-style-type: none"> 1,513,367 shares issued and outstanding as of the date of this report
Operating Revenue	<ul style="list-style-type: none"> Rental income is calculated conservatively based on lease contracts that are in effect as of today while taking into consideration such factors as historical rents, the competitiveness of the properties, and market conditions. Utility income: JPY 757 million Total occupancy: 96.5% as of October 31, 2023 Gain on sale of the Twicere Yokohama Isogo (Retail Section): JPY 112 million (An estimate calculated as the Sale Price minus Book Value, Brokerage Fees, Ichigo Investment Advisor’s Performance Fee, and other transaction expenses)
Operating Expenses	<ul style="list-style-type: none"> Depreciation: JPY 961 million. Depreciation has been calculated using the straight-line method and includes the depreciation of forecast future capital expenditures. Utilities expenses: JPY 770 million Property, city planning, and depreciable asset taxes: JPY 731 million. Prorated property and city planning taxes related to acquisitions are included in acquisition cost. Building maintenance and repair expenses: JPY 116 million. However, expenses may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc. Service provider expenses, including property management fees: JPY 703 million Performance fees: JPY 670 million. Rental expenses, Ichigo Office’s principal operating expenses (other than depreciation, see above), are calculated based on historical data adjusted for any anticipated changes. Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.
Non-Operating Expenses	<ul style="list-style-type: none"> Interest expenses on loans and bonds: JPY 498 million Other borrowing-related expenses: JPY 279 million
Interest-Bearing Liabilities	<ul style="list-style-type: none"> Loans and bonds: JPY 114,907 million outstanding as of October 31, 2023
Dividend	<ul style="list-style-type: none"> The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Office’s Articles of Incorporation. Total dividends for the October 2023 period are forecast to be JPY 3,203 million (unappropriated retained earnings (i.e., Net Income) of JPY 3,098 million plus JPY 105 million of negative goodwill amortization, subject to J-REIT conduit requirements). The dividend is subject to change due to changes in circumstances such as asset acquisitions and dispositions, tenant turnover, unexpected maintenance and repair costs and other expenses, changes in interest rates, and the issuance of new shares.
Dividend in Excess of Earnings	<ul style="list-style-type: none"> Ichigo Office does not plan on paying any dividend in excess of earnings.

Other	<ul style="list-style-type: none">• This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions.
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