# Asset Acquisitions and Sales Presentation

November 14, 2014

**Ichigo Real Estate Investment Corporation**

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

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This document is a summary of “Issuance of New Shares and Secondary Share Offering,“ “Asset Acquisitions and Sales,” and “Earnings and Dividend Forecast Revisions for the October 2014 and April 2015 Fiscal Periods” releases from November 14, 2014.

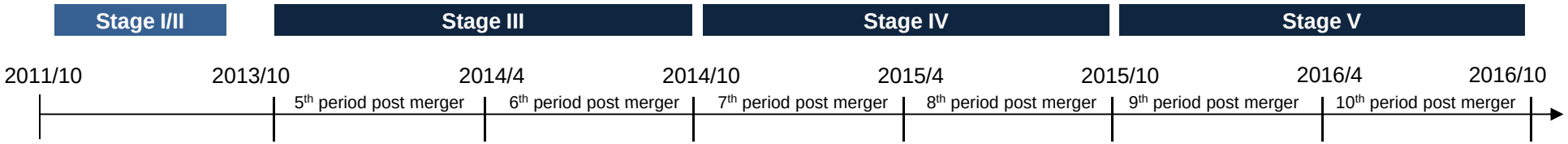
The forecasts presented in this document are based on certain preconditions. The actual operating revenue, operating income, recurring profit, net income, and dividend per share may vary due to changes in circumstances. These forecasts should not be construed as a guarantee of such performance or results. For details of the preconditions and calculations, please refer to the releases.

The forecast dividend per share is an assumption based on current earnings and the actual value may vary due to changes in circumstances and audit by the accounting firm. The forecast should not be construed as a guarantee of such performance.

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# Ichigo REIT Updated Growth Strategy




**Foundation for Growth**

**Accretive Growth Cycle**

**Goal**

**Enhance Profitability**

**Increase Size & Scale**

**Obtain Credit Rating**

**Further Increase Dividend and Solidify Market Position**

**Plan**

■ **Financing Strategy**
- Strengthen financial base via PO
- Strengthen lender base
- Obtain credit rating

■ **Internal Growth Strategy**
- Strategic leasing of individual properties
- Asset value enhancements
- Promote Ichigo brand

■ **External Growth Strategy**
- Continuously acquire assets through PO
- Improve portfolio with asset sales
- Deploy Sponsor's warehousing capability

■ **Financing Strategy**
- Obtain credit rating
- Strengthen financial base via PO
- Increase potential for new borrowing (collateral consolidation and non-collateralized borrowing)

■ **Internal Growth Strategy**
- Improve lease conditions for assets with growth potential
- Promote Ichigo brand

■ **External Growth Strategy**
- Acquire assets via new borrowing
- Build a mid-sized asset portfolio centered around offices with high potential to contribute to both earnings growth and stability
- Make full use of Ichigo Group's acquisition and bridge fund capability

■ **Financing Strategy**
- Consider bond issuance
- Improve credit rating

■ **Internal Growth Strategy**
- Improve profit structure as portfolio size increases
- Strengthen Ichigo brand awareness

■ **External Growth Strategy**
- Acquire assets via new borrowing
- Build a mid-sized asset portfolio centered on offices with high potential to contribute to both earnings growth and stability

**Drive Further Growth**

Note: Growth outcomes may differ from this plan and are not guaranteed.

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# Acquisitions and Sales

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# Acquisitions and Sales Objectives

| | | |
|---|---|---|
| 1 | **Build a mid-size asset* portfolio centered on offices with a balance of stability and growth potential** | ■ Focus on office assets with ability to add value to support earnings growth |
| 2 | **Acquire quality assets and increase returns through strong sponsorship and capabilities of Ichigo Group** | ■ Make full use of Ichigo Group capabilities to maximize acquisition opportunities and flexibly acquire high-quality assets<br>■ Work closely with Ichigo Group Holding's Real Estate Services Division, which provides customer service support, and strengthen Ichigo REIT environmental, architectural, and leasing operations |
| 3 | **Drive earnings by leveraging Ichigo's accumulated investment experience and capabilities in mid-size office** | ■ Acquire high-occupancy, high-NOI assets and keep them that way by effectively deploying accumulated management know-how<br>■ Enhance profitability by leveraging Ichigo's differentiated leasing capabilities such as Ichigo layout office, track record of value-add renovation, and Ichigo and building-specific branding |
| 4 | **Strengthen financial position** | ■Strengthen lender base and expand uncollateralized borrowing |

***** "Mid-size assets" are as defined by Ichigo REIT assets of leasable space of 1,000 ㎡ to 10,000㎡, including offices.

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# Asset Acquisitions Overview

## 8 Office, 3 Retail

- Total acquisition price: JPY 26.7 billion
- 7 assets acquired via sponsor pipeline of Ichigo Group
- Average occupancy: 99.0% (as of September 30, 2014)

| Asset | Asset Type | Location | Acquisition Price (million yen) | Appraisal Value* (million yen) | NOI Yield | Occupancy |
|---|---|---|---|---|---|---|
| Ebisu Green Glass (O-51) | Office | Shibuya-ku, Tokyo | 5,900 | 5,940 | 4.2% | 90.6% |
| Ichigo Omori Building (O-52) | Office | Shinagawa-ku, Tokyo | 3,850 | 3,920 | 5.1% | 100.0% |
| Ichigo Takadanobaba Building (O-53) | Office | Shinjuku-ku, Tokyo | 1,580 | 1,630 | 5.3% | 100.0% |
| Ichigo Omiya Building (O-54) | Office | Saitama City, Saitama | 3,430 | 3,520 | 6.6% | 99.2% |
| Ichigo Sagamihara Building (O-55) | Office | Sagamihara City, Kanagawa | 1,174 | 1,190 | 6.7% | 100.0% |
| Ichigo Ofuna Building (O-56) | Office | Kamakura City, Kanagawa | 2,000 | 2,030 | 6.0% | 96.8% |
| Ichigo Sendai East Building (O-57) | Office | Sendai City, Miyagi | 1,840 | 1,890 | 6.5% | 100.0% |
| Ichigo Kumamoto Building (O-58) | Office | Kumamoto City, Kumamoto | 1,450 | 1,460 | 7.3% | 100.0% |
| Lions Square Kawaguchi (Z-12) | Other (Retail) | Kawaguchi City, Saitama | 2,430 | 2,500 | 5.7% | 100.0% |
| Ichigo Shin-Yokohama Arena-Dori Building (Z-13) | Other (Retail) | Yokohama City, Kanagawa | 1,700 | 1,730 | 5.7% | 100.0% |
| Ichigo Kamata Building (Z-14) | Other (Retail) | Ota-ku, Tokyo | 1,400 | 1,410 | 5.4% | 100.0% |
| | | **Total** | **26,754** | **27,220** | **Average 5.6%** | **Average 99.0%** |

*Appraisal Value is as of October 1, 2014



Ebisu Green Glass



Ichigo Omori Building

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# Asset Sales Overview

## 15 Residential

- Total sale price: JPY16.5 billion
- Acquirer: Ichigo Group in bulk sale

| Asset | Asset Type | Location | Sale Price (million yen) | Appraisal Value* (million yen) |
|---|---|---|---|---|
| ForeCity Roppongi (R-01) | Residence | Minato-ku, Tokyo | 1,570 | 1,480 |
| ForeCity Azabujuban (R-02) | Residence | Minato-ku, Tokyo | 1,135 | 1,140 |
| ForeCity Azabujuban No.2 (R-03) | Residence | Minato-ku, Tokyo | 1,224 | 1,210 |
| ForeCity Shirokanedai (R-05) | Residence | Minato-ku, Tokyo | 750 | 756 |
| ForeCity Akihabara (R-07) | Residence | Chiyoda-ku, Tokyo | 2,191 | 2,120 |
| Sweet One Court (R-08) | Residence | Chuo-ku, Tokyo | 655 | 690 |
| ForeCity Sasazuka (R-10) | Residence | Shibuya-ku, Tokyo | 959 | 938 |
| Gran Presso Kawadacho (R-11) | Residence | Shinjuku-ku, Tokyo | 500 | 519 |
| ForeCity Sakurashinmachi (R-12) | Residence | Setagaya-ku, Tokyo | 716 | 795 |
| ForeCity Shinkamada (R-13) | Residence | Ota-ku, Tokyo | 990 | 1,020 |
| ForeCity Nakaochiai (R-14) | Residence | Shinjuku-ku, Tokyo | 335 | 372 |
| ForeCity Tomigaya (R-15) | Residence | Shibuya-ku, Tokyo | 1,650 | 1,660 |
| ForeCity Ryogoku (R-16) | Residence | Sumida-ku, Tokyo | 1,080 | 1,080 |
| ForeCity Toyosu (R-17) | Residence | Koto-ku, Tokyo | 1,785 | 1,770 |
| ForeCity Nishihonmachi (R-18) | Residence | Osaka City, Osaka | 980 | 1,040 |
| **Total** | | | **16,520** | **16,520** |

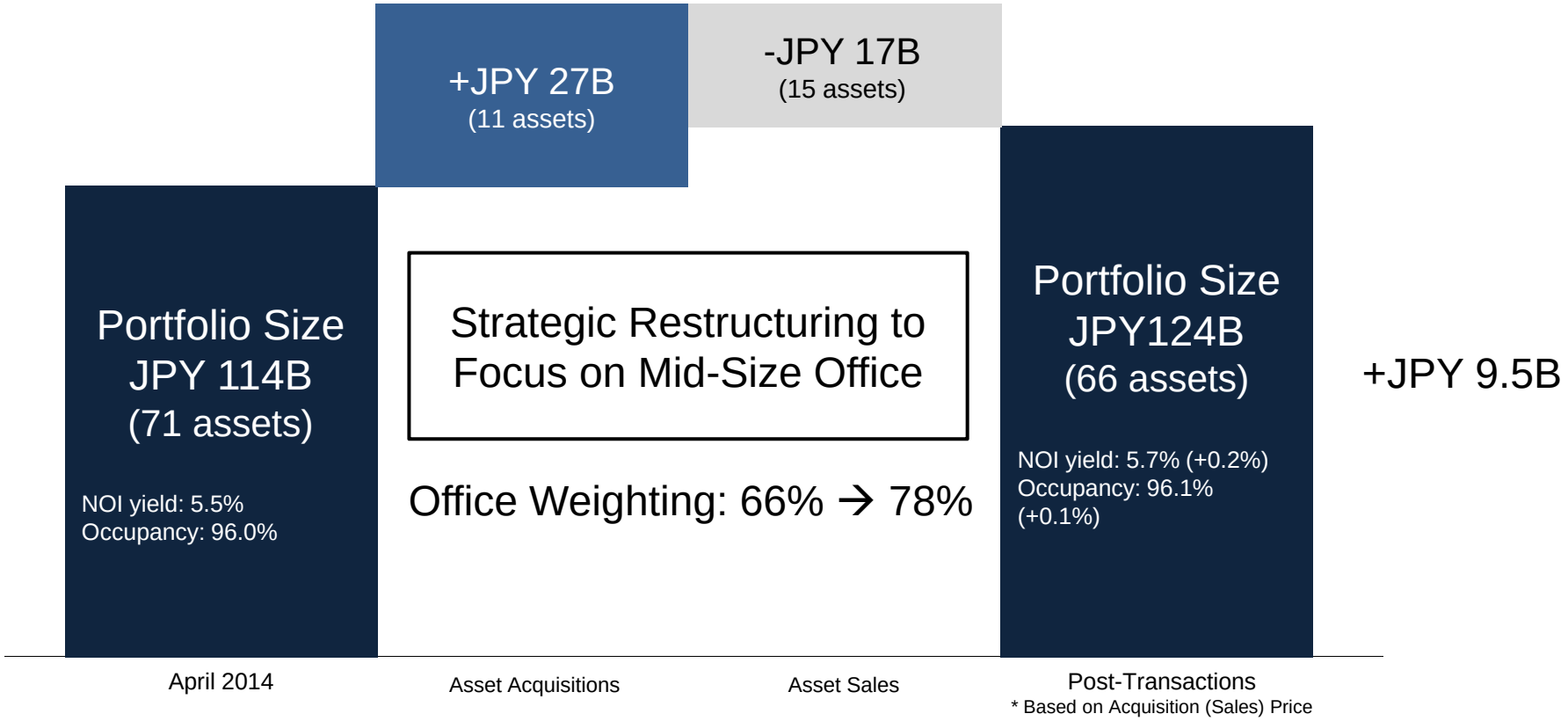
*Appraisal Value is as of October 31, 2014

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# Acquisitions and Sales Portfolio Outcome

## Higher Office Weighting, Higher NOI Yield, Higher Occupancy




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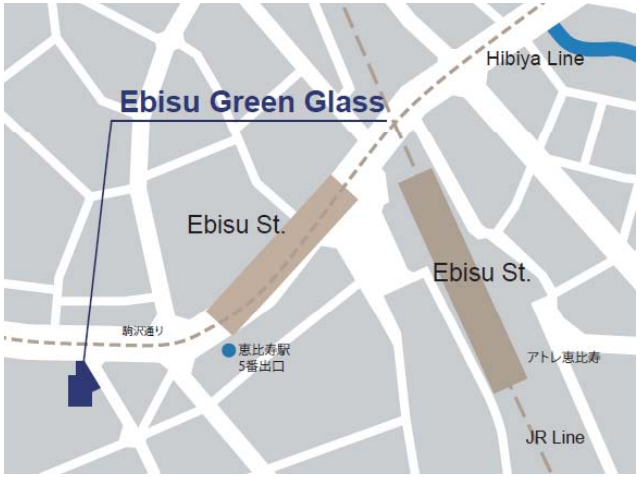
# Acquisition: Ebisu Green Glass (O-51)

| | |
|---|---|
| Acquisition Price | 5,900 million yen |
| Appraisal Value | 5,940 million yen |
| NOI Yield | 4.2% |
| Asset Type | Office |
| Address | Ebisu-Minami, Shibuya-ku, Tokyo |
| Leasable Area | 3,159.27m$^2$ |
| Structure | S B1F / 9F |
| Construction Date | Oct 2009 |
| Occupancy | 90.6% |

Location & Features
- 4-minute walk from Yamanote Line and 2-minute walk from Hibiya Line of Ebisu Station
- An area attracting wide variety of companies, especially IT, after opening of Yebisu Garden Place
- High visibility on the corner of Komazawa Dori
- No pillars on large open floors; 2.65-meter high ceiling.
- Equipped with high-spec IT network and a robust security system to meet the needs of IT industry tenants
- Eco-friendly features including solar panelsand rain water recycling system








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# Acquisition: Ichigo Omori Building (O-52)

| | |
|---|---|
| Acquisition Price | 3,850 million yen |
| Appraisal Value | 3,920 million yen |
| NOI Yield | 5.1% |
| Asset Type | Office |
| Address | Minami-Ooi, Shinagawa-ku, Tokyo |
| Leasable Area | 3,624.22m$^2$ |
| Structure | S / SRC B1F / 8F |
| Construction Date | Jul 1992 |
| Occupancy | 100% |

Location & Features
- Conveniently located to both JR Omori and JR Omori Kaigan Stations offering excellent CBD and Haneda Airport access
- Near large-scale shopping facilities such as Omori Belport
- With Haneda Airport expanding and globalizing, CBD and retail shift underway
- Architectural glass curtain wall with great light transmission
- Café and convenience store on the first floor
- Common area fully renovated in 2007.








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# Acquisition: Ichigo Omiya Building (O-54)

| | |
|---|---|
| Acquisition Price | 3,430 million yen |
| Appraisal Value | 3,520 million yen |
| NOI Yield | 6.6% |
| Asset Type | Office |
| Address | Miyacho, Omiya-ku, Saitama City, Saitama |
| Leasable Area | 6,249.54m$^2$ |
| Structure | RC B1F / 7F |
| Construction Date | Nov 1986 |
| Occupancy | 99.2% |

Location & Features
- 9-minute walk from Omiya Station served by both JR and private railways.
- Located at the heart of Saitama City within Saitama Prefecture's largest commercial and business district. Steady demand for office leases from local companies as well as branch offices of major companies
- Good access facing major road with 63 parking spaces.
- Well-configured and sub-dividable with a large floor plate








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# Acquisition: Ichigo Sendai East Building (O-57)

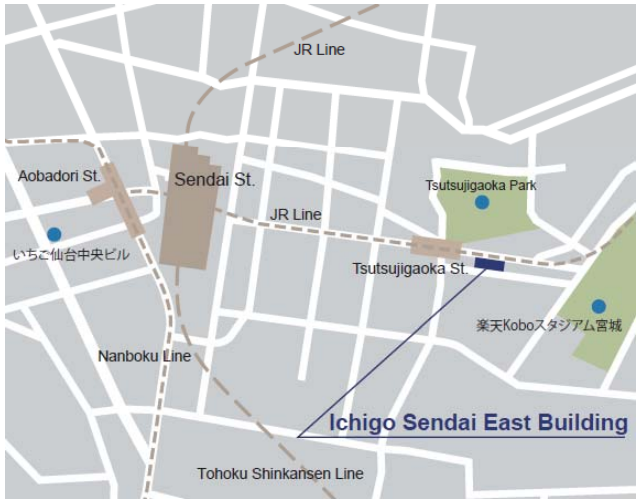
| | |
|---|---|
| Acquisition Price | 1,840 million yen |
| Appraisal Value | 1,890 million yen |
| NOI Yield | 6.5% |
| Asset Type | Office |
| Address | Miyagino, Miyagino-ku, Sendai City, Miyagi |
| Leasable Area | 5,213.09m$^2$ |
| Structure | S 5F |
| Construction Date | Sep 2008 |
| Occupancy | 100% |

Location & Features

- Convenient train and car access, 3-minute walk from JR Tsutsujigaoka Station and 15-minute walk from JR Sendai Station and at the corner of Miyagino-dori, a major Sendai traffic artery
- On the east side of Sendai station, an area where redevelopment is in progress. Tokyo Metro Tozai Line will be in service from 2015. In light of this, new hotels, retail stores, and offices are starting to or planning to open. Quickly becoming very active area.
- Large, well-configured space on each floor. High 2.8 meter ceilings
- 64 parking spaces are available, responding to tenant commute needs








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# Acquisition: Ichigo Takadanobaba Building (O-53)

| | |
|---|---|
| Acquisition Price | 1,580 million yen |
| Appraisal Value | 1,630 million yen |
| NOI Yield | 5.3% |
| Asset Type | Office |
| Address | Takadanobaba, Shinjuku-ku, Tokyo |
| Leasable Area | 1,606.92m$^2$ |
| Structure | SRC B1F / 7F |
| Construction Date | Sep 1993 |
| Occupancy | 100% |

Location & Features

- 3- minute walk from Takadanobaba Station on the JR Yamanote Line, Tokyo Metro Tozai Line, and Seibu Shinjuku Line
- Offices are in demand from companies and branches of companies wanting to keep office rent low
- Medium-sized floor plate and 2.55 meter ceilings. The building is highly competitive compared to other buildings in the area for its high specification.
- The first floor is occupied by an Italian restaurant, and the 2nd to 6th floor are leased as offices








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# Acquisition: Ichigo Sagamihara(O-55)/ Ichigo Ofuna Building (O-56)

## Ichigo Sagamihara(O-55)

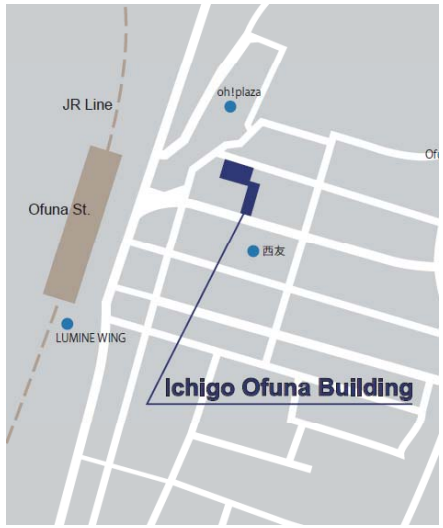





| | |
|---|---|
| Acquisition Price | 1,174 million yen |
| Appraisal Value | 1,190 million yen |
| NOI Yield | 6.7% |
| Asset Type | Office |
| Address | Sagamihara, Chuo-ku, Sagamihara City, Kanagawa |
| Leasable Area | 2,959.38m$^2$ |
| Structure | SRC 7F |
| Construction Date | May 1989 |
| Occupancy | 100% |

## Ichigo Ofuna Building (O-56)






| | |
|---|---|
| Acquisition Price | 2,000 million yen |
| Appraisal Value | 2,030 million yen |
| NOI Yield | 6.0% |
| Asset Type | Office |
| Address | Ofuna, Kamakura City, Kanagawa |
| Leasable Area | 2,364.67m$^2$ |
| Structure | RC B1F / 8F |
| Construction Date | Apr 1973 |
| Occupancy | 96.8% |

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# Acquisition: Ichigo Kumamoto(O-58)/ Lions Square Kawaguchi (Z-12)

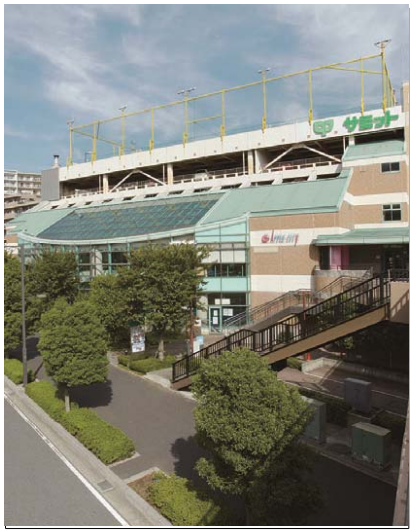
## Ichigo Kumamoto(O-58)

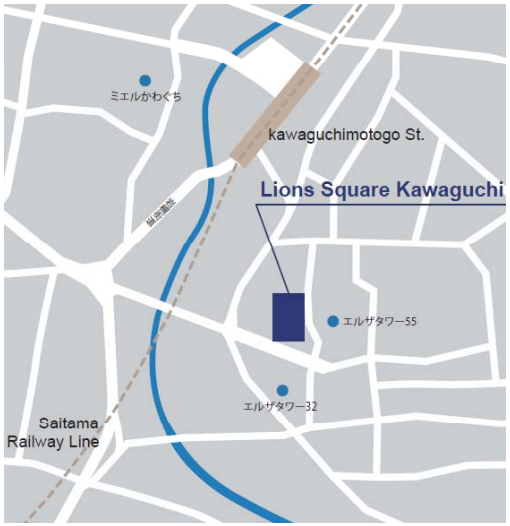





| | |
|---|---|
| Acquisition Price | 1,450 million yen |
| Appraisal Value | 1,460 million yen |
| NOI Yield | 7.3% |
| Asset Type | Office |
| Address | Karashimacho, Chuo-ku, Kumamoto City, Kumamoto |
| Leasable Area | 4,499.08m$^2$ |
| Structure | S / SRC 12F |
| Construction Date | Mar 1991 |
| Occupancy | 100% |

## Lions Square Kawaguchi (Z-12)






| | |
|---|---|
| Acquisition Price | 2,430 million yen |
| Appraisal Value | 2,500 million yen |
| NOI Yield | 5.7% |
| Asset Type | Other (Retail) |
| Address | Motogo, Kawaguchi City, Saitama |
| Leasable Area | 7,788.09m$^2$ |
| Structure | S / SRC 6F |
| Construction Date | Jul 1998 |
| Occupancy | 100% |

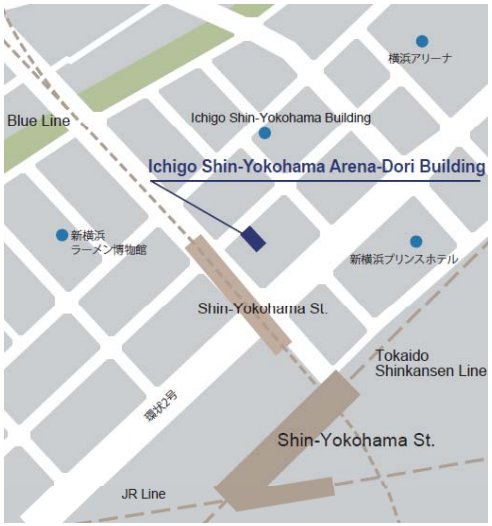
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# Acquisition: Ichigo Shin-Yokohama Arena-Dori (Z-13)/ Ichigo Kamata Building(Z-14)

## Ichigo Shin-Yokohama Arena-Dori (Z-13)

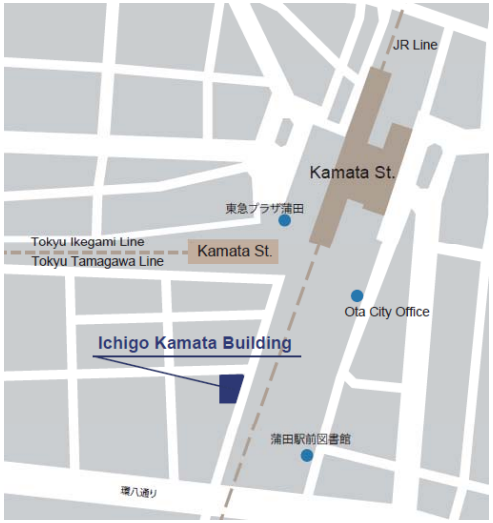





| | |
|---|---|
| Acquisition Price | 1,700 million yen |
| Appraisal Value | 1,730 million yen |
| NOI Yield | 5.7% |
| Asset Type | Other (Retail) |
| Address | Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa |
| Leasable Area | 1,971.34m$^2$ |
| Structure | S 6F |
| Construction Date | Oct 2001 |
| Occupancy | 100% |

## Ichigo Kamata Building(Z-14)

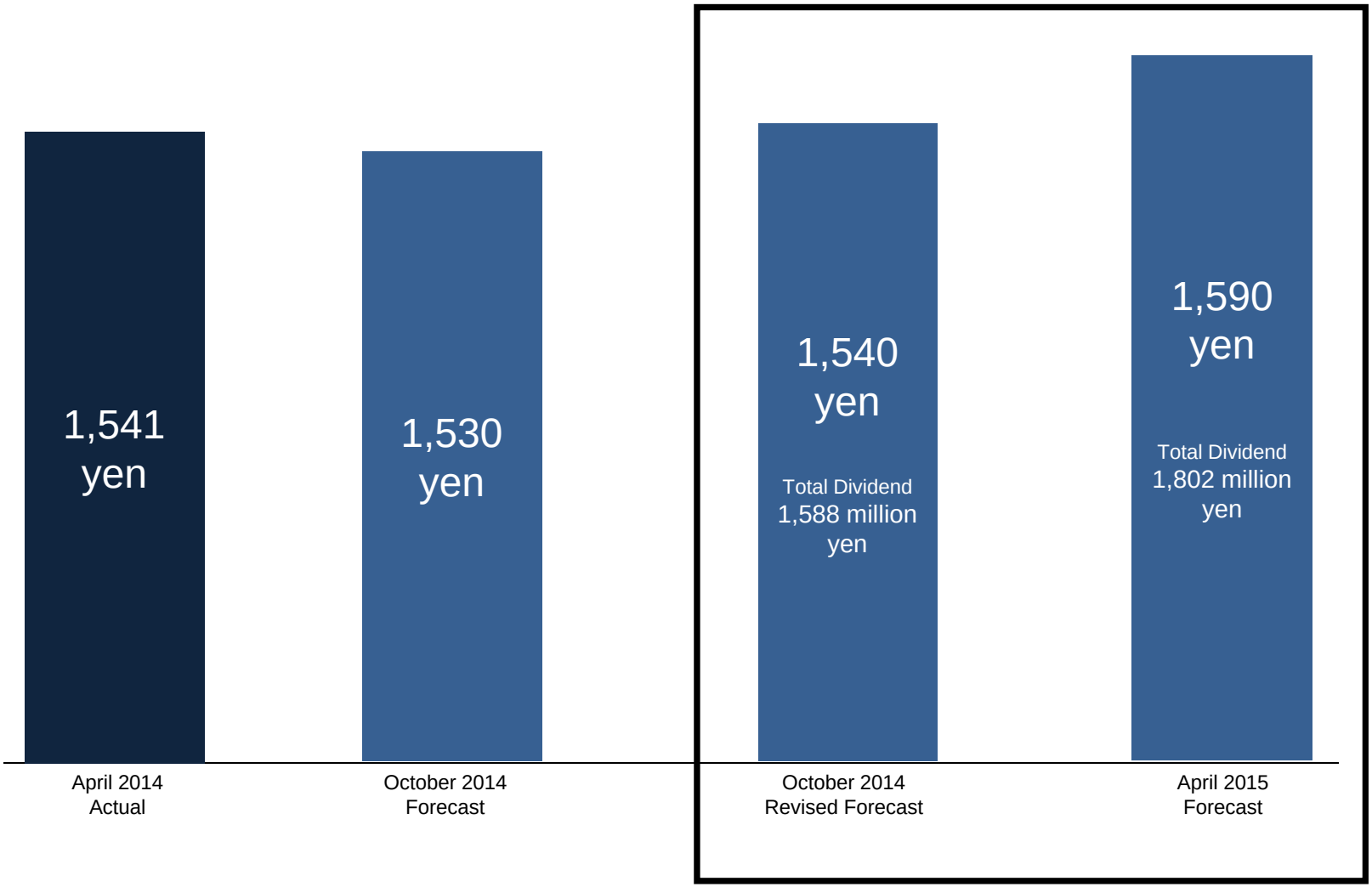



| | |
|---|---|
| Acquisition Price | 1,400 million yen |
| Appraisal Value | 1,410 million yen |
| NOI Yield | 5.4% |
| Asset Type | Other (Retail) |
| Address | Nishi-Kamata, Ota-ku, Tokyo |
| Leasable Area | 2,124.68m$^2$ |
| Structure | SRC B1F / 6F |
| Construction Date | Jul 1986 |
| Occupancy | 100% |

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# On-Going Dividend Growth




* Expected number of shares outstanding in the October 2014 revised forecast is 1,026,323.
** Expected number of shares outstanding in the April 2015 forecast is 1,1130,323. It is the sum of 1,026,323 shares issued and outstanding as of October 31, 2014 plus 95,680 shares to be issued from a public offering and a maximum of 8,320 shares to be issued from a third-party allotment (should the over-allotment option be exercised).

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Ichigo Group is Japan's first zero-carbon listed real estate company. We are taking responsibility for our environmental footprint by offsetting our carbon emissions as well as working with organizations to invest in low-carbon technologies.

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