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# Acquisition of Eight Office Assets

Ichigo Real Estate Investment Advisors Co., Ltd. (IRE), the asset management company of Ichigo Office REIT Investment Corporation ("Ichigo Office REIT"), has decided today to acquire eight assets (total acquisition price 20,900,000,000 yen).

## I. Acquisition Summary

Total appraisal value: 21,400,000,000 yen, total acquisition price: 20,900,000,000 yen

| Asset Name[1] | Ichigo Ikenohata Building | Ichigo Ikebukuro East Building | Ichigo Motoazabu Building | Ichigo Otsuka Building |
|---|---|---|---|---|
| Asset Type | Office O-77 | Office O-78 | Office O-79 | Office O-80 |
| Date Built | June 1991 | June 1993 | July 1992 | March 1989 |
| Legal Form of Asset | Trust beneficiary interest in real estate (*juekiken*) | Trust beneficiary interest in real estate (*juekiken*) | Trust beneficiary interest in real estate (*juekiken*) | Trust beneficiary interest in real estate (*juekiken*) |
| Appraisal Value[2] | 5,220,000,000 yen | 3,110,000,000 yen | 1,940,000,000 yen | 2,820,000,000 yen |
| Acquisition Price[3] | 5,130,000,000 yen | 3,010,000,000 yen | 1,890,000,000 yen | 2,740,000,000 yen |
| Seller | Ikenohata Holdings GK | Ikenohata Holdings GK | Motoazabu Holdings GK | Motoazabu Holdings GK |
| Contract Date | May 9, 2016 | May 9, 2016 | May 9, 2016 | May 9, 2016 |
| Closing Date (expected) | May 24, 2016 | May 24, 2016 | May 24, 2016 | May 24, 2016 |
| Financing Method | New share issuance, borrowing, and cash-on-hand[4] | | | |
| Settlement Method | Lump-sum payment | | | |

| Asset Name[1] | Ichigo Nagoya Building | Ichigo Fushimi Building | Ichigo Nishiki Building | Ichigo Minami Morimachi Building |
|---|---|---|---|---|
| Asset Type | Office O-81 | Office O-82 | Office O-83 | Office O-84 |
| Date Built | February 1982 | September 1984 | January 1991 | February 1994 |
| Legal Form of Asset | Trust beneficiary interest in real estate (*juekiken*) | Trust beneficiary interest in real estate (*juekiken*) | Trust beneficiary interest in real estate (*juekiken*) | Trust beneficiary interest in real estate (*juekiken*) |
| Appraisal Value[2] | 3,500,000,000 yen | 2,360,000,000 yen | 1,360,000,000 yen | 1,090,000,000 yen |
| Acquisition Price[3] | 3,420,000,000 yen | 2,340,000,000 yen | 1,330,000,000 yen | 1,040,000,000 yen |
| Seller | Motoazabu Holdings GK | Ikenohata Holdings GK | Motoazabu Holdings GK | Ikenohata Holdings GK |
| Contract Date | May 9, 2016 | May 9, 2016 | May 9, 2016 | May 9, 2016 |
| Closing Date (expected) | May 24, 2016 | May 24, 2016 | May 24, 2016 | May 24, 2016 |
| Financing Method | New share issuance, borrowing, and cash-on-hand[4] | | | |
| Settlement Method | Lump-sum payment | | | |

[1] The current building names “MG Ikenohata Building,” “Higashi Ikebukuro Q Building,” “Vanguard Motoazabu Building,” “Otsuka Saint Core Building,” “EME Nagoya Building,” “HF Fushimi Building,” “Dai 41 Ocean Building,” and “Sun Center Building” will be changed to “Ichigo Ikenohata Building,” “Ichigo Ikebukuro East Building,” “Ichigo Motoazabu Building,” “Ichigo Otsuka Building,” “Ichigo Nagoya Building,” “Ichigo Fushimi Building,” “Ichigo Nishiki Building,” and “Ichigo Minami Morimachi Building,” respectively.

[2] Appraisal value is as of March 1, 2016.

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

[4] Financing details will be announced when determined.

II. Acquisition 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.[1]

Consistent with this growth strategy, Ichigo Office REIT has been conducting a strategic portfolio restructuring, selling four assets located in lower-quality locations during the April 2016 fiscal period and completing today the acquisition of five office assets as announced in its April 8, 2016 release "Acquisition of Five Office Assets."[2,3]

These transactions are expected to drive further growth in earnings and dividends. The eight assets acquired are located in Central Tokyo, where rents have been rising, and Nagoya and Osaka, where economic growth is expected to continue. The expected post-depreciation NOI yield of the acquired assets is 4.7%, and the average occupancy is 97.7%.[4,5]

Today's acquisition is the result of exercising the preferential negotiation rights that Ichigo Office REIT obtained when it acquired TK (*tokumei kumiai*) trust beneficiary interests in real estate for 13 assets owned by Motoazabu Holdings GK and Ikenohata Holdings GK on July 29, 2015.[6]

When deciding whether to exercise the preferential negotiation rights, Ichigo Office REIT took into consideration current appraisal values, acquisition costs and timing, and the acquisition's earning impact to determine whether the acquisition price was attractive.

[1] For details, please refer to "Portfolio Reference Information: Ichigo Office REIT Growth Strategy Roadmap" at the end of this release.
[2] For details, please refer to the January 28, 2016 release "Sale of Portfolio Asset (Akita Sanno 21 Building)," the March 4, 2016 release "Sale of Portfolio Assets (Ichigo Meieki Building, Ichigo Yokohama Nishiguchi Building)," and the March 16, 2016 release "Sale of Portfolio Asset (Ichigo Saga Building)."
[3] For details, please refer to today's release "Notice of Completion of Asset Acquisitions (Five Office Assets)."
[4] The average post-depreciation NOI Yield is calculated as the Net Operating Income (NOI) minus depreciation divided by the total acquisition price of the eight assets.
[5] The average occupancy is as of February 29, 2016.
[6] For details, please refer to the July 28, 2015 release "Real Estate Acquisition."

III. Tenant Selection

Tenants of today's acquired assets, including sub-tenants for assets under a master lease, meet Ichigo Office REIT's selection criteria as stated below.

a. Potential tenants are screened, using external databases as appropriate, based on the criteria in the following table. They are initially screened for credit strength, followed by an evaluation that takes into consideration the rent, lease term, deposit amount, tenant business type, synergies with existing tenants (if any), and the potential tenant's space and layout requirements.

| Tenant Type | Review Criteria |
|---|---|
| Corporate | i. Industry, industry experience, earnings (soundness of management), etc.<br>ii. Tenancy conditions (purpose, contract type, contract term, price, deposits, size of leased area, renovation needs, etc.)<br>iii. Existence of guarantor and the classification of the guarantor |
| Individual | i. Workplace, years of employment at current workplace.<br>ii. Annual income (percentage of total rent versus annual income)<br>iii. Tenancy conditions (purpose, contract type, contract term, price, size of leased area, number of occupants, etc.)<br>iv. Existence of guarantor and the type of the guarantor |

b. Ichigo Office REIT conducts regular interviews to understand the needs of existing and new tenants to support and maintain long-term relationships.

IV. Asset Details

The eight assets are well-located with high occupancy (currently 97.7%). Ichigo Office REIT intends to employ its deep understanding of the mid-size office building market to further increase asset value and NOI. Further details of each asset are below.

(1) Ichigo Ikenohata Building

(i) Location

This building is located in the Ikenohata area of southwestern Taito Ward, boasting easy access to Chiyoda Ward, one of the main business centers in Tokyo, and to Bunkyo Ward which has an abundance of educational and cultural facilities.

The building is also walking distance to Ueno Station on the JR Line, one of the major stations in Tokyo, drawing additional demand from companies who value that access.

(ii) Features

The building is a mid-size office building on Shinobazu Dori, a 3-minute walk from Yushima Station on the Tokyo Metro Chiyoda Line and 7-minute walk from Ueno Hirokoji Station on the Tokyo Metro Ginza Line.

The standard floor plate is a little over 200 tsubo (660 $m^2$). The building is highly competitive in the leasing market thanks to its 2.5 meter high ceilings, individual air conditioning units, and raised access flooring. Tenants including subsidiaries of major companies, a telecommunications company, a government-affiliated company, and a medical corporation currently occupy the building.

(iii) Property Photos and Location







| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Sumitomo Mitsui Trust Bank, Limited |
| Period of Trust Contract | | October 31, 1989 - July 31, 2025 (Expected) |
| Location | | 1-2-18 Ikenohata, Taito-ku, Tokyo |
| Land | Property Right | Freehold |
| | Size | 1,120.22 $m^2$ |
| | Zoning | Commercial |
| | Coverage Ratio/Floor Area Ratio | 80%/600% |
| Building | Property Right | Freehold |
| | Zoning | Office, Training Area |
| | Structure | SRC B1F/8F |
| | Total Floor Area | 7,774.41 $m^2$ |
| | Construction Date | June 27, 1991 |
| Appraiser | | The Tanizawa Sogo Appraisal Co., Ltd. |
| Appraisal Value | | 5,220,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 5,440,000,000 yen |
| Architect[1] | | Kume Kenchiku Co. Ltd. |
| Builder[1] | | Kajima Corporation Tokyo Office |
| Structural Strength Assessor[1] | | Kume Kenchiku Co. Ltd. |
| Inspection Agency[1] | | City of Tokyo |
| PML (Assessor) | | 4.29% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |

| Rent Overview (as of February 29, 2016) | |
|---|---|
| Number of Tenants | 6 |
| Monthly Rental Income | 21,249 thousand yen |
| Deposit | 126,202 thousand yen |
| Leasable Space | 5,504.02 $m^2$ |
| Leased Space | 5,504.02 $m^2$ |
| Occupancy | 100.0% |
| Property Management Company | Shimizu Comprehensive Development Co., Ltd. (Expected) |
| Master Lease Company | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | Pass-through (Expected) |
| Assumed NOI (NOI yield)[3] | 222 million yen (4.3%) |
| Depreciation Rate[4] | 0.5% |

| Special Items |
| --- |
| Part of the doorpost of a security door, some concrete earth-retaining tiles, and the concrete foundation encroach upon the southern neighbor. A memorandum of understanding exists which agrees to rectify the situation when these encroaching items are modified in the future. |

[1] This trust beneficiary interest in real estate (*juekiken*) consists of two interests owned by Sumitomo Mitsui Trust Bank, Limited, and Ichigo Office REIT is acquiring both interests. There is an agreement between the trustees and the beneficiaries of both interests to operate and transfer the assets as a single building.

[2] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[3] Assumed NOI is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield is calculated by dividing Assumed NOI by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the appraisal report's direct capitalization valuation method divided by the Acquisition Price is 5.1%.

[4] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Ikenohata Building | |
| Appraisal Value | 5,220,000,000 yen | |
| Appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |

| | Amount | Note |
|---|---|---|
| Appraisal Value | 5,220,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 5,440,000,000 yen | |
| Income | 344,500,992 yen | |
| Maximum Obtainable Rental Income | 363,481,344 yen | Based on rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 18,980,352 yen | Based on mid- to long-term vacancy rate |
| Expenses | 80,945,142 yen | |
| Administrative and Maintenance Expenses | 16,974,336 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 19,748,352 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 11,200,000 yen | Based on the average of the past 12 years of engineering reports |
| PM Fee | 4,630,705 yen | Based on contract rate and similar assets |
| Leasing Brokerage Fees | 2,525,378 yen | Based on the standard turnover rate with competition, past actual amounts, and similar assets into account |
| Taxes | 25,014,900 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 506,970 yen | Based on the standard of similar assets and past actual amounts |
| Other Expenses | 344,501 yen | Consumable goods, etc. |
| Net Operating Income (NOI) | 263,555,850 yen | |
| Income on Investment of Deposits Received | 2,786,696 yen | Based on 2.0% investment yield |
| Capital Expenditure | 26,880,000 yen | Based on the average of the past 12 years of engineering reports |
| Net Profit | 239,462,546 yen | |
| Cap Rate | 4.4% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, property right, etc. |
| Value via DCF Method | 5,130,000,000 yen | |
| Discount Rate | 4.5% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 4.6% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 4,990,000,000 yen | |
| Land | 86.0% | |
| Building | 14.0% | |

| Notes |
|---|
| None |

(2) Ichigo Ikebukuro East Building

(i) Location

The Higashi Ikebukuro area refers to the east side of Ikebukuro Station, a major station for multiple train lines in Tokyo, including the JR Yamanote Line, JR Saikyo Line, Tokyo Metro Marunouchi Line, Fukutoshin Line, Yurakucho Line, Seibu Ikebukuro Line, and the Tobu Tojo Line.

Convenient access to the Metropolitan Expressway also supports demand from office tenants.

(ii) Features

This building is a 9-minute walk from the Higashi Ikebukuro Station on the Tokyo Metro Yurakucho Line and the Otsuka Station on the JR Yamanote Line. It is also a 12-minute walk from Ikebukuro Station on the JR Yamanote Line.

Each floor is sub-dividable with a standard floor plate of 140 tsubo (460 $m^2$) and a 2.6 meter high ceiling. The specifications of the building compare favorably with other buildings in the area due to such offerings as individual air conditioning units and raising access flooring.

The first floor tenant is a supermarket. Consulting firms and telecommunications company tenants occupy the upper floors.

(iii) Property Photos and Location







| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Mizuho Trust & Banking Co., Ltd. |
| Period of Trust Contract | | May 18, 2007 – July 31, 2025 (Expected) |
| Location | | 2-23-2 Higashi Ikebukuro, Toshima-ku, Tokyo |
| Land | Property Right | Freehold |
| | Size | 744.66 $m^2$ |
| | Zoning | Commercial/ Category I residential |
| | Coverage Ratio/Floor Area Ratio | 80%/600%, 60%/400% |
| Building | Property Right | Freehold |
| | Zoning | Office, Parking |
| | Structure | SRC/RC 8F |
| | Total Floor Area | 3,837.35 $m^2$ |
| | Construction Date | June 8, 1993 |
| Appraiser | | The Tanizawa Sogo Appraisal Co., Ltd. |
| Appraisal Value | | 3,110,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 3,210,000,000 yen |
| Architect[1] | | Daisue Construction Co., Ltd. First-Class Registered Architects Office |
| Builder[1] | | Daisue Construction Co., Ltd. |
| Structural Strength Assessor[1] | | Daisue Construction Co., Ltd. First-Class Registered Architects Office |
| Inspection Agency[1] | | Toshima Ward |
| PML (Assessor) | | 6.50% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as of February 29, 2016) | | |
| Number of Tenants | | 4 |
| Monthly Rental Income | | 13,124 thousand yen |
| Deposit | | 112,820 thousand yen |
| Leasable Space | | 3,118.69 $m^2$ |
| Leased Space | | 3,118.69 $m^2$ |
| Occupancy | | 100% |
| Property Management Company | | Shimizu Comprehensive Development Co., Ltd.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI yield)[2] | | 136 million yen (4.5%) |
| Depreciation Rate[3] | | 0.5% |
| Special Items | | |
| None | | |

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] Assumed NOI is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield is calculated by dividing Assumed NOI by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the appraisal report's direct capitalization valuation method divided by the Acquisition Price is 5.0%.

[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Ikebukuro East Building | |
| Appraisal Value | 3,110,000,000 yen | |
| Appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |
| | Amount | Note |
| Appraisal Value | 3,110,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 3,210,000,000 yen | |
| Income | 199,193,527 yen | |
| Maximum Obtainable Rental Income | 211,891,081 yen | Based on rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 12,697,554 yen | Based on mid- to long-term vacancy rate |
| Expenses | 49,545,717 yen | |
| Administrative and Maintenance Expenses | 10,291,743 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 19,573,024 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 4,440,000 yen | Based on engineering reports and similar assets |
| PM Fee | 2,123,646 yen | Based on contract rate and similar assets |
| Leasing Brokerage Fees | 1,232,810 yen | Based on the standard turnover rate with competition, past actual amounts, and similar assets into account |
| Taxes | 11,434,900 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 250,400 yen | Based on the standard of similar assets and past actual amounts |
| Other Expenses | 199,194 yen | Consumable goods, etc. |
| Net Operating Income (NOI) | 149,647,810 yen | |
| Income on Investment of Deposits Received | 2,720,259 yen | Based on 2.0% investment yield |
| Capital Expenditure | 11,100,000 yen | Based on engineering reports and similar assets |
| Net Profit | 141,268,069 yen | |
| Cap Rate | 4.4% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, property right, etc. |
| Value via DCF Method | 3,070,000,000 yen | |
| Discount Rate | 4.5% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 4.6% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 3,050,000,000 yen | |
| Land | 85.7% | |
| Building | 14.3% | |
| Notes | | |
| None | | |

(3) Ichigo Motoazabu Building

(i) Location

The building is located in the Azabu area of western Minato Ward. It is a high-end residential area with large houses and luxury apartments. Many embassies and ambassadors' residences are located in the area, creating a lively and international atmosphere.

The area attracts international companies, as well as design offices, media companies, and IT firms. Companies that value robust disaster prevention measures also seek offices in the area.

(ii) Features

This mid-size office building is a 9-minute walk from Hiroo Station on the Tokyo Metro Hibiya Line, and is located within walking distance of the Roppongi/Azabujuban area.

The standard floor area is 170 tsubo (560 $m^2$), with a 2.7 meter high ceiling. The exterior wall has an exposed concrete finish. The building is currently occupied by IT, design, and bridal industry tenants.

(iii) Property Photos and Location








| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Mizuho Trust & Banking Co., Ltd. |
| Period of Trust Contract | | August 31, 2004 - July 31, 2025 (Expected) |
| Location | | 3-4-26 Motoazabu, Minato-ku, Tokyo |
| Land | Property Right | Freehold |
| | Size | 1,022.12 $m^2$ |
| | Zoning | Category I Mid/High-Rise Residential |
| | Coverage Ratio/Floor Area Ratio | 60%/300% |
| Building | Property Right | Freehold |
| | Zoning | Office |
| | Structure | RC B1F/2F |
| | Total Floor Area | 1,503.03 $m^2$ |
| | Construction Date | July 1, 1992 |
| Appraiser | | The Tanizawa Sogo Appraisal Co., Ltd. |
| Appraisal Value | | 1,940,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 2,010,000,000 yen |
| Architect[1] | | I.M.A. Architects & Associates |
| Builder[1] | | Komatsu Kensetsu Kogyo Corporation |
| Structural Strength Assessor[1] | | I.M.A. Architects & Associates |
| Inspection Agency[1] | | Minato Ward |
| PML (Assessor) | | 8.02% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as of February 29, 2016) | | |
| Number of Tenants | | 3 |
| Monthly Rental Income | | 7,544 thousand yen |
| Deposit | | 78,279 thousand yen |
| Leasable Space | | 1,329.96 $m^2$ |
| Leased Space | | 1,329.96 $m^2$ |
| Occupancy | | 100% |
| Property Management Company | | Ken Corporation Ltd.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI Yield)[2] | | 79 million yen (4.2%) |
| Depreciation Rate[3] | | 0.2% |

| Special Items |
| --- |
| 1. A portion of land (105m$^2$) on the property's eastern border is designated as a road pursuant to Article 42 Paragraph 1 Item 5 of the Building Standards Act. A memorandum of understanding exists with the eastern neighbor regarding this portion of land.<br>2. The land was rezoned after the building was built and therefore the building does not meet existing zoning regulations. |

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] Assumed NOI is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield is calculated by dividing Assumed NOI by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the appraisal report's direct capitalization valuation method divided by the Acquisition Price is 4.3%.

[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Motoazabu Building | |
| Appraisal Value | 1,940,000,000 yen | |
| Appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |
| | Amount | Note |
| Appraisal Value | 1,940,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 2,010,000,000 yen | |
| Income | 107,654,018 yen | |
| Maximum Obtainable Income | 113,446,335 yen | Based on rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 5,792,317 yen | Based on mid- to long-term vacancy rate |
| Expenses | 27,138,208 yen | |
| Administrative and Maintenance Expenses | 3,622,811 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 6,607,241 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 2,580,000 yen | Based on the average of the past 12 years of engineering reports |
| PM Fees | 2,363,551 yen | Based actual contract amount and similar assets |
| Leasing Brokerage Fees | 700,091 yen | Based on the expected turnover rate and tenant acquisition costs for similar assets |
| Taxes | 11,054,200 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 102,660 yen | Based on the standard of similar assets and past actual amounts |
| Other Expenses | 107,654 yen | Consumable goods and other expenses |
| Net Operating Income (NOI) | 80,515,810 yen | |
| Income on Investment of Deposits Received | 1,603,407 yen | Based on 2.0% investment yield. |
| Capital Expenditure | 5,805,000 yen | Based on the average of the past 12 years of engineering reports |
| Net Profit | 76,314,217 yen | |
| Cap Rate | 3.8% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, market trends, etc. |
| Value via DCF Method | 1,910,000,000 yen | |
| Discount Rate | 3.9% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 4.0% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 1,860,000,000 yen | |
| Land | 95.1% | |
| Property | 4.9% | |
| Notes | | |
| None | | |

(4) Ichigo Otsuka Building

(i) Location

The Minami Otsuka Area is at the southeastern edge of Toshima Ward. There is a commercial district around Otsuka Station where the station building, hotels, and shopping streets are located. Many office buildings are found in the area due to its proximity to the station.

The area has convenient access to train stations on the JR Yamanote Line, Tokyo Metro Marunouchi Line, and the Toden Arakawa Line. Otsuka Station is one stop away from Ikebukuro Station, one of the major terminal stations in the city, providing easy access to Central Tokyo.

(ii) Features

The building is a mid-size office building, a 4-minute walk from Otsuka Station on the JR Yamanote Line and a 6-minute walk from Shin-Otsuka Station on the Tokyo Metro Marunouchi Line.

The 180 tsubo (590 $m^2$) standard floor with 2.6 meter high ceilings is relatively large compared to other office buildings in the vicinity. The size and easy-to-use standard shape of the floor plate is expected to help support stable rental income.

(iii) Property Photos and Location







| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Mizuho Trust & Banking Co., Ltd. |
| Period of Trust Contract | | July 30, 2015 - July 31, 2025 (Expected) |
| Location | | 3-46-3 Minami Otsuka, Toshima-ku, Tokyo |
| Land | Property Right | Freehold |
| | Size | 976.82 $m^2$ |
| | Zoning | Commercial |
| | Coverage Ratio/Floor Area Ratio | 80%/500% |
| Building | Property Right | Freehold |
| | Zoning | Office |
| | Structure | SRC 8F |
| | Total Floor Area | 4,573.06 $m^2$ |
| | Construction Date | March 10, 1989 |
| Appraiser | | The Tanizawa Sogo Appraisal Co., Ltd. |
| Appraisal Value | | 2,820,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 2,930,000,000 yen |
| Architect[1] | | Akasaka Architectural Office |
| Builder[1] | | Fujita Engineering Company Ltd. Tokyo Branch |
| Structural Strength Assessor[1] | | Akasaka Architectural Office |
| Inspection Agency[1] | | City of Tokyo |
| PML (Assessor) | | 4.00% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as February 29, 2016) | | |
| Number of Tenants | | 7 |
| Monthly Rental Income | | 12,288 thousand yen |
| Deposit | | 106,505 thousand yen |
| Leasable Space | | 3,688.77 $m^2$ |
| Leased Space | | 3,688.77 $m^2$ |
| Occupancy | | 100% |
| Property Management Company | | Shimizu Comprehensive Development Co., Ltd.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI Yield)[2] | | 122 million yen (4.5%) |
| Depreciation Rate[3] | | 0.8% |
| Special Items | | |
| 1. A part of a metal frame encroaches on the northwestern neighbor. A memorandum of understanding exists for the owner to remove the frame and to bear all related expense and risk of accidents.<br>2. A construction inspection report indicates that there is a need to replace the emergency power supply. The seller has | | |

agreed to rectify the situation at the seller's cost.

3. A lease termination notification has been received from one of the tenants (leased area: 135.60 $m^2$) on October 29, 2015 to terminate the contract as of April 30, 2016. The occupancy of the building is expected to be 96.3% after the termination.[4]

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] Assumed NOI is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield is calculated by dividing Assumed NOI by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI calculated using the NOI employed in the appraisal report's direct capitalization valuation method divided by the Acquisition Price is 5.3%.

[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

[4] A new lease contract has been signed with an existing tenant (leased area: 126.53 $m^2$) for additional areas (including the area to be vacated due to the above termination notification). The new contract is for a total leased area of 426.14 $m^2$ commencing on May 1, 2016. The total leasable area of the building is currently in the process of being changed to 3,679.70 $m^2$. The occupancy of the building will be 100% with the commencement of this new lease contract.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Otsuka Building | |
| Appraisal Value | 2,820,000,000 yen | |
| Appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |

| | Amount | Note |
|---|---|---|
| Appraisal Value | 2,820,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 2,930,000,000 yen | |
| Income | 194,167,083 yen | |
| Maximum Obtainable Income | 207,582,193 yen | Based on rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 13,415,110 yen | Based on mid- to long-term vacancy rate |
| Expenses | 50,083,096 yen | |
| Administrative and Maintenance Expenses | 8,301,403 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 16,293,712 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 6,660,000 yen | Based on engineering reports and similar assets |
| PM Fees | 3,345,305 yen | Based on similar assets and past actual amounts |
| Leasing Brokerage Fees | 1,255,159 yen | Based on the expected turnover rate and tenant acquisition costs for similar assets |
| Taxes | 13,709,400 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 323,950 yen | Based on the standard of similar assets and past actual amounts |
| Other Expenses | 194,167 yen | Consumable goods and other expenses |
| Net Operating Income (NOI) | 144,083,987 yen | |
| Income on Investment of Deposits Received | 2,766,107 yen | Based on 2.0% investment yield. |
| Capital Expenditure | 14,800,000 yen | Based on engineering reports and similar assets |
| Net Profit | 132,050,094 yen | |
| Cap Rate | 4.5% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, market trends, etc. |
| Value via DCF Method | 2,770,000,000 yen | |
| Discount Rate | 4.6% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 4.7% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 2,760,000,000 yen | |
| Land | 83.0% | |
| Property | 17.0% | |

| Notes |
|---|
| None |

(5) Ichigo Nagoya Building

(i) Location

The building is located near the center of Meieki area, which is centered on Nagoya Station, a major station with easy access to multiple train lines including the Nagoya Municipal Subway Higashiyama Line, Sakura-Dori Line, JR Lines, Tokaido Shinkansen Line, Meitetsu Lines, and Nagoya Rinkai Rapid Transit Aonami Line. From Nagoya Station, passengers can easily travel not only to neighboring areas but also cities across Japan.

Just east of Nagoya Station is a business district with a concentration of office buildings housing major corporations including banks and securities companies.

Following a series of large-size office buildings being redeveloped around Nagoya Station, small- and mid-size buildings are now also being redeveloped, generating demand for space from tenants who must relocate.

(ii) Features

This mid-size office building is a 7-minute walk from Nagoya Station on the Nagoya Municipal Subway Higashiyama Line and Sakura-Dori Line, and has easy access to a variety of public transport. The building is located on a wide avenue called Hirokoji Dori in a commercial area that enjoys consistent demand from office and retail tenants.

(iii) Property Photos and Location








| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Sumitomo Mitsui Trust Bank, Limited |
| Period of Trust Contract | | May 22, 2002 – July 31, 2025 (Expected) |
| Location | | 4-24-8 Meieki, Nakamura-ku, Nagoya, Aichi Prefecture |
| Land | Property Right | Freehold, Leasehold |
| | Size | 1,001.17 $m^2$ |
| | Zoning | Commercial |
| | Coverage Ratio/Floor Area Ratio | 80%/800% |
| Building | Property Right | Freehold |
| | Zoning | (1)Office, Retail, Warehouse (2)Parking |
| | Structure | (1)SRC B2F/8F (2)Steel 1F |
| | Total Floor Area | (1)7,375.12 $m^2$ (2)43.00 $m^2$ |
| | Construction Date | February 23, 1982 |
| Appraiser | | Daiwa Real Estate Appraisal Co., Ltd. |
| Appraisal Value | | 3,500,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 3,590,000,000 yen |
| Architect[1] | | Kume Kenchiku Co., Ltd. |
| Builder[1] | | Kajima Corporation Nagoya Branch |
| Structural Strength Assessor[1] | | Kume Kenchiku Co., Ltd. |
| Inspection Agency[1] | | City of Nagoya |
| PML (Assessor) | | 9.61% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as of February 29, 2016) | | |
| Number of Tenants | | 33 |
| Monthly Rental Income | | 19,478 thousand yen |
| Deposit | | 200,553 thousand yen |
| Leasable Space | | 4,930.30 $m^2$ |
| Leased Space | | 4,675.52 $m^2$ |
| Occupancy | | 94.8 % |
| Property Management Company | | THE DAI-ICHI BUILDING CO., LTD.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI Yield)[2] | | 171 million yen (5.0%) |
| Depreciation Rate[3] | | 0.5% |

| Special Items |
| --- |
| 1 A part of the property (132.45 $m^2$) is leasehold. The size of the land indicated above includes this leasehold property.<br>2. A part of the concrete block wall encroaches the western neighbor. A memorandum of understanding exists which agrees to rectify the situation when the wall is modified in the future.<br>3. Part of a stone curb encroaches the eastern neighbor. A memorandum of understanding exists which agrees to rectify the situation when the stone curb is modified in the future.<br>4. No official document exists to state the boundary between the leasehold land and the western neighbor, the eastern neighbor, or the northern neighbor.<br>5. A fire inspection report indicates that a guide light need be repaired. The seller has agreed to rectify the situation at the seller's expense. |

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] Assumed NOI is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield is calculated by dividing Assumed NOI by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the appraisal report's direct capitalization valuation method divided by the Acquisition Price is 5.5%.

[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

[4] A new lease contract has been signed on March 31, 2016 with a new tenant commencing on April 1, 2016 for a leased area of 54.10 $m^2$. The occupancy of the building is expected to be 95.9% with the commencement of this new contract.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Nagoya Building | |
| Appraisal Value | 3,500,000,000 yen | |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |
| | Amount | Note |
| Appraisal Value | 3,500,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 3,590,000,000 yen | |
| Income | 290,901,981 yen | |
| Maximum Obtainable Rental Income | 306,672,282 yen | Based on rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 15,770,301 yen | Based on mid- to long-term vacancy rate |
| Expenses | 103,137,325 yen | |
| Administrative and Maintenance Expenses | 15,645,400 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 34,051,692 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 2,269,750 yen | Based on the average of the past 12 years of engineering reports |
| PM Fee | 5,345,424 yen | Based on similar assets |
| Leasing Brokerage Fees | 1,988,614 yen | Based on the expected turnover rate, past actual amount, and tenant acquisition costs for similar assets |
| Taxes | 28,051,173 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 465,350 yen | Based on the standard of similar assets and past actual amounts |
| Other Expenses | 15,319,922 yen | Consumable goods, etc. |
| Net Operating Income (NOI) | 187,764,656 yen | |
| Income on Investment of Deposits Received | 3,786,153 yen | Based on 2.0% investment yield |
| Capital Expenditure | 19,166,250 yen | Based on the average of the past 12 years of engineering reports |
| Net Profit | 172,384,559 yen | |
| Cap Rate | 4.8% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, property right, etc. |
| Value via DCF Method | 3,460,000,000 yen | |
| Discount Rate | 4.6% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 5.0% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 4,520,000,000 yen | |
| Land[1] | 92.0% | |
| Building | 8.0% | |

| Notes |
|---|
| [1] Includes leasehold property (8.9%) |

(6) Ichigo Fushimi Building

(i) Location

The Fushimi area is a major business district with many offices and financial institutions that is located between Nagoya's two major commercial districts, Meieki and Sakae.

The area attracts major companies headquartered in Tokyo or Osaka seeking regional branch offices as well as companies based in the greater Nagoya region seeking headquarter offices.

(ii) Features

This mid-size office building is a 4-minute walk from Fushimi Station on the Nagoya Municipal Subway Higashiyama Line and Tsurumai Line.

The standard floor is 130 tsubo (420 $m^2$) offering a relatively large space for the Fushimi area. The main entrance and the southern side of the building (facing the main road) have been recently improved.

A restaurant occupies the basement floor, while tenants from the bridal industry and sales offices for interior goods and electrical equipment occupy the upper floors.

(iii) Property Photos and Location







| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Mizuho Trust Bank, Limited |
| Period of Trust Contract | | July 30, 2015 - July 31, 2025(Expected) |
| Location | | 1-18-24 Nishiki, Naka-ku, Nagoya, Aichi Prefecture |
| Land | Property Right | Freehold |
| | Size | 770.43 $m^2$ |
| | Zoning | Commercial |
| | Coverage Ratio/Floor Area Ratio | 80%/800% |
| Building | Property Right | Freehold |
| | Zoning | Office, Retail |
| | Structure | SRC B1F/9F |
| | Total Floor Area | 6,290.43 $m^2$ |
| | Construction Date | September 21, 1984 |
| Appraiser | | Daiwa Real Estate Appraisal Co., Ltd. |
| Appraisal Value | | 2,360,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 2,430,000,000 yen |
| Architect[1] | | Kajima Corporation Nagoya Branch 1st Architect Office |
| Builder[1] | | Kajima Corporation Nagoya Branch |
| Structural Strength Assessor[1] | | Kajima Corporation Nagoya Branch 1st Architect Office |
| Inspection Agency[1] | | City of Nagoya |
| PML (Assessor) | | 10.21% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as of February 29, 2016) | | |
| Number of Tenants | | 38 |
| Monthly Rental Income | | 11,978 thousand yen |
| Deposit | | 107,720 thousand yen |
| Leasable Space | | 4,152.22 $m^2$ |
| Leased Space | | 3,853.90 $m^2$ |
| Occupancy | | 92.8% |
| Property Management Company | | THE DAI-ICHI BUILDING CO., LTD.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI Yield)[2] | | 116 million yen (5.0%) |
| Depreciation Rate[3] | | 0.7% |

| Special Items |
| --- |
| 1. The concrete block foundation and U-shaped drain encroaches the northeastern neighbor. A memorandum of understanding exists which agrees to rectify the situation when this is to be removed, moved, or modified in the future.<br>2. The rainwater inlet encroaches the southwestern neighbor. A memorandum of understanding exists which agrees to rectify the situation when this is to be removed, moved, or modified in the future.<br>3. Lease termination notifications have been received from five tenants (total leased area: 614.47 $m^2$)<br>Leased area: 39.60 $m^2$, contract termination as of March 21, 2016, notification received on February 25, 2016<br>Leased area: 39.60 $m^2$, contract termination as of March 31, 2016, notification received on September 24, 2015<br>Leased area: 147.69 $m^2$, contract termination as of April 30, 2016, notification received on October 30, 2015<br>Leased area: 160.70 $m^2$ & 147.69 $m^2$, contract termination as of June 24, 2016, notification received on December 24, 2015<br>Leased area: 79.19 $m^2$, contract termination as of August 31, 2016, notification received on February 25, 2016<br>The occupancy is expected to be 78.0% after the terminations.[4] |

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] Assumed NOI is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield is calculated by dividing Assumed NOI by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the direct capitalization valuation method from the appraisal report divided by the Acquisition Price is 5.7%.

[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

[4] A new lease contract has been signed on February 29, 2016 with a new tenant commencing on April 1, 2016 for a leased area of 160.70 $m^2$. Another new lease contract has been signed on March 22, 2016 with a new tenant commencing on that same date for a leased area of 39.60 $m^2$. Another new lease contract has been signed on April 11, 2016 with a new tenant commencing on that same date for a leased area of 39.60 $m^2$. The occupancy of the building is expected to be 83.8% with the commencement of these new contracts.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Fushimi Building | |
| Appraisal Value | 2,360,000,000 yen | |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |
| | Amount | Note |
| Appraisal Value | 2,360,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 2,430,000,000 yen | |
| Income | 189,280,774 yen | |
| Maximum Obtainable Rental Income | 201,726,772 yen | Based on mid- to long- term rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 12,445,998 yen | Based on mid- to long-term vacancy rate |
| Expenses | 56,420,018 yen | |
| Administrative and Maintenance Expenses | 11,304,600 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 19,594,692 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 2,151,667 yen | Based on the average of the past 12 years of engineering reports |
| PM Fee | 3,411,443 yen | Based on similar assets |
| Leasing Brokerage Fees | 1,223,986 yen | Based on the expected turnover rate and tenant acquisition costs for similar assets |
| Taxes | 17,037,195 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 371,470 yen | Based on the estimate and standard of similar assets |
| Other Expenses | 1,324,965 yen | Consumable goods, etc. |
| Net Operating Income (NOI) | 132,860,756 yen | |
| Income on Investment of Deposits Received | 2,390,641 yen | Based on 2.0% investment yield |
| Capital Expenditure | 13,558,083 yen | Based on the average of the past 12 years of engineering reports |
| Net Profit | 121,693,314 yen | |
| Cap Rate | 5.0% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, property right, etc. |
| Value via DCF Method | 2,330,000,000 yen | |
| Discount Rate | 4.8% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 5.2% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 2,820,000,000 yen | |
| Land | 87.0% | |
| Building | 13.0% | |

| Notes |
|---|
| None |

(7) Ichigo Nishiki Building

(i) Location

The Fushimi area is a major business district with many offices and financial institutions that is located between Nagoya's two major commercial districts, Meieki and Sakae.

The area attracts major companies headquartered in Tokyo or Osaka seeking regional branch offices as well as companies based in the greater Nagoya region seeking headquarter offices.

(ii) Features

This is a mid-size office building located within a 3-minute walk from Fushimi Station of the Nagoya Municipal Subway Higashiyama and Tsurumai Lines. It is situated in a commercial district with a concentration of high-rise office buildings along a street near Fushimi Dori Avenue.

The standard floor is 73 tsubo (240 $m^2$) and the ceiling is 2.5 meters high. The floor can be sub-divided into three units to suit the tenants' needs. The building is competitive in the area due to its renovated common areas and specifications including raised access flooring and individual air conditioning units.

(iii) Property Photos and Location







| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (*juekiken*) |
| Trustee | | Mizuho Trust& Banking Co., Ltd. |
| Period of Trust Contract | | July 30, 2015 – July 31, 2025 (Expected) |
| Location | | 1-5-27 Nishiki, Naka-ku, Nagoya, Aichi Prefecture |
| Land | Property Right | Freehold |
| | Size[1] | 421.38 $m^2$ |
| | Zoning | Commercial |
| | Coverage Ratio/Floor Area Ratio | 80%/600% |
| Building | Property Right | Freehold |
| | Zoning | Office, Retail, Parking |
| | Structure | SRC 9F |
| | Total Floor Area | 2,600.69 $m^2$ |
| | Construction Date | January 31, 1991 |
| Appraiser | | Daiwa Real Estate Appraisal Co., Ltd. |
| Appraisal Value | | 1,360,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 1,390,000,000 yen |
| Architect[2] | | Kokubu Architects Corporation |
| Builder[2] | | JDC Corporation |
| Structural Strength Assessor[2] | | Kokubu Architects Corporation |
| Inspection Agency[2] | | City of Nagoya |
| PML (Assessor) | | 8.78% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as of February 29, 2016) | | |
| Number of Tenants | | 22 |
| Monthly Rental Income | | 6,277 thousand yen |
| Deposit | | 52,845 thousand yen |
| Leasable Space | | 2,006.78 $m^2$ |
| Leased Space | | 1,939.34 $m^2$ |
| Occupancy | | 96.6% |
| Property Management Company | | THE DAI-ICHI BUILDING CO., LTD.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI Yield)[3] | | 68 million yen (5.2%) |
| Depreciation Rate[3] | | 1.3% |
| Special Items | | |
| A lease termination notification has been received from one of the tenants (leased area: 67.44 $m^2$) on October 29, 2015 to terminate the contract as of April 30, 2016. The occupancy of the building will be 93.3% after the termination.[4] | | |

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] NOI at Acquisition is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield at Acquisition is calculated by dividing NOI at Acquisition by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the appraisal report's direct capitalization valuation method divided by the Acquisition Price is 5.4%.

[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

[4] A new lease contract has been signed on February 9, 2016 with a new tenant commencing on May 1, 2016 for a leased area of 67.44 $m^2$. Another new lease contract has been signed on February 16, 2016 with a new tenant commencing on May 1, 2016 for a leased area of 67.44 $m^2$. The occupancy of the building is expected to be 100% with the commencement of this new contract.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Nishiki Building | |
| Appraisal Value | 1,360,000,000 yen | |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |
| | Amount | Note |
| Appraisal Value | 1,360,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 1,390,000,000 yen | |
| Income | 97,831,603 yen | |
| Maximum Obtainable Rental Income | 103,532,372 yen | Based on mid- to long- term rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 5,700,769 yen | Based on mid- to long-term vacancy rate |
| Expenses | 25,605,336 yen | |
| Administrative and Maintenance Expenses | 7,284,400 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 6,555,924 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 1,647,750 yen | Based on the average of the past 12 years of engineering reports |
| PM Fee | 1,338,876 yen | Based on current PM fee |
| Leasing Brokerage Fees | 657,319 yen | Based on the expected turnover rate and tenant acquisition costs for similar assets |
| Taxes | 7,152,284 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 186,130 yen | Based on the estimate and standard of similar assets |
| Other Expenses | 782,653 yen | Consumable goods, etc. |
| Net Operating Income (NOI) | 72,226,267 yen | |
| Income on Investment of Deposits Received | 1,169,485 yen | Based on 2.0% investment yield |
| Capital Expenditure | 5,305,583 yen | Based on the average of the past 12 years of engineering reports |
| Net Profit | 68,090,169 yen | |
| Cap Rate | 4.9% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, property right, etc. |
| Value via DCF Method | 1,350,000,000 yen | |
| Discount Rate | 4.7% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 5.1% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 995,000,000 yen | |
| Land | 71.5% | |
| Building | 28.5% | |
| Notes | | |
| None | | |

(8) Ichigo Minami Morimachi Building

(i) Location

The area is conveniently located near stations serving multiple train lines, including the JR Tozai Line, Osaka City Subway Tanimachi Line, and Sakaisuji Line, and is also easy to access by car due to its proximity to the Minami Morimachi Entrance of the Hanshin Expressway. Mid- and high-rise office buildings are built on the major roads running in front of the station, and slightly away from the major roads are mid-rise buildings and residences such as condominiums.

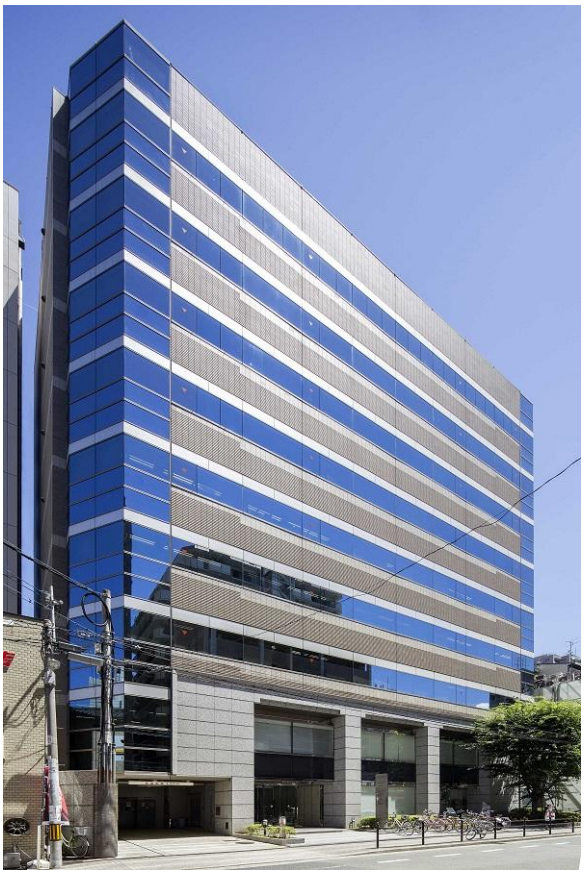
The area is a subordinate business center of Osaka populated with small- to mid-size office buildings that generate steady demand from existing tenants and has relatively little new supply of larger buildings. Therefore, the lease market of the area is stable.

(ii) Features

This building is a 6-minute walk from Osaka-Tenmangu Station on the JR Tozai Line, located in a nice area with mid-size office buildings and condominiums.

The leased space of a standard floor is 90 tsubo (290 $m^2$) and the ceiling is 2.58 meters high. The building is highly competitive in the area thanks to individual air conditioning units, raised access flooring, and parking space for 34 cars.

(iii) Property Photos and Location







| Asset Overview | | |
|---|---|---|
| Legal Form of Asset | | Trust beneficiary interest in real estate (juekiken) |
| Trustee | | Mizuho Trust Bank, Limited |
| Period of Trust Contract | | July 30, 2015 - July 31, 2025(Expected) |
| Location | | 1-3 Matsugaecho, Kita-ku, Osaka |
| Land | Property Right | Freehold |
| | Size | 661.54 $m^2$ |
| | Zoning | Commercial |
| | Coverage Ratio/Floor Area Ratio | 80%/600% |
| Building | Property Right | Freehold |
| | Zoning | (1) Office, Parking, Machine Room (2) Warehouse |
| | Structure | (1) Steel B1F/9F (2) RC 1F |
| | Total Floor Area | (1) 3,851.25 $m^2$ (2) 6.84 $m^2$ |
| | Construction Date | February 15, 1994 |
| Appraiser | | Daiwa Real Estate Appraisal Co., Ltd. |
| Appraisal Value | | 1,090,000,000 yen |
| Appraisal Date | | March 1, 2016 |
| Value by Direct Capitalization Method | | 1,100,000,000 yen |
| Architect[1] | | Konoike Construction Co., Ltd. Osaka Head Office 1st Architect Office |
| Builder[1] | | Joint Venture of Konoike Construction Co., Ltd. and Yutaka Construction Co., Ltd. |
| Structural Strength Assessor[1] | | Konoike Construction Co., Ltd. Osaka Head Office 1st Architect Office |
| Inspection Agency[1] | | City of Osaka |
| PML (Assessor) | | 4.14% (Sompo Risk Management & Health Care Inc.) |
| Collateral | | None |
| Rent Overview (as of February 29, 2016) | | |
| Number of Tenants | | 12 |
| Monthly Rental Income | | 6,224 thousand yen |
| Deposit | | 55,821 thousand yen |
| Leasable Space | | 2,521.51 $m^2$ |
| Leased Space | | 2,521.51 $m^2$ |
| Occupancy | | 100% |
| Property Management Company | | Japan Property Solutions Co., Ltd.(Expected) |
| Master Lease Company | | Ichigo Office REIT Investment Corporation (Expected) |
| Master Lease Type | | Pass-through (Expected) |
| Assumed NOI (NOI Yield)[2] | | 58 million yen (5.6%) |
| Depreciation Rate[3] | | 1.4% |
| Special Items | | |
| None | | |

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.
[2] NOI at Acquisition is the assumed annual net operating income excluding any special factors from the year of acquisition, and it is the net operating income of the first year used by the appraiser in their DCF valuation. NOI yield at Acquisition is calculated by dividing NOI at Acquisition by the Acquisition Price. The above is an expected NOI and not a forecast for the October 2016 and April 2017 fiscal periods. The NOI yield calculated using the NOI employed in the direct capitalization valuation method from the appraisal report divided by the Acquisition Price is 5.8%.
[3] Depreciation Rate is derived from the expected annual amount of depreciation at acquisition divided by the Acquisition Price. The above is an expected depreciation rate and not a forecast for the October 2016 and April 2017 fiscal periods.

| Appraisal Overview | | |
|---|---|---|
| Name | Ichigo Minami Morimachi Building | |
| Appraisal Value | 1,090,000,000 yen | |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. | |
| Appraisal Date | March 1, 2016 | |
| | Amount | Note |
| Appraisal Value | 1,090,000,000 yen | Valuation determined via both a direct capitalization valuation and DCF valuation |
| Value by Direct Capitalization Method | 1,100,000,000 yen | |
| Income | 99,499,438 yen | |
| Maximum Obtainable Rental Income | 104,244,600 yen | Based on rental income, common area service income, parking lot income, and other income |
| Vacancy Loss | 4,745,162 yen | Based on mid- to long-term vacancy rate |
| Expenses | 39,315,116 yen | |
| Administrative and Maintenance Expenses | 11,441,300 yen | Based on similar assets and past actual amounts |
| Utility Expenses | 10,525,950 yen | Based on similar assets and past actual amounts |
| Repair Expenses | 3,641,250 yen | Based on the average of the past 12 years of engineering reports |
| PM Fee | 2,179,625 yen | Based on similar assets |
| Leasing Brokerage Fees | 495,525 yen | Based on the expected turnover rate and tenant acquisition costs for similar assets |
| Taxes | 10,279,039 yen | Based on FY2015 actual amounts |
| Insurance Premiums | 254,930 yen | Based on the standard of similar assets and past actual amounts |
| Other Expenses | 497,497 yen | Consumable goods, etc. |
| Net Operating Income (NOI) | 60,184,322 yen | |
| Income on Investment of Deposits Received | 844,170 yen | Based on 2.0% investment yield |
| Capital Expenditure | 7,002,417 yen | Based on the average of the past 12 years of engineering reports |
| Net Profit | 54,026,075 yen | |
| Cap Rate | 4.9% | Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, property right, etc. |
| Value via DCF Method | 1,080,000,000 yen | |
| Discount Rate | 4.7% | Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account |
| Terminal Cap Rate | 5.1% | Based upon risk-adjusted NOI |
| Value via Cost Approach | 1,230,000,000 yen | |
| Land | 68.0% | |
| Building | 32.0% | |
| Notes | | |
| None | | |

V. Seller Profile

| | |
|---|---|
| Name | Motoazabu Holdings GK |
| Address | 1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo |
| Representative | Managing Member: Ippan Shadan Hojin Star Holding<br>Manager: Mariko Hirano |
| Principal Businesses | 1. The acquisition, holding, and sale of trust beneficiary interest (*juekiken*)<br>2. The holding, management, and sale of real estate<br>3. Other businesses relating to the aforementioned businesses |
| Capital | 100,000 yen |
| Establishment Date | June 8, 2015 |
| Equity Holder | Ippan Shadan Hojin Star Holding |
| Relationship with the Ichigo Office REIT or Asset Manager[1] | While the Seller is not a related party as defined in the Act on Investment Trusts and Investment Corporations (the "Act"), the acquisition process has followed the internal rules of IRE vis-à-vis related party transactions for the following reasons. First, Ichigo Inc., the 100% owner of IRE, is a related party according to the Act, and Ichigo Inc. owns more than half of the equity of Motoazabu Holdings GK. Second, Ichigo Estate Co., Ltd., a related party as defined in the Act, has provided asset management advisory services to IRE. |

| | |
|---|---|
| Name | Ikenohata Holdings GK |
| Address | 1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo |
| Representative | Managing Member: Ippan Shadan Hojin Star Holding<br>Manager: Hiroshi Sasaki |
| Principal Businesses | 1. The acquisition, holding, and sale of trust beneficiary interest (*juekiken*)<br>2. The holding, management, and sale of real estate<br>3. Other businesses relating to the aforementioned businesses |
| Capital | 100,000 yen |
| Establishment Date | June 8, 2015 |
| Equity Holder | Ippan Shadan Hojin Star Holding |
| Relationship with the Ichigo Office REIT or Asset Manager[1] | While the Seller is not a related party as defined in the Act on Investment Trusts and Investment Corporations (the "Act"), the acquisition process has followed the internal rules of IRE vis-à-vis related party transactions for the following reasons. First, Ichigo Inc., the 100% owner of IRE, is a related party according to the Act, and Ichigo Inc. owns more than half of the equity of Ikenohata Holdings GK. Second, Ichigo Estate Co., Ltd., a related party as defined in the Act, has provided asset management advisory services to IRE. |

[1] Ichigo Office REIT followed strict related-party procedures to manage potential conflicts of interest. Ichigo Office REIT also obtained second opinions to assess the fairness of the transaction prices.

VI. Ownership History

| Asset Name | | Ichigo Ikenohata Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Ikenohata Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see "Seller Profile" in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 5,050,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Ikebukuro East Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Ikenohata Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see "Seller Profile" in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 2,950,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Motoazabu Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Motoazabu Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see "Seller Profile" in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 1,850,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Otsuka Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Motoazabu Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see "Seller Profile" in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 2,690,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Nagoya Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Motoazabu Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see “Seller Profile” in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 3,350,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Fushimi Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Ikenohata Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see “Seller Profile” in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 2,300,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Nishiki Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Motoazabu Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see “Seller Profile” in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 1,300,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

| Asset Name | | Ichigo Minami Morimachi Building | |
|---|---|---|---|
| Overview | | Current Owner | Previous Owner |
| | Name | Ikenohata Holdings GK | Unrelated Party |
| | Relationship to Ichigo Office REIT | Related Party as defined in the internal rules of IRE. Please see “Seller Profile” in Section V. | — |
| | Acquisition Rationale | Investment | — |
| | Acquisition Price | 1,020,000,000 yen | — |
| | Acquisition Date | July 30, 2015 | — |

VII. Broker Profile

N/A

VIII. Acquisition Schedule

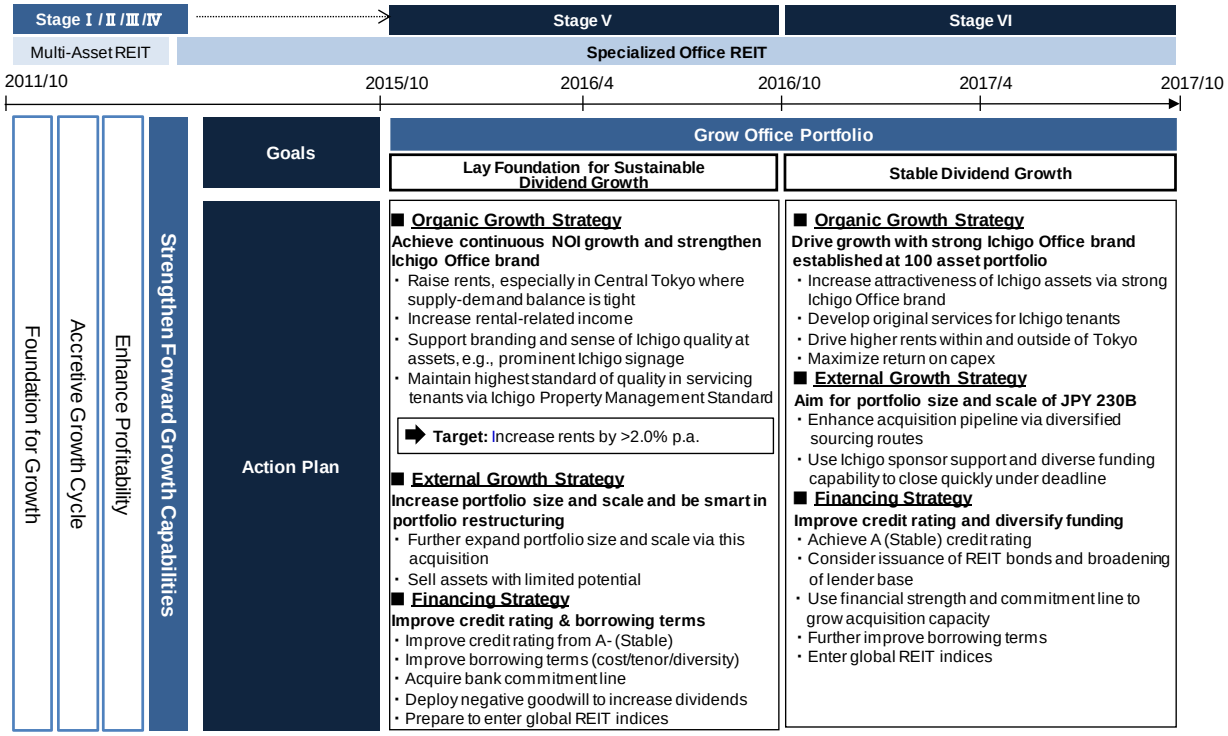
| | |
|---|---|
| Contract Date | May 9, 2016 |
| Acquisition and Settlement Date | May 24, 2016 (Expected) |

IX. Earnings Outlook

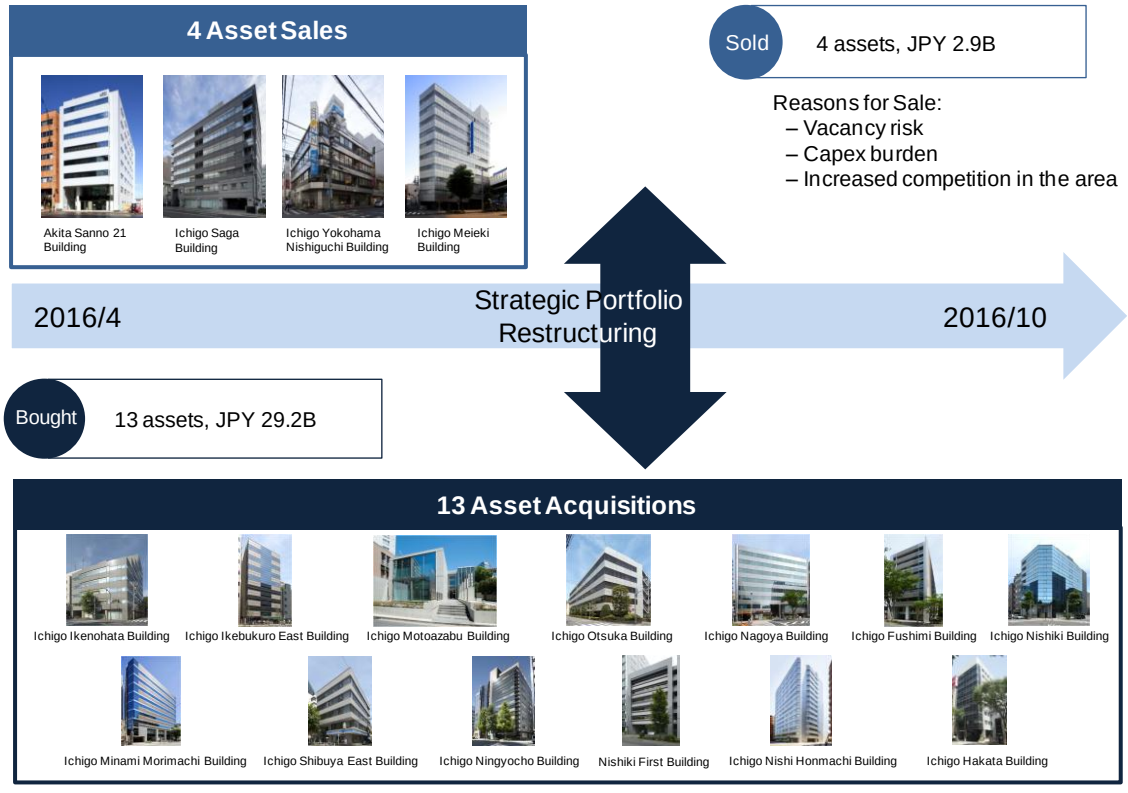
For the acquisition's earnings impact, please refer to today's release "Earnings and Dividend Forecast Revision for the April 2016, October 2016, and April 2017 Fiscal Periods."

# Portfolio Reference Information

## I. Ichigo Office REIT Growth Strategy Roadmap




## II. Strategic Portfolio Restructuring



## III. Ichigo Office REIT Strategic Restructuring Objectives

### 1. Increase NOI and Dividend

- Increase NOI with High-Quality Acquisitions using Proceeds from Asset Sales and Low-Cost Debt (Low LTV = Additional Borrowing Capacity)
- Reduce Cost of Debt by Paying Down Higher-Cost Existing Debt with the Proceeds from Asset Sales, while Funding New Acquisitions with Lower-Cost Debt
- Revise Up October 2016 Dividend (+90 yen vs. Initial Forecast)

### 2. Increase Portfolio Quality

- Sold Low-Upside Assets
- Acquired High-Quality Prime Location Assets via Ichigo's Sponsor Support

### 3. Generate Capital Gains on Low-Upside Asset Sales into Strong Market

- Sell Low-Upside Assets into a Strong Market and Generate JPY 300M in Capital Gains
- Retain Capital Gains in Dividend Reserve and Deploy against Future Dividends

## IV. Post-Acquisition Portfolio

| | Pre-Acquisition | Asset Sales[1] | Asset Acquisitions[2] | Post-Acquisition[3] |
|---|---|---|---|---|
| Number of Assets | **77** | 4 | 13 | **86** |
| Acquisition Price (billion yen) | **165.6** | 2.9 | 29.2 | **191.9** |
| Office Ratio[3] | **85.5%** | 69.5% | 100.0% | **88.0%** |
| Annual NOI (billion yen) | **9.1**[4] | 0.2 | 1.5 | **10.4** |
| Post-Depreciation NOI Yield | **4.5%**[4] | 5.1% | 4.6% | **4.5%** |
| Average Occupancy[5,6] | **96.0%** | 93.8% | 97.7% | **96.6%** |
| Number of Tenants[6] | **725** | 50 | 197 | **872** |
| Unrealized Gains (billion yen)[7] | **+8.4** | 0 | +0.8 | **+9.3** |

[1] Asset Sales refers to the four assets sold during the April 2016 fiscal period.
[2] Indices are forecasts and may differ from actual.
[3] Office Ratio is the percentage of the total acquisition price of office areas among the total acquisition price of all assets.
[4] Pre-Acquisition Annual NOI = Total NOI of all owned assets as of October 31, 2015
Pre-Acquisition Average Post-Depreciation NOI Yield = Total NOI of all owned assets as of October 31, 2015 minus depreciation divided by the total acquisition price of all assets owned as of as of October 31, 2015
[5] Average Occupancy is the percentage of leased area among the total leasable area, i.e., the total space of the individual properties that is available to be leased.
[6] Average Occupancy and Number of Tenants is as of December 31, 2015 for Pre-Acquisition and Asset Sales, and as of February 29, 2016 for Asset Acquisitions and Post-Acquisition.
[7] Pre-Acquisition and Asset Sales Unrealized Gains are calculated using the appraisal value and period-end book value of the October 2015 fiscal period. Asset Acquisitions Unrealized Gains are calculated based on the appraisal value at acquisition and the expected acquisition price.

**Post-Acquisition Portfolio Assets**

| No. | Property | Area[1] | Acquisition Price[2] (mm yen) | % of Portfolio |
|---|---|---|---|---|
| O-02 | Ichigo Nishisando Building | Central Tokyo | 3,254 | 1.7 |
| O-03 | Ichigo Mita Building | Central Tokyo | 2,740 | 1.4 |
| O-04 | Ichigo Nanpeidai Building | Central Tokyo | 1,920 | 1.0 |
| 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 | 0.8 |
| O-08 | Ichigo Akasaka 5 Chome Building | Central Tokyo | 735 | 0.4 |
| O-09 | Ichigo Shibakoen Building | Central Tokyo | 1,100 | 0.6 |
| O-10 | Ichigo Ebisu Nishi Building | Central Tokyo | 1,917 | 1.0 |
| 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 | 2.6 |
| O-21 | Ichigo Shin Yokohama Building | Tokyo Metropolitan Area | 1,816 | 0.9 |
| O-22 | Ichigo Minami Ikebukuro Building | Tokyo Metropolitan Area | 1,460 | 0.8 |
| O-23 | Ichigo Nakano North Building | Tokyo Metropolitan Area | 764 | 0.4 |
| O-24 | Ichigo Eitai Building | Tokyo Metropolitan Area | 1,490 | 0.8 |
| O-25 | Ichigo Yokosuka Building | Tokyo Metropolitan Area | 971 | 0.5 |
| O-26 | Ichigo Ikejiri Building | Tokyo Metropolitan Area | 2,030 | 1.1 |
| O-27 | Ichigo Nishi Ikebukuro Building | Tokyo Metropolitan Area | 639 | 0.3 |
| O-28 | Ichigo Nishi Gotanda Building | Central Tokyo | 765 | 0.4 |
| O-29 | Ichigo Kichijoji Building | Tokyo Metropolitan Area | 2,160 | 1.1 |
| O-34 | Ichigo Sakae Building | Four Major Regional Cities | 4,705 | 2.5 |
| O-37 | Ichigo Marunouchi Building | Four Major Regional Cities | 6,710 | 3.5 |
| O-38 | Ichigo Toyamaeki Nishi Building | Other Regional Cities | 1,650 | 0.9 |
| O-39 | Ichigo Mirai Shinkin Building | Other Regional Cities | 1,158 | 0.6 |
| O-42 | Ichigo Takamatsu Building | Other Regional Cities | 3,010 | 1.6 |
| O-46 | Ichigo Kanda Nishikicho Building | Central Tokyo | 2,130 | 1.1 |
| O-47 | Ichigo Akihabara North Building | Central Tokyo | 5,500 | 2.9 |

| No. | Property | Area[1] | Acquisition Price[2] (mm yen) | % of Portfolio |
|---|---|---|---|---|
| O-48 | Ichigo Sakaisuji Honmachi Building | Four Major Regional Cities | 1,940 | 1.0 |
| O-49 | Ichigo Kanda Ogawamachi Building | Central Tokyo | 2,210 | 1.2 |
| O-50 | Ichigo Hatchobori Building | Central Tokyo | 1,905 | 1.0 |
| O-51 | Ebisu Green Glass | Central Tokyo | 5,900 | 3.1 |
| O-52 | Ichigo Omori Building | Central Tokyo | 3,850 | 2.0 |
| O-53 | Ichigo Takadanobaba Building | Central Tokyo | 1,580 | 0.8 |
| O-54 | Ichigo Omiya Building | Tokyo Metropolitan Area | 3,430 | 1.8 |
| O-55 | Ichigo Sagamihara Building | Tokyo Metropolitan Area | 1,174 | 0.6 |
| O-56 | Ichigo Ofuna Building | Tokyo Metropolitan Area | 2,000 | 1.0 |
| O-57 | Ichigo Sendai East Building | Other Regional Cities | 1,840 | 1.0 |
| O-58 | Ichigo Kumamoto Building | Other Regional Cities | 1,450 | 0.8 |
| O-59 | Ichigo Jingumae Building | Central Tokyo | 7,200 | 3.8 |
| O-60 | Ichigo Shibuya Dogenzaka Building | Central Tokyo | 3,650 | 1.9 |
| O-61 | Ichigo Hiroo Building | Central Tokyo | 3,960 | 2.1 |
| O-62 | Ichigo Sasazuka Building | Central Tokyo | 4,780 | 2.5 |
| O-63 | Ichigo Nihonbashi East Building | Central Tokyo | 4,700 | 2.4 |
| O-64 | Ichigo Sakurabashi Building | Central Tokyo | 2,500 | 1.3 |
| O-65 | Ichigo Shinkawa Building | Central Tokyo | 2,360 | 1.2 |
| O-66 | Ichigo Kudan Building | Central Tokyo | 3,190 | 1.7 |
| O-67 | Ichigo Higashi Gotanda Building | Central Tokyo | 3,660 | 1.9 |
| O-68 | Axior Mita | Central Tokyo | 1,800 | 0.9 |
| O-69 | Ichigo Higashi Ikebukuro Building | Tokyo Metropolitan Area | 4,570 | 2.4 |
| O-70 | Koriyama Big-i (Office Section) | Other Regional Cities | 1,660 | 0.9 |
| O-71 | Ichigo Kawasaki Building | Tokyo Metropolitan Area | 1,750 | 0.9 |
| O-72 | Ichigo Shibuya East Building | Tokyo Metropolitan Area | 1,350 | 0.7 |
| O-73 | Ichigo Ningyocho Building | Tokyo Metropolitan Area | 1,450 | 0.8 |
| 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 | Nishiki First Building | Four Major Regional Cities | 2,000 | 1.0 |
| O-77 | Ichigo Ikenohata Building | Tokyo Metropolitan Area | 5,130 | 2.7 |
| O-78 | Ichigo Ikebukuro East Building | Tokyo Metropolitan Area | 3,010 | 1.6 |
| O-79 | Ichigo Motoazabu Building | Central Tokyo | 1,890 | 1.0 |
| O-80 | Ichigo Otsuka Building | Tokyo Metropolitan Area | 2,740 | 1.4 |
| O-81 | Ichigo Nagoya Building | Four Major Regional Cities | 3,420 | 1.8 |

| No. | Property | Area[1] | Acquisition Price[2] (mm yen) | % of Portfolio |
|---|---|---|---|---|
| O-82 | Ichigo Fushimi Building | Four Major Regional Cities | 2,340 | 1.2 |
| O-83 | Ichigo Nishiki Building | Four Major Regional Cities | 1,330 | 0.7 |
| O-84 | Ichigo Minami Morimachi Building | Four Major Regional Cities | 1,040 | 0.5 |
| | | Subtotal - Office (71 Properties) | 168,888 | 88.0 |
| R-04 | Ichigo Serviced Apartments Takanawadai | Central Tokyo | 1,360 | 0.7 |
| R-06 | B-SITE Hamamatsucho | Central Tokyo | 701 | 0.4 |
| R-09 | Ichigo Serviced Apartments Ginza | Central Tokyo | 946 | 0.5 |
| Z-02 | Ichigo Fiesta Shibuya | Central Tokyo | 1,970 | 1.0 |
| Z-03 | Ichigo Burg Omori | Tokyo Metropolitan Area | 3,218 | 1.7 |
| Z-04 | Ichigo Pagoda Asakusa | Tokyo Metropolitan Area | 1,640 | 0.9 |
| Z-05 | Ichigo Machida East Building | Tokyo Metropolitan Area | 1,310 | 0.7 |
| 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 | 0.3 |
| 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 | 1.3 |
| Z-11 | Twicere Yokohama Isogo (Retail Section) | Tokyo Metropolitan Area | 1,620 | 0.8 |
| Z-12 | Lions Square Kawaguchi | Tokyo Metropolitan Area | 2,430 | 1.3 |
| Z-13 | Ichigo Shin Yokohama Arena Dori Building | Tokyo Metropolitan Area | 1,700 | 0.9 |
| Z-14 | Ichigo Kamata Building | Tokyo Metropolitan Area | 1,400 | 0.7 |
| | | Subtotal - Others (15 Properties) | 23,101 | 12.0 |
| | | Total (86 Properties) | 191,989 | 100.0 |

[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 incidental expenses such as acquisition fees, property, city planning, and consumption taxes, and other fees. For the 38 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.