Creating peace of mind through honest and committed management.

[Provisional Translation Only]

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Sale of Portfolio Asset (Ichigo Saga Building)

Ichigo Real Estate Investment Advisors Co., Ltd. (IRE), the asset management company of Ichigo Office REIT, today contracted to sell the Ichigo Saga Building.

1. Sale Overview

Name	Ichigo Saga Building
Asset Type/Property No.	Office / O-40
Building Completion Date	January 23, 1992
Legal Form of Asset	Trust beneficiary interest in real estate (*juekiken*)
Acquisition Date (Original acquisition date)	November 1, 2011 (Ichigo Office REIT merger) (March 15, 2006)
Sale Price[1]	870,000,000 yen
Forecast Book Value[2]	696,731,731 yen
Difference between Sale Price and Forecast Book Value	173,268,269 yen
Appraisal Value	677,000,000 yen (as of October 31, 2015)
Contract Date	March 16, 2016
Transfer Date	March 24, 2016
Settlement Date	March 24, 2016
Transfer Method	Assignment of trust beneficiary interest in real estate

[1] Sale price excludes incidental expenses such as property, city planning, and consumption taxes.

[2] Forecast Book Value is an estimate for book value based upon the most recent book value (October 2015 fiscal period) adjusted for any capital expenditure and depreciation between the most recent book value and the Settlement Date.

2. Sale Rationale

Ichigo Office REIT continues to execute on its strategy to "increase portfolio size and scale and be smart in portfolio restructuring" as described in Stage V ("Lay Foundation for Sustainable Dividend Growth") of its Growth Strategy Roadmap.

Ichigo Office REIT regularly reviews its portfolio for profitability and determines whether it is in the best interest of shareholders to continue to own each asset based upon its maintenance needs and competitiveness with nearby assets. In this case, Ichigo Office REIT concluded that selling the asset is consistent with its Stage V objective of selling assets with limited potential in order to improve its portfolio and increase shareholder value.

3. Asset Overview

Asset Overview		
Name		Ichigo Saga Building
Legal Form of Asset		Trust beneficiary interest in real estate (*juekiken*)
Location		1-9-38 Ekimaechuo, Saga City, Saga Prefecture
Land	Property Right	Ownership
	Size	817.01 m^2
	Zoning	Commercial
	Coverage Ratio Floor Area Ratio	80% 500%
Building	Property Right	Ownership
	Use	Office
	Structure	Steel/RC 8F
	Total Floor Area	4,139.09m^2
	Construction Date	January 23, 1992
Number of Tenants		21 (as of March 16, 2016)
Monthly Rent[3]		6,851 thousand yen (as of March 16, 2016)
Tenant Security Deposits[3]		58,166 thousand yen (as of March 16, 2016)
Leasable Area		2,786.43 m^2 (as of March 16, 2016)
Leased Area		2,655.41 m^2 (as of March 16, 2016)
Occupancy		95.3 % (as of March 16, 2016)
Acquisition Price		659 million yen
Appraisal	Appraiser	Rich Appraisal Institute Co., Ltd.
	Date	October 31, 2015
	Value	677 million yen

[3] Monthly Rent and Tenant Security Deposits refer to those stated in the rental contract. Monthly Rent includes cost of utilities.

4. Appraisal Overview

Appraisal Overview		
Asset Name	Ichigo Saga Building	
Appraisal Value	677,000,000 yen	
Appraiser	Rich Appraisal Institute Co., Ltd.	
Appraisal Date	October 31, 2015	
	Amount	Notes
Appraisal Value	677,000,000 yen	Valuation determined via integrating a direct capitalization valuation and DCF valuation
Value by Direct Capitalization Method	666,000,000 yen	
Income	93,390,058 yen	
Maximum Obtainable Rental Income	98,944,214 yen	Based on rental income, common area service income, parking lot income, and other income
Vacancy Loss	5,554,156 yen	Based on mid- to long-term vacancy rate
Expenses	38,092,014 yen	
Administrative and Maintenance Expenses	10,143,600 yen	Based on similar assets and past actual amounts
Utility Expenses	11,632,000 yen	Based on similar assets and past actual amounts
Repair Expenses	5,268,000 yen	Based on engineering reports and similar assets
PM Fees	2,561,727 yen	Based on similar assets and past actual amounts
Leasing Brokerage Fees	758,797 yen	Based on the expected turnover rate and tenant acquisition costs for similar assets
Taxes	7,555,200 yen	Based on FY2015 actual amounts
Insurance Premiums	172,690 yen	Based on the standard of similar assets and past actual amounts
Other Expenses	0 yen	
Net Operating Income (NOI)	55,298,044 yen	
Income on Investment of Deposits Received	966,575 yen	Based on 2.0% investment yield
Capital Expenditure	12,291,000 yen	Based on engineering reports and similar assets
Net Profit	43,973,619 yen	
Cap Rate	6.6%	Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, market trends, etc.
Value via DCF Method	682,000,000 yen	
Discount Rate	6.5%	Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account
Terminal Cap Rate	7.0%	Based upon risk-adjusted NOI
Value via Cost Approach	612,000,000 yen	
Land	25.7%	
Property	74.3%	
Notes		
None		

5. Buyer Profile

Name	The buyer is a domestic operating company, but did not give consent to disclose its name.
Relationship with Ichigo Office REIT or IRE	The buyer does not have any capital, personnel, or business relationship of note with Ichigo Office REIT or IRE. In addition, the seller is not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal regulations of the Asset Management Company.

6. Broker Profile

Name	Nomura Real Estate Urban Net Co., Ltd.
Address	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Seishi Miyajima, President
Principal Businesses	Real estate brokerage
Capital	1,000 million yen
Established Date	November 6, 2000
Relationship with Ichigo Office REIT or IRE	The broker does not have any capital, personnel, or business relationship of note with Ichigo Office REIT/IRE. In addition, the seller is not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal regulations of the Asset Management Company.
Brokerage Fee	The broker did not give consent to disclose the fee.

7. Settlement Method

Lump-sum payment

8. Use of Sale Proceeds

Ichigo Office REIT will allocate part of the sale proceeds towards prepayment of existing loans and the rest will be retained as cash-on-hand for future strategic use including asset acquisitions. Details of the loan prepayment will be announced as soon as they have been decided.

9. Future Outlook

The impact of the sale on Ichigo Office REIT's earnings and dividend forecasts for the April 2016 and October 2016 fiscal periods is minimal, and therefore the forecasts are unchanged. The capital gains from the sale will be allocated to the dividend reserve to maintain the stability of future dividends.

Portfolio Reference Information

1. Post-Sale Portfolio Summary[1]

	Before Sale (A)	After Sale (B)	Difference (B-A)
Occupancy	95.9%[2]	95.9%	―
Diversification by Area – Greater Tokyo Area/Other Areas[3]	83.4%/16.6%	83.7%/16.3%	+0.3%/-0.3%

[1] Sales of Ichigo Meieki Building and Ichigo Yokohama Nishiguchi Building are reflected in this summary. For details regarding the sales of these assets, refer to the "Sale of Portfolio Assets (Ichigo Meieki Building, Ichigo Yokohama Nishiguchi Building)" announcement released on March 4, 2016.

[2] As of January 31, 2016.

[3] "Greater Tokyo Area" refers to "Central Tokyo" and "Tokyo Metropolitan Area." "Other Areas" refers to "Four Major Regional Cities" and "Other Regional Cities." The ratio is based on acquisition prices.

2. Post-Sale Portfolio Assets

No.	Property	Area[1]	Acquisition Price[2] (mm yen)	% of Portfolio[3]
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	2.0%
O-03	Ichigo Mita Building	Central Tokyo	2,740	1.7%
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	1.2%
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	1.0%
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	0.7%
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	0.9%
O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	735	0.5%
O-09	Ichigo Shibakoen Building	Central Tokyo	1,100	0.7%
O-10	Ichigo Ebisu Nishi Building	Central Tokyo	1,917	1.2%
O-11	Ichigo Ginza 612 Building	Central Tokyo	1,773	1.1%
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.7%
O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	550	0.3%
O-15	Ichigo Tameike Building	Central Tokyo	580	0.4%
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	1.1%
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.7%
O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	763	0.5%
O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	844	0.5%
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	3.1%
O-21	Ichigo Shin Yokohama Building	Tokyo Metropolitan Area	1,816	1.1%
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metropolitan Area	1,460	0.9%
O-23	Ichigo Nakano North Building	Tokyo Metropolitan Area	764	0.5%
O-24	Ichigo Eitai Building	Tokyo Metropolitan Area	1,490	0.9%
O-25	Ichigo Yokosuka Building	Tokyo Metropolitan Area	971	0.6%

No.	Property	Area[1]	Acquisition Price[2] (mm yen)	% of Portfolio[3]
O-26	Ichigo Ikejiri Building	Tokyo Metropolitan Area	2,030	1.2%
O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metropolitan Area	639	0.4%
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.5%
O-29	Ichigo Kichijoji Building	Tokyo Metropolitan Area	2,160	1.3%
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.9%
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	4.1%
O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	1,650	1.0%
O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	1,158	0.7%
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	1.8%
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.3%
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	3.4%
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	1.2%
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.4%
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	1.2%
O-51	Ebisu Green Glass	Central Tokyo	5,900	3.6%
O-52	Ichigo Omori Building	Central Tokyo	3,850	2.4%
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	1.0%
O-54	Ichigo Omiya Building	Tokyo Metropolitan Area	3,430	2.1%
O-55	Ichigo Sagamihara Building	Tokyo Metropolitan Area	1,174	0.7%
O-56	Ichigo Ofuna Building	Tokyo Metropolitan Area	2,000	1.2%
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	1.1%
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	0.9%
O-59	Ichigo Jingumae Building	Central Tokyo	7,200	4.4%
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	2.2%
O-61	Ichigo Hiroo Building	Central Tokyo	3,960	2.4%
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.9%
O-63	Ichigo Nihonbashi East Building	Central Tokyo	4,700	2.9%
O-64	Ichigo Sakurabashi Building	Central Tokyo	2,500	1.5%
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.5%
O-66	Ichigo Kudan Building	Central Tokyo	3,190	2.0%
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	2.2%
O-68	Axior Mita	Central Tokyo	1,800	1.1%
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metropolitan Area	4,570	2.8%
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	1.0%
O-71	Ichigo Kawasaki Building	Tokyo Metropolitan Area	1,750	1.1%
Subtotal - Office (58 Properties)			139,618	85.8%

No.	Property	Area[1]	Acquisition Price[2] (mm yen)	% of Portfolio[3]
R-04	Ichigo Serviced Apartments Takanawadai	Central Tokyo	1,360	0.8%
R-06	B-SITE Hamamatsucho	Central Tokyo	701	0.4%
R-09	Ichigo Serviced Apartments Ginza	Central Tokyo	946	0.6%
Z-02	Ichigo Fiesta Shibuya	Central Tokyo	1,970	1.2%
Z-03	Ichigo Burg Omori	Tokyo Metropolitan Area	3,218	2.0%
Z-04	Ichigo Pagoda Asakusa	Tokyo Metropolitan Area	1,640	1.0%
Z-05	Ichigo Machida East Building	Tokyo Metropolitan Area	1,310	0.8%
Z-07	Ichigo Sapporo Minami 2 Nishi 3 Building	Four Major Regional Cities	558	0.3%
Z-08	Ichigo Daimyo Balcony	Four Major Regional Cities	638	0.4%
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	0.7%
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.5%
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metropolitan Area	1,620	1.0%
Z-12	Lions Square Kawaguchi	Tokyo Metropolitan Area	2,430	1.5%
Z-13	Ichigo Shin Yokohama Arena Dori Building	Tokyo Metropolitan Area	1,700	1.0%
Z-14	Ichigo Kamata Building	Tokyo Metropolitan Area	1,400	0.9%
		Subtotal - Others (15 Properties)	23,101	14.2%
		Total (73 Properties)	162,719	100.0%

Investments in Securities	Motoazabu Holdings GK TK Equity Interest	1,000	—
	Ikenohata Holdings GK TK Equity Interest	1,000	—
	Total (2 TK Equity Interests)	2,000	—

[1] "Central Tokyo" refers to Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa Wards. "Tokyo Metropolitan 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] Acquisition Price excludes consumption tax. For the 39 assets acquired via the REIT merger on November 1, 2011 (O-02 to O-42 and Z-02 to Z-08), the appraisal value as of October 31, 2011 is shown.

[3] % of Portfolio is the ratio of each asset's Acquisition Price to the Total Acquisition Price, rounded to the nearest second decimal place.