Ichigo Office
(8975)

Strategic Portfolio Restructuring

April 26, 2017

Ichigo Office REIT Investment Corporation (8975)

Ichigo Investment Advisors Co., Ltd.

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Ichigo Preserves and Improves Real Estate

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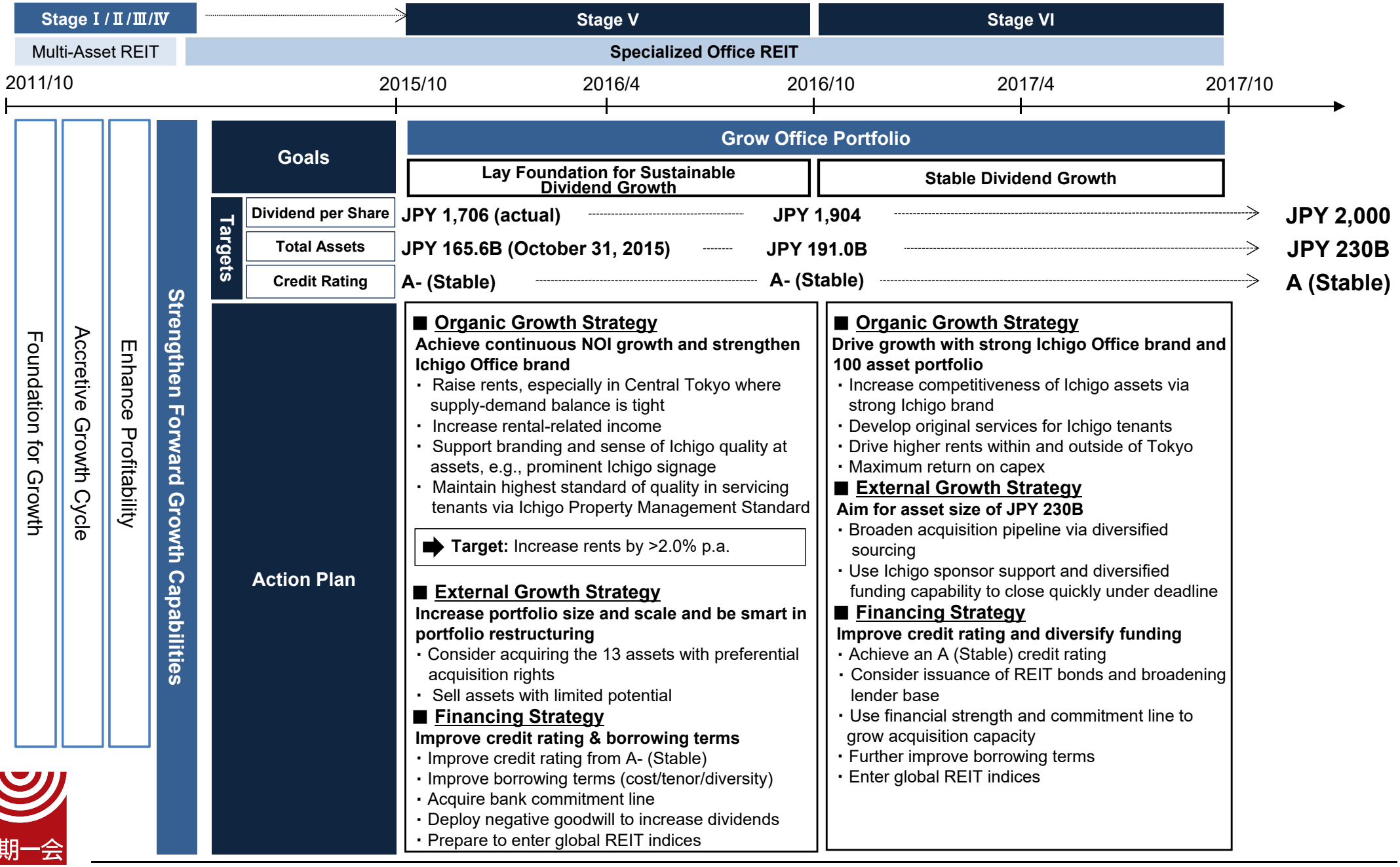
Ichigo Office REIT Growth Strategy Roadmap



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Strategic Portfolio Restructuring Objectives

Increase Portfolio Stability & Quality

- ✓ Acquire three Tokyo office assets and sell four Tokyo non-office assets (three serviced apartments, one retail asset), increasing portfolio's office weighting and decreasing earnings volatility
- ✓ Sell assets with seasonal earnings volatility and expected high maintenance and repair costs that could negatively impact future earnings

Increase Base EPS and DPS

- ✓ Increase annual NOI by JPY 129 million
- ✓ Result: Forecast October 2017 Base EPS +5.9% (+JPY 98) vs. April 2017

Lower Interest Rate Costs and Lock-In Low Rates Long-Term

- ✓ Repay existing high-interest rate loans using proceeds from the asset sales and finance acquisitions with new low-cost, long-term loans

* Base EPS = EPS excluding capital gains on asset sales

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Increased Office Weighting and Higher NOI

	Asset Sale (A)	Asset Acquisition (B)	Difference (B)-(A)
Number of Assets	4	3	-1
Acquisition Price	JPY 4.64B	JPY 7.08B	+JPY 2.43B
Office %	0%	100%	100%
Annual NOI	JPY 226M	JPY 355M	+JPY 129M
NOI Yield	4.9%	5.0%	+0.1%
Post-Depreciation NOI Yield	4.1%	4.7%	+0.6%
Occupancy	92.4%	93.3%	+0.9%
Number of Tenants	9	25	+16

* Please see page 11 for the basis of calculation

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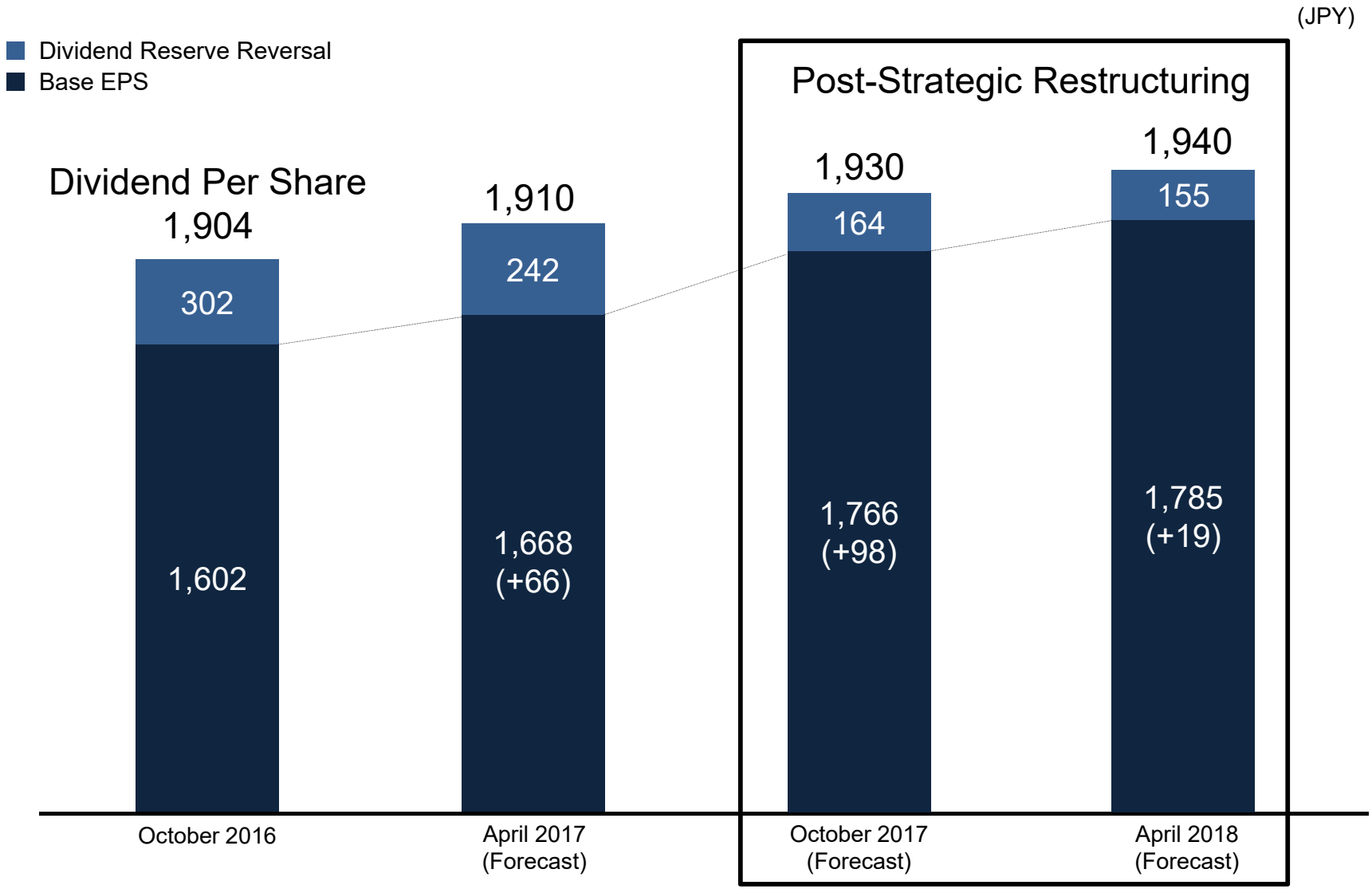
Ongoing Base EPS & DPS Growth



* Figures in parentheses are the difference versus previous fiscal period

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Acquisition: Win Gotanda Building (O-86)

Asset Overview

Acquisition Price	JPY 3.10B
Appraisal Value	JPY 3.26B
NOI Yield	5.0%
Asset Type	Office
Location	1 Chome, Nishi Gotanda, Shinagawa-ku, Tokyo
Leasable Area	3,689.88m^2
Structure	SRC B1F/9F
Date Built	October 1989
Occupancy	100.0%

Location and Features

- A mid-size office building located within a 3-minute walk from Gotanda Station on the JR Yamanote Line, the Toei Subway Asakusa Line, and the Tokyu Ikegami Line.
- Each floor has a standard floor plate of 149 tsubo (492m^2) and is equipped with individual air conditioning systems and raised access floors, therefore catering to the demands of diverse tenants.
- The basement floor is occupied by a restaurant tenant and the upper floors are occupied by office tenants, including telecommunications companies.







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Acquisition: Ichigo Hongo Building (O-87)

Asset Overview

Acquisition Price	JPY 2.30B
Appraisal Value	JPY 2.37B
NOI Yield	4.9%
Asset Type	Office
Location	5 Chome, Hongo, Bunkyo-ku, Tokyo
Leasable Area	2,722.58m^2
Structure	SRC/RC B1F/6F
Date Built	April 1992
Occupancy	100.0%

Location and Features

- A mid-size office building located within a 3-minute walk from Kasuga Station on the Toei Mita and Oedo Lines, and a 6-minute walk from Korakuen Station on the Marunouchi and Namboku Lines.
- Each floor has a standard floor plate of 160 tsubo (528m^2) and is equipped with individual air conditioning systems and raised access floors, therefore catering to the demands of diverse tenants.
- A small supermarket occupies the first floor and the upper floors are occupied by office tenants such as a construction material manufacturer, a construction company, a plate manufacturer, and a publisher.







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Acquisition: Oimachi Center Building (O-88)

Asset Overview

Acquisition Price	JPY 1.68B
Appraisal Value	JPY 1.75B
NOI Yield	5.2%
Asset Type	Office
Location	1 Chome, Oi, Shinagawa-ku, Tokyo
Leasable Area	2,748.73m^2
Structure	SRC B1F/7F
Date Built	December 1987
Occupancy	77.8%

Location and Features

- A mid-size office building located within a 3-minute walk from Oimachi Station on the JR Keihin Tohoku Line and a 4-minute walk from Oimachi Station on the Tokyu Oimachi Line and Rinkai Line.
- Each floor has a standard floor plate of 180 tsubo (594m^2) and is equipped with individual air conditioning systems and raised access floors, therefore catering to the demands of diverse tenants.
- The upper office floors are occupied by tenants such as a facilities construction company, a real estate management company, and a stationary manufacturer.







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Notes

Portfolio outcomes on page 6 are based on the following calculations:

Asset Sale Annual NOI = Actual annualized NOI (October 2016 fiscal period)

Asset Sale NOI Yield = Annual NOI divided by the acquisition price of the asset

Asset Sale Post-Depreciation NOI Yield = Annual NOI* minus annual depreciation* divided by the acquisition price

*October 2016 fiscal period annualized

Asset Acquisition Annual NOI = IIA's forecast annualized NOI

Asset Acquisition NOI Yield = Annual NOI divided by acquisition price

Asset Acquisition Post-Depreciation NOI Yield = Annual NOI minus annual depreciation** divided by acquisition price

** IIA's forecast calculated using the straight-line method

Occupancy and Number of Tenants for assets sold as of March 31, 2017

Occupancy and Number of Tenants for assets acquired as of February 28, 2017

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