June 14, 2016

Financial Report for the April 2016 Fiscal Period

Ichigo Office REIT Investment Corporation (Tokyo Stock Exchange, 8975)
Representative: Yoshihiro Takatsuka, Executive Director
www.ichigo-office.co.jp/english

Ichigo Real Estate Investment Advisors Co., Ltd. (Ichigo Office REIT Asset Management Company)
Representative: Wataru Orii, President & Representative Statutory Executive Officer
Inquiries: Masanori Kubota, Statutory Executive Officer (Finance, Accounting)
Telephone: +81-3-3502-4891

Submission of Financial Report (*Yuka Shoken Hokokusho*): July 25, 2016 (expected)
Dividend Payment: July 22, 2016 (expected)
Supplemental Material to Financial and Business Results: Yes (Corporate Presentation)
Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. Financial Results for the April 2016 Fiscal Period (November 1, 2015 - April 30, 2016)

(1) Earnings

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
April 2016	6,682	6.9%	3,208	8.7%	2,542	37.1%	2,482	33.9%
October 2015	6,248	24.5%	2,952	30.2%	1,854	84.4%	1,853	163.1%

	Net Income per Share (yen)	Ratio of Net Income to Equity	Ratio of Recurring Profit to Total Assets	Ratio of Recurring Profit to Operating Revenue
April 2016	1,752	2.7%	1.4%	38.1%
October 2015	1,310	2.3%	1.2%	29.7%

(2) Dividends

	Dividend per Share (yen)	Total Dividends (million yen)	Dividend per Share in Excess of Earnings (yen)	Total Dividends in Excess of Earnings (million yen)	Payout Ratio (%)	Ratio of Dividends to Net Assets (%)
April 2016	1,740	2,464	0	0	99.3	2.6
October 2015	1,706	2,416	0	0	130.3	2.7

(Note 1) The October 2015 dividend included a 562 million yen dividend reserve reversal and thus differs from Net Income.
(Note 2) The April 2016 dividend reflects a 17 million yen provision to the dividend reserve from unappropriated retained earnings.
(Note 3) The October 2015 payout ratio reflects a new share issuance and is calculated as: Payout Ratio = Total Dividends / Net Income x 100

(3) Assets and Equity

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Share (yen)
April 2016	182,430	93,321	51.2	65,890
October 2015	184,792	93,255	50.5	65,843

(4) Cash Flow

	Cash Flow from Operating Activities (million yen)	Cash Flow from Investment Activities (million yen)	Cash Flow from Financing Activities (million yen)	Cash and Cash Equivalents at End of the Period (million yen)
April 2016	7,327	(539)	(5,247)	17,508
October 2015	5,180	(47,277)	44,612	15,968

2. Earnings Forecast for the October 2016 Fiscal Period (May 1, 2016 to October 31, 2016) and the April 2017 Fiscal Period (November 1, 2016 to April 30, 2017)

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Income	Change	Recurring Profit	Change	Net Income	Change
October 2016	7,152	7.0%	3,410	6.3%	2,407	(5.3%)	2,407	(3.0%)
April 2017	7,188	0.5%	3,244	(4.8%)	2,503	3.9%	2,503	3.9%

(yen)

	Dividend per Share	Dividend per Share in Excess of Earnings
October 2016	1,890	0
April 2017	1,900	0

(Note 1) The forecast Net Income per share for October 2016 is 1,570 yen and for April 2017 is 1,633 yen.
(Note 2) The October 2016 dividend reflects a dividend reserve reversal of 490 million yen, and the April 2017 dividend reflects a dividend reserve reversal of 406 million yen. Thus, both differ from the respective Net Income of the relevant period.

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

(i)	Changes Accompanying Amendments to Accounting Standards:	None
(ii)	Changes Not Listed in (i):	None
(iii)	Changes in Accounting Estimates:	None
(iv)	Retrospective Restatement:	None

(2) Number of Shares Issued and Outstanding

(i) The number of shares issued and outstanding (including treasury shares) was 1,416,323 shares at the end of October 2015 and 1,416,323 shares at the end of April 2016.

(ii) There were no treasury shares at the end of October 2015 or at the end of April 2016.

Completion Status of Auditing Procedures

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Law of Japan. The auditing procedures in accordance with those requirements have thus not been completed as of the date of the publication of this document.

Appropriate Use of Performance Forecasts and Other Matters of Special Note

The forecasts presented above are current figures based on certain preconditions. Accordingly, the actual operating revenue, operating income, recurring profit, net income, dividend per share, and dividend per share in excess of earnings may vary due to changes in circumstances. Moreover, these forecasts should not be construed as a guarantee of such performance or results.

For details on preconditions, please refer to the “Preconditions for the October 2016 Earnings Forecasts” and the “Preconditions for the April 2017 Earnings Forecasts” on pages 4 and 5.

This English version is a translation of the original Japanese notice and is provided solely for informational purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Preconditions for the October 2016 Earnings Forecasts

	Preconditions
Period	October 2016 Fiscal Period: May 1, 2016 – October 31, 2016 (184 days)
Portfolio Assets	• 86 assets. The forecast assumes there will be no additional acquisitions or sales through October 2016. • The number of portfolio assets may change due to acquisitions or sales.
Number of Shares	• 1,532,287 shares issued and outstanding as of June 14, 2016
Operating Revenue	• Portfolio-wide occupancy forecast for October 31, 2016: 96.5% • Rental revenue is calculated conservatively based on lease contracts that are in effect as of today while taking into consideration such factors as historical rents, the competitiveness of Ichigo Office REIT assets, and market conditions.
Operating Expenses	• Property and city planning taxes: 513 million yen. Pro-rated property and city planning taxes related to acquisitions are included in acquisition cost and excluded from operating expenses. • Building maintenance and repair expenses: 99 million yen. However, expenses may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, costs due to unexpected building damage, etc. • Service provider expenses including property management fees, etc.: 657 million yen. • Depreciation: 921 million yen. Depreciation is calculated using the straight-line method, and includes the depreciation of future additional capital expenditures. • For rental expenses, Ichigo Office REIT's principal operating expenses (other than depreciation, see above) are calculated based on historical data while taking into consideration variable expenses. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.
Non-Operating Expenses	• Interest expenses: 553 million yen • Borrowing-related expenses: 396 million yen • Expenses related to the new share issuance: 54 million yen
Borrowings	• Total borrowings: 97,911 million yen as of October 31, 2016
Dividend per Share	• Dividends: 2,896 million yen, which is the total amount of unappropriated retained earnings of 2,407 million yen plus a dividend reserve reversal of 490 million yen. • Dividend per share is based on the assumption that dividends will comply with the dividend distribution policy stipulated in Ichigo Office REIT's Articles of Incorporation. • The dividend per share amount is subject to change due to such factors as tenant turnover, property changes, unexpected maintenance and repair costs and other expenses, fluctuations in interest rates, and the issuance of additional shares.
Dividend Distribution in Excess of Earnings per Share	• Ichigo Office REIT does not plan on making any dividend distribution in excess of earnings per share or in excess of retained earnings.
Other	• The performance forecast is based on the assumption that revisions impacting the forecast figures will not be made to laws and ordinances, the tax system, accounting standards, listing rules, rules of the Investment Trust Association, Japan, and that there will be no unexpected material change in general economic trends, real estate market conditions, etc.

Preconditions for the April 2017 Earnings Forecasts

	Preconditions
Period	April 2017 Fiscal Period: November 1, 2016 – April 30, 2017 (181 days)
Portfolio Assets	• 86 assets. The forecast assumes there will be no additional acquisitions or sales through April 2017. • The number of portfolio assets may change due to acquisitions or sales.
Number of Shares	• 1,532,287 shares issued and outstanding as of June 14, 2016
Operating Revenue	• Portfolio-wide occupancy for April 30, 2017: 95.9% • Rental revenue is calculated conservatively based on lease contracts that are in effect as of today while taking into consideration such factors as historical rents, the competitiveness of Ichigo Office REIT properties, and market conditions.
Operating Expenses	• Property and city planning taxes: 537 million yen. Pro-rated property and city planning taxes related to acquisitions are included in acquisition cost and excluded from operating expenses. • Building maintenance and repair expenses: 118 million yen. However, expenses may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, costs due to unexpected building damage, etc. • Service provider expenses including property management fees, etc.: 640 million yen • Depreciation: 923 million yen. Depreciation is calculated using the straight-line method, and includes the depreciation of future additional capital expenditures. • Performance fees to asset management company: 153 million yen • For rental expenses, Ichigo Office REIT's principal operating expenses (other than depreciation, see above) are calculated based on historical data while taking into consideration variable expenses. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.
Non-Operating Expenses	• Interest expenses: 552 million yen • Borrowing-related expenses: 189 million yen
Borrowings	• Total borrowings: 97,764 million yen as of April 30, 2017
Dividend per Share	• Dividends: 2,911 million yen, which is the total amount of unappropriated retained earnings of 2,504 million yen plus a dividend reserve reversal of 406 million yen. • Dividend per share is based on the assumption that dividends will comply with the dividend distribution policy stipulated in Ichigo Office REIT's Articles of Incorporation. • The dividend per share amount is subject to change due to such factors as tenant turnover, property changes, unexpected maintenance and repair costs and other expenses, fluctuations in interest rates, and the issuance of additional shares.
Dividend Distribution in Excess of Earnings per Share	• Ichigo Office REIT does not plan on making any dividend distribution in excess of earnings per share or in excess of retained earnings.
Other	• The performance forecast is based on the assumption that revisions impacting the forecast figures will not be made to laws and ordinances, the tax system, accounting standards, listing rules, rules of the Investment Trust Association, Japan, and that there will be no unexpected material change in general economic trends, real estate market conditions, etc.

Financial Statements

(1) Balance Sheet

(Thousand yen)

	October 2015 (as of October 31, 2015)	April 2016 (as of April 30, 2016)
Assets		
Current assets		
Cash and cash equivalents	6,545,720	7,961,946
Cash and cash equivalents in trust	9,455,413	9,588,157
Operating accounts receivable	46,996	43,306
Prepaid expenses	325,501	311,670
Consumption taxes receivable	515,293	—
Other	748	11,231
Total current assets	16,889,673	17,916,313
Fixed assets		
Property, plant, and equipment		
Buildings	8,492,334	8,013,966
Accumulated depreciation	(976,199)	(1,044,830)
Buildings, net	7,516,134	6,969,136
Structures	32,545	32,545
Accumulated depreciation	(17,183)	(19,337)
Structures, net	15,362	13,208
Machinery and equipment	265,918	240,839
Accumulated depreciation	(81,671)	(81,147)
Machinery and equipment, net	184,247	159,691
Fixtures	58,111	57,170
Accumulated depreciation	(27,855)	(30,306)
Fixtures, net	30,255	26,863
Land	18,825,582	18,763,321
Construction in progress	124	—
Buildings in trust	37,003,566	36,180,504
Accumulated depreciation	(2,885,137)	(3,371,382)
Buildings in trust, net	34,118,429	32,809,122
Structures in trust	57,868	57,918
Accumulated depreciation	(10,259)	(13,577)
Structures in trust, net	47,608	44,341
Machinery and equipment in trust	351,538	301,936
Accumulated depreciation	(109,675)	(116,546)
Machinery and equipment in trust, net	241,863	185,389
Fixtures in trust	191,917	193,962
Accumulated depreciation	(76,520)	(83,497)
Fixtures in trust, net	115,397	110,465
Land in trust	99,388,460	98,144,951
Construction in progress in trust	4,286	3,366
Total property, plant, and equipment	160,487,752	157,229,858
Intangible assets		
Leasehold rights in trust	4,494,579	4,494,579
Total intangible assets	4,494,579	4,494,579

(Thousand yen)

	October 2015 (as of October 31, 2015)	April 2016 (as of April 30, 2016)
Investments and other assets		
Investments in securities	2,022,112	2,030,331
Tenant leasehold and security deposits	10,005	10,005
Long-term prepaid expenses	868,429	722,514
Other	19,801	26,576
Total investments and other assets	2,920,348	2,789,427
Total fixed assets	167,902,679	164,513,865
Total assets	184,792,353	182,430,179
Liabilities		
Current liabilities		
Operating accounts payable	463,454	548,735
Current portion of long-term loans payable	283,049	255,549
Accounts payable – other	531,893	609,494
Accrued expenses	5,243	7,366
Income taxes payable, etc.	605	605
Accrued consumption taxes, etc.	30,985	423,553
Advances received	1,040,173	1,047,558
Allowance for disaster-related loss	—	60,000
Other	11,607	36,031
Total current liabilities	2,367,010	2,988,893
Noncurrent liabilities		
Long-term loans payable	81,110,726	78,303,391
Tenant leasehold and security deposits	1,744,540	1,686,912
Tenant leasehold and security deposits in trust	6,311,861	6,126,635
Asset retirement obligations	2,725	2,742
Total noncurrent liabilities	89,169,854	86,119,682
Total liabilities	91,536,865	89,108,576
Net assets		
Shareholders' equity		
Shareholders' capital	58,781,415	58,781,415
Surplus		
Capital surplus	20,566,420	20,566,420
Dividend reserve	12,053,620	11,491,269
Unappropriated retained earnings /loss	1,854,031	2,482,497
Total surplus	34,474,073	34,540,187
Total shareholders' equity	93,255,488	93,321,603
Total net assets	93,255,488	93,321,603
Total liabilities and net assets	184,792,353	182,430,179

(2) Income Statement

(Thousand yen)

	October 2015 (May 1, 2015 to October 31, 2015)	April 2016 (November 1, 2015 to April 30, 2016)
Operating revenue		
Rental revenue	5,596,972	5,675,615
Other rental revenue	633,787	584,151
Dividend income from investment in TK equity	17,808	50,136
Gain on sales of real estate	—	372,545
Total operating revenue	6,248,567	6,682,449
Operating expenses		
Rental expense	2,545,378	2,527,506
Loss on sales of real estate	654	54,083
Asset management fee	631,997	764,925
Asset custody fee	10,169	13,087
Administrative service fees	38,433	40,152
Director's compensation	5,040	5,040
Other operating expenses	64,181	69,343
Total operating expenses	3,295,855	3,474,139
Operating profit	2,952,711	3,208,309
Non-operating income		
Interest income	1,615	1,525
Reversal of distribution payable	639	615
Interest on refund	—	783
Total non-operating income	2,255	2,924
Non-operating expenses		
Interest expenses	490,964	478,136
Borrowing related expenses	567,196	190,131
Share issuance expenses	40,416	—
Other	2,212	—
Total non-operating expenses	1,100,789	668,267
Recurring profit	1,854,178	2,542,966
Extraordinary loss		
Provision of allowance for disaster-related loss	—	60,000
Total extraordinary losses	—	60,000
Income (losses) before income taxes	1,854,178	2,482,966
Income taxes – current	605	605
Total income taxes	605	605
Net income	1,853,573	2,482,361
Retained earnings brought forward	458	135
Unappropriated retained earnings/loss	1,854,031	2,482,497

(3) Statement of Shareholders' Equity

October 2015 (May 1, 2015 to October 31, 2015)

(Thousand yen)

	Shareholders' equity						Total net asset
	Shareholders' capital	Surplus				Total shareholders' equity	
		Capital surplus	Dividend reserve	Unappropriated retained earnings/loss	Total surplus		
Balance at start of the period	34,130,503	20,566,420	13,160,756	705,230	34,432,407	68,562,911	68,562,911
Changes during the period							
Issuance of new shares	24,650,912					24,650,912	24,650,912
Reversal of dividend reserve			(1,107,136)	1,107,136	—	—	—
Dividends from surplus				(1,811,907)	(1,811,907)	(1,811,907)	(1,811,907)
Net income				1,853,573	1,853,573	1,853,573	1,853,573
Total changes during the period	24,650,912	—	(1,107,136)	1,148,801	41,665	24,692,577	24,692,577
Balance at end of the period	58,781,415	20,566,420	12,053,620	1,854,031	34,474,073	93,255,488	93,255,488

April 2016 (November 1, 2015 to April 30, 2016)

(Thousand yen)

	Shareholders' equity						Total net asset
	Shareholders' capital	Surplus				Total shareholders' equity	
		Capital surplus	Dividend reserve	Unappropriated retained earnings/loss	Total surplus		
Balance at start of the period	58,781,415	20,566,420	12,053,620	1,854,031	34,474,073	93,255,488	93,255,488
Changes during the period							
Reversal of dividend reserve			(562,350)	562,350	—	—	—
Dividends from surplus				(2,416,247)	(2,416,247)	(2,416,247)	(2,416,247)
Net income				2,482,361	2,482,361	2,482,361	2,482,361
Total changes during the period	—	—	(562,350)	628,465	66,114	66,114	66,114
Balance at end of the period	58,781,415	20,566,420	11,491,269	2,482,497	34,540,187	93,321,603	93,321,603

(4) Cash Flow Statement

(Thousand yen)

	October 2015 (May 1, 2015 to October 31, 2015)	April 2016 (November 1, 2015 to April 30, 2016)
Cash flows from operating activities		
Income before income taxes	1,854,178	2,482,966
Depreciation and amortization	831,363	836,704
Share issuance expenses	40,416	—
Increase (decrease) in allowance for disaster-related loss	—	60,000
Interest income	(1,615)	(1,525)
Interest expenses	490,964	478,136
Decrease (increase) in operating accounts receivable	(10,181)	3,689
Decrease (increase) in consumption taxes receivable	(515,293)	515,293
Decrease (increase) in prepaid expenses	(66,056)	13,830
Decrease (increase) in long-term advance charges	(264,659)	145,914
Increase (decrease) in accrued consumption taxes	(42,480)	392,568
Increase (decrease) in operating accounts payable	167,812	(133,907)
Increase (decrease) in accounts payable	165,391	77,600
Increase (decrease) in advances received	239,019	7,385
Decrease due to sale of property, plant, and equipment	—	554,258
Decrease due to sale of property, plant, and equipment in trust	2,809,010	2,358,614
Other, net	(22,679)	10,959
Subtotal	5,675,189	7,802,491
Interest income received	1,615	1,525
Interest expenses paid	(495,343)	(476,013)
Income taxes paid	(605)	(605)
Net cash generated by (used in) operating activities	5,180,856	7,327,398
Cash flows from investment activities		
Purchase of property, plant, and equipment	(39,194)	(31,160)
Purchase of property, plant, and equipment in trust	(46,879,754)	(250,681)
Increase in tenant leasehold and security deposits	19,791	74,151
Decrease in tenant leasehold and security deposits	(4,839)	(131,850)
Increase in tenant leasehold and security deposits in trust	1,935,346	245,027
Decrease in tenant leasehold and security deposits in trust	(303,617)	(445,085)
Purchase of investment securities	(2,005,400)	—
Net cash generated by (used in) investment activities	(47,277,668)	(539,597)
Cash flows from financing activities		
Increase in long-term loans payable	29,644,000	—
Decrease in long-term loans payable	(7,830,537)	(2,834,834)
Proceeds from issuance of shares	24,610,495	—
Dividends paid	(1,811,741)	(2,412,653)
Net cash generated by (used in) financing activities	44,612,217	(5,247,488)
Net increase (decrease) in cash and cash equivalents	2,515,405	1,540,312
Cash and cash equivalents at beginning of the period	13,453,047	15,968,453
Cash and cash equivalents at end of the period	15,968,453	17,508,765