Ichigo Office
(8975)

Ichigo Office REIT April 2017 Fiscal Period Corporate Presentation

June 14, 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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April 2017 Results

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April 2017 Highlights

	Achievements	Drivers
External Growth	• Acquired 1 Asset (JPY 3.5B) & Contracted to Acquire 3 Assets (JPY 7B) • Sold 4 Assets (Capital Gain JPY 37M)	• Increased portfolio scale, quality, and stability via acquiring Tokyo office assets and selling 4 non-office assets with significant on-going costs
Organic Growth	• Increased Occupancy to 98.6% (+0.4% vs. October 2016) • 55 Upward Rent Renewals (+6.3% average increase)	• No rent decreases for all 191 lease renewals • Rent increases in 66% of tenant turnovers • Trusted Ichigo brand increasing competitiveness
Financing	• New Loans JPY 3B • Loan Prepayment of JPY 3.6B higher cost loan • Additional New Loans JPY 7B (May 2017)	• Diverse funding sources • Average interest rate 1.02% (-4bps vs. October 2016) • Lowered average interest rate via new loans (previous loans: 1.79%, new loans: 0.75%)
Base EPS[1]	JPY 1,682 (+JPY 80, +5.0% vs. October 2016)	• +JPY 14 (+0.8%) vs. initial forecast of JPY 1,668 • Newly acquired assets and NOI growth at existing assets supporting earnings growth
FFO[2]	JPY 2,285 (+JPY 81, +3.7% vs. October 2016)	• FFO increases driving dividend growth
DPS	JPY 1,923 (+JPY 19, +1.0% vs. October 2016)	• +JPY 13, +0.7% vs. forecast of JPY 1,910
NAV[3]	JPY 78,336 (+JPY 1,936, +2.5% vs. October 2016)	• +JPY 3.2B unrealized gain via value-add

[1] Base EPS = EPS - Capital Gains/Losses [2] FFO = Funds from Operations [3] NAV = BPS + Unrealized Capital Gains

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April 2017 Earnings

(JPY million)

	October 2016 Actual (A)	April 2017 Actual (B)	April 2017 Forecast (C)	vs. Forecast (B) - (C)
Operating Revenue	7,090	7,352	7,247	+105
Operating Profit	3,405	3,378	3,277	+101
Recurring Profit	2,462	2,616	2,556	+59
Net Income	2,462	2,615	2,556	+59
EPS	JPY 1,607	JPY 1,706	JPY 1,668	+JPY 38
Dividend Reserve Reversal	461	370	370	–
DPS	JPY 1,904	JPY 1,923	JPY 1,910	+JPY 13
NOI	5,073	5,279	5,175	+103
Occupancy	98.2%	98.6%	97.2%	+1.4%

Major Variation Factors (vs. April 2017 Forecast)

Rental Income +67
- Common area services income +43
  (Ichigo Shibuya Udagawacho Building +8)
  (Ichigo Higashi Gotanda Building +7)
  (Ichigo Omori Building +6)
  (Ichigo Ebisu Nishi Building +5)
- Lease termination penalties +21

Other Operating Revenue +37
- Gain on asset sale in April 2017 period +37

Decrease in Rental Expenses -37
- Increase in service provider expenses +14
- Decrease in utilities expenses -65
- Increase in maintenance fees +15

Increase in Operating Expenses (excluding rental expenses) +41
- Increase in AM fees due to asset sale +11
- Increase in allowance for doubtful accounts +4
- Non-deductible consumption taxes +23

Increase in Non-Operating Expenses +44
- Decrease in interest expenses -5
- Increase in up-front loan fees & related expenses +49

Reference: Capex
- October 2016 Actual: JPY 454M
- April 2017 Forecast: JPY 786M
- April 2017 Actual: JPY 570M

Reference: April 2017 Post-Dividend Reserves
- Reserve for adjustment of temporary differences (negative goodwill): JPY 10,062M
- Dividend Reserve: JPY 659M

* NOI = Rental Income - Rental Expenses + Depreciation
Occupancy is Period-End.

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April 2017 Financial Metrics

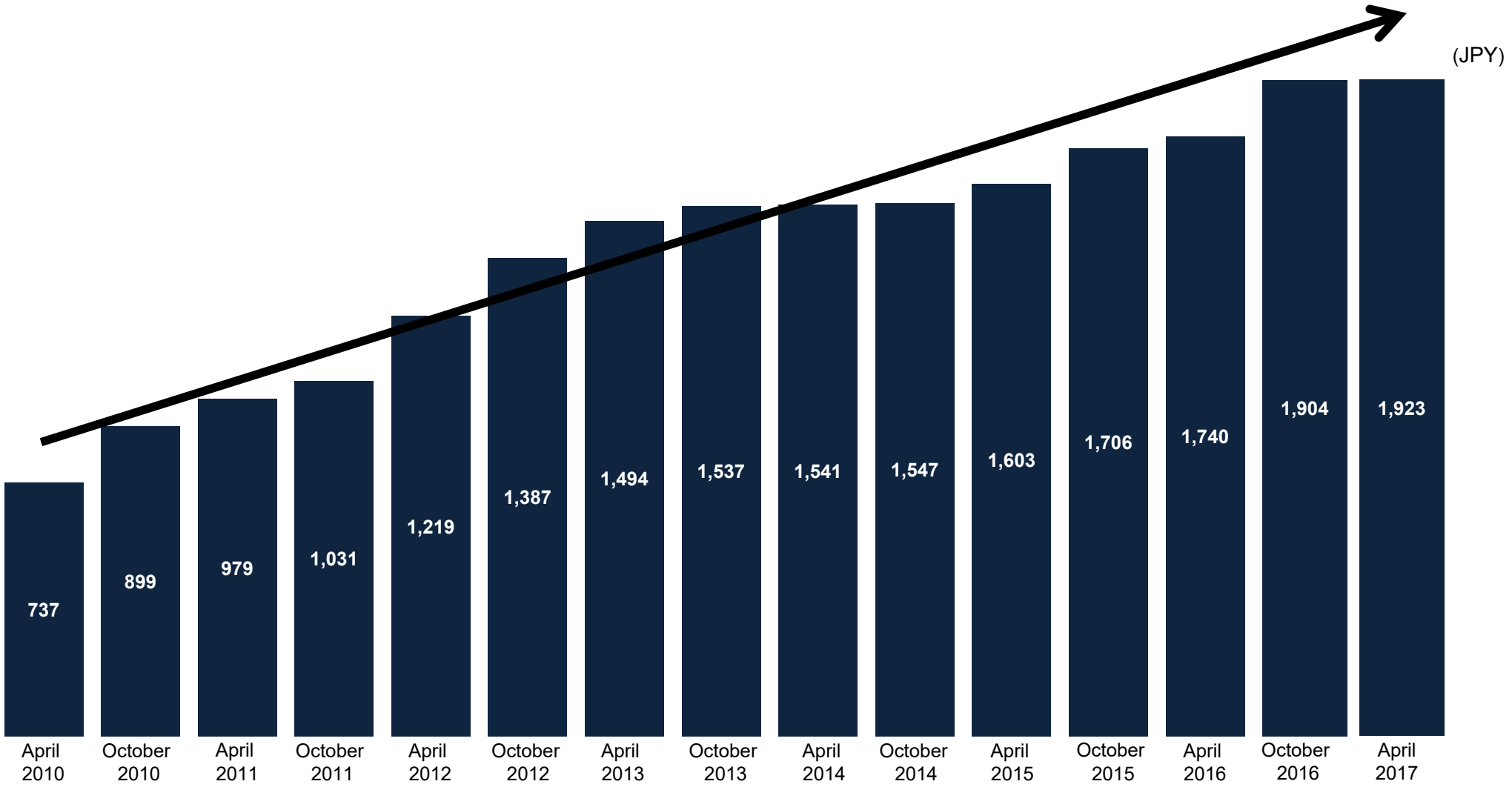
	April 2016	October 2016	April 2017
FFO	JPY 2,160	JPY 2,204	JPY 2,285
DPS	JPY 1,740	JPY 1,904	JPY 1,923
NAV	JPY 73,493	JPY 76,400	JPY 78,336
LTV	43.1%	46.0%	45.7%
Average Interest Rate (All Loans)	1.14%	1.06%	1.02%
(Average Interest Rate of New Loans)	–	0.76%	0.65%

* FFO = Net Income + Depreciation + Loss on Disposal of Fixed Assets + Liability for Asset Retirement Obligation + Loss on Asset Sale - Gain on Asset Sale + Extraordinary Gain per Share – Extraordinary Loss per Share
LTV = Interest-Bearing Liabilities/Total Assets

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14 Consecutive Periods of Dividend Growth – No. 1 vs. All J-REITs



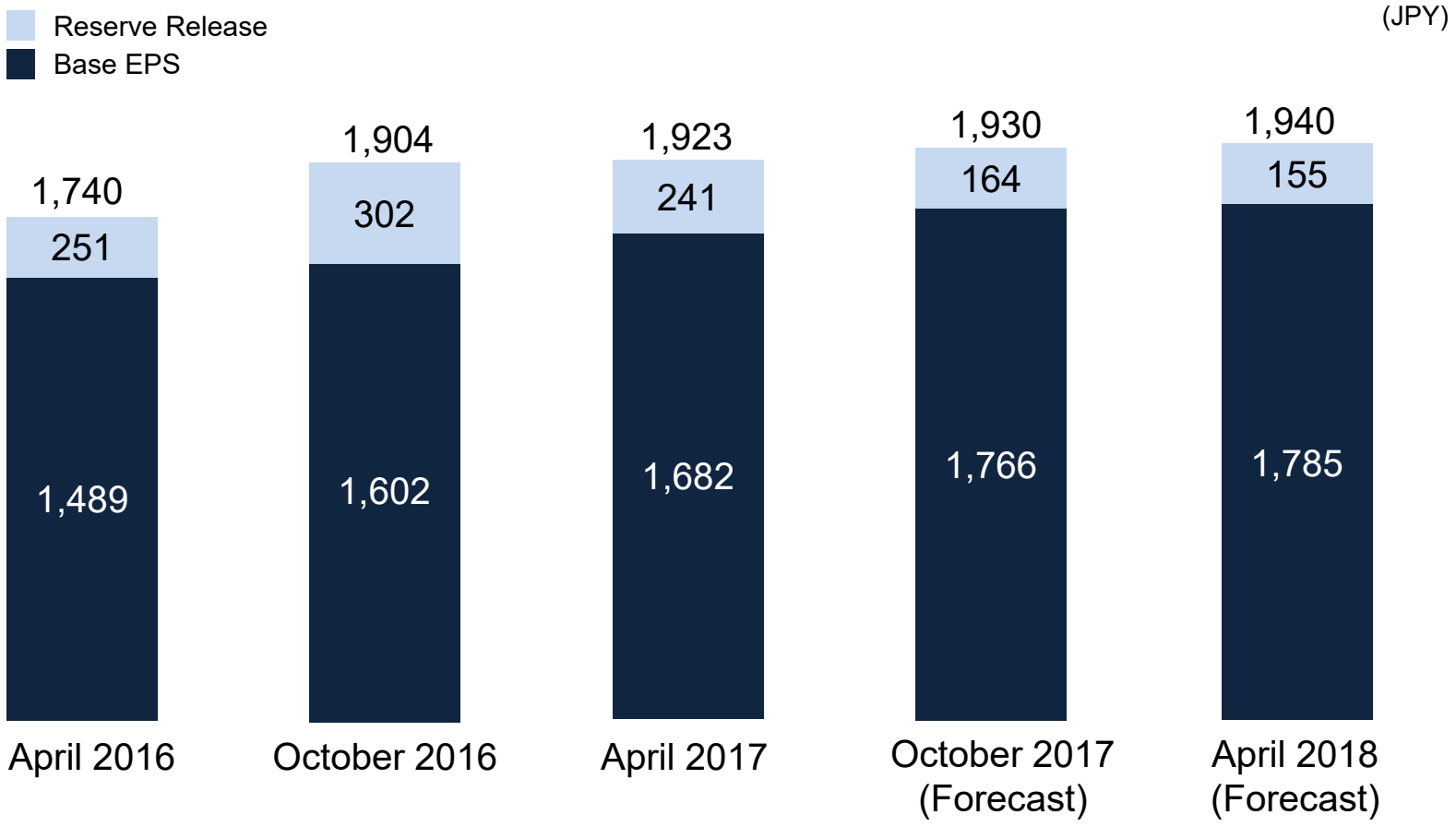
* April 2010 to October 2011 dividends adjusted to reflect stock split on November 1, 2011

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Continued Growth in Base EPS & NAV (1)

+13% YOY Base EPS Growth (vs. April 2016)



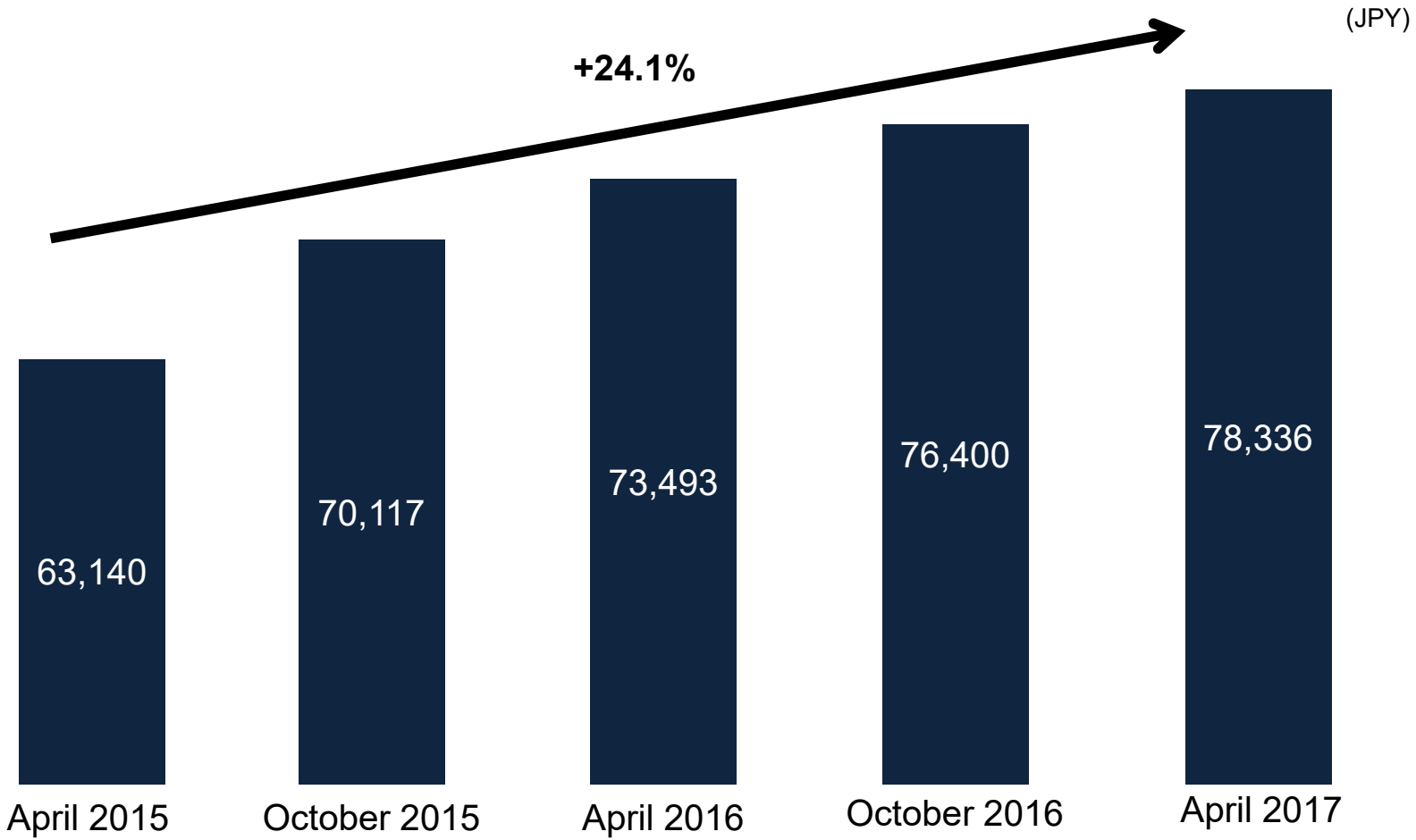
* Base EPS = EPS - Capital Gains/Losses

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Continued Growth in Base EPS & NAV (2)

Increased Portfolio Quality & Scale Also Driving Higher NAV

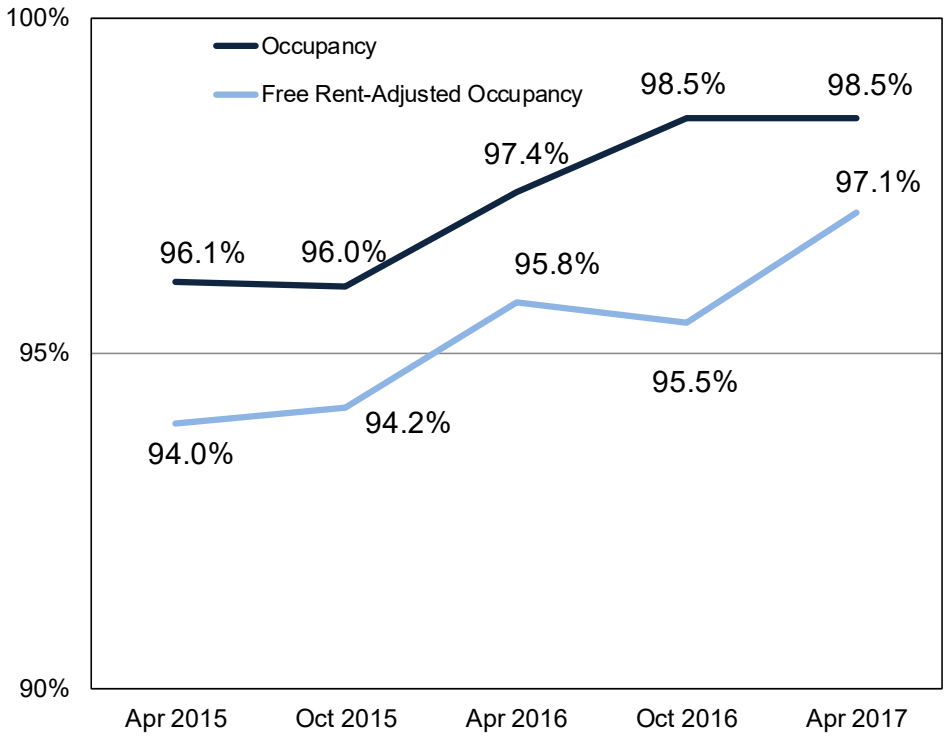


NAV per Share

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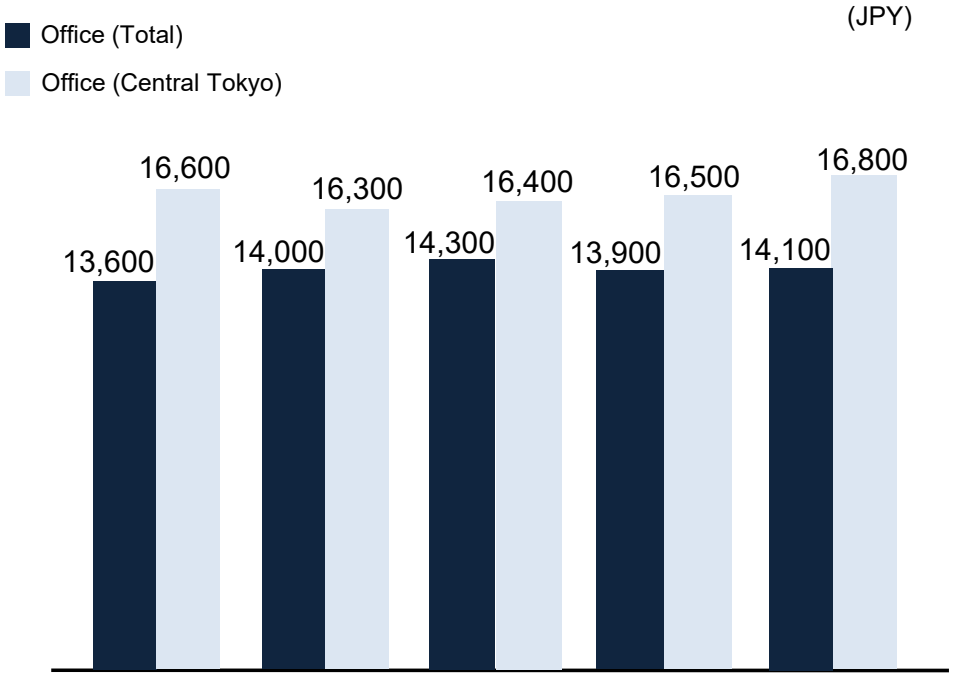
Ongoing High Occupancy: 98.5%

Occupancy



* Occupancy is Period-End

Average Rent per Tsubo (3.3 m^2)

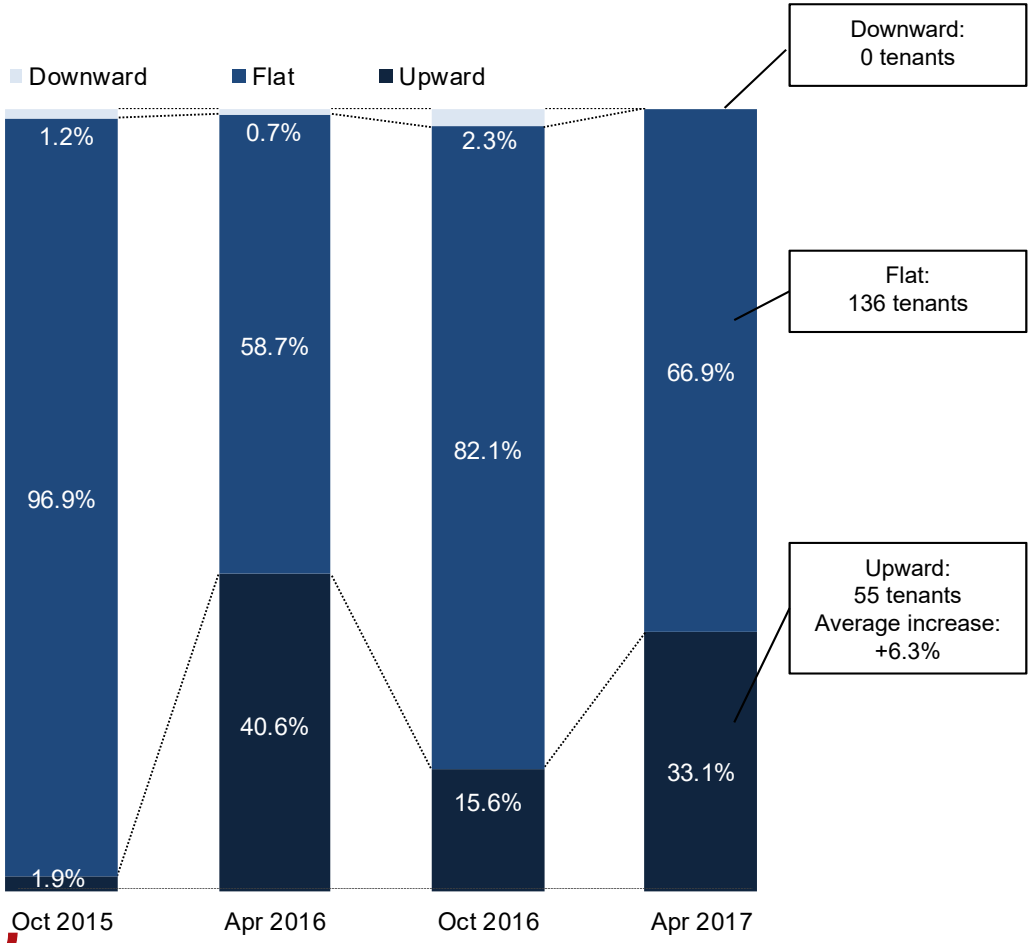


	Apr 2015	Oct 2015	Apr 2016	Oct 2016	Apr 2017
Total Office	48 Assets	61 Assets	58 Assets	70 Assets	71 Assets
(Central Tokyo)	(26 Assets)	(36 Assets)	(36 Assets)	(39 Assets)	(40 Assets)

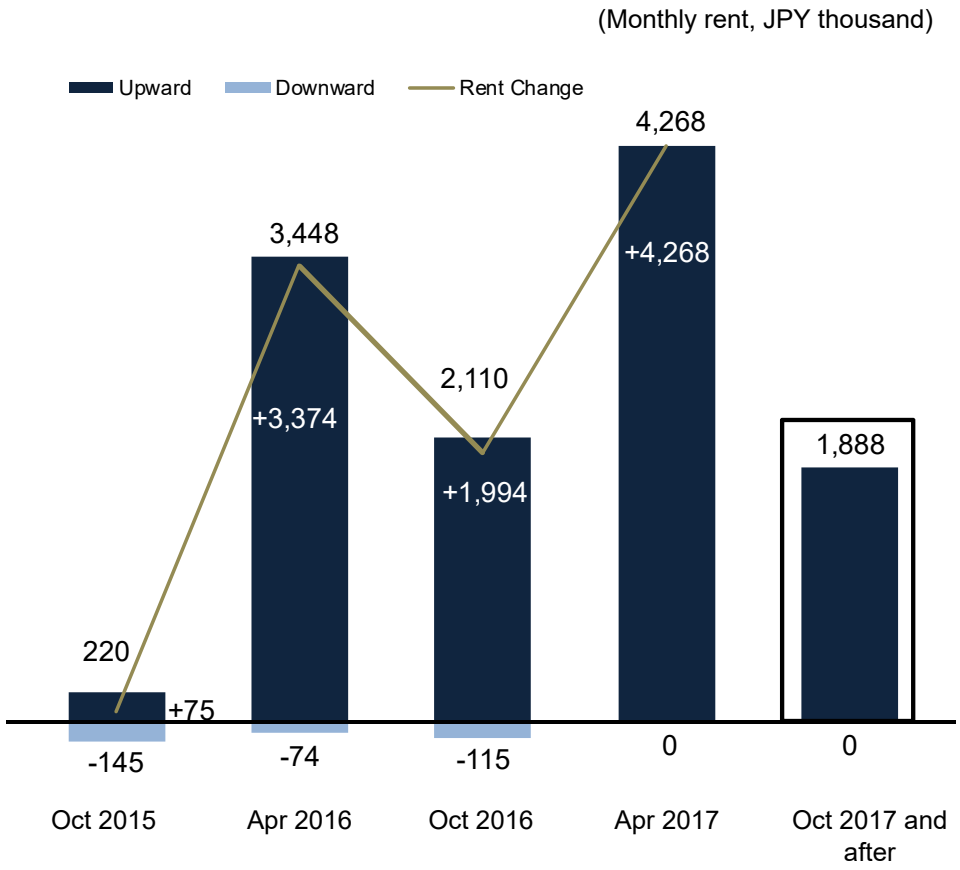
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Organic Growth (1) Existing Tenants at Higher Rents

New Rent Level vs. Previous Rent Level
(By Leased Area)



Lease Renewals

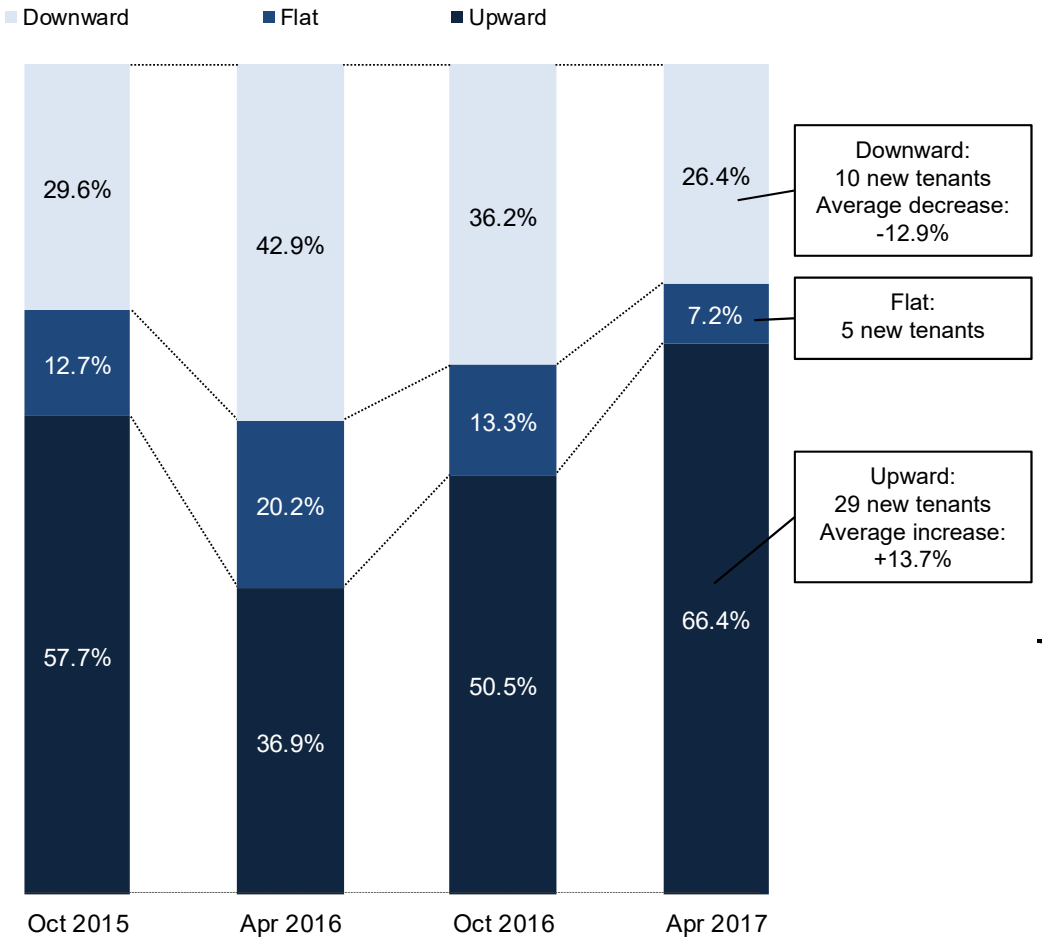


* October 2017 and after reflects leases in place as of May 31, 2017.

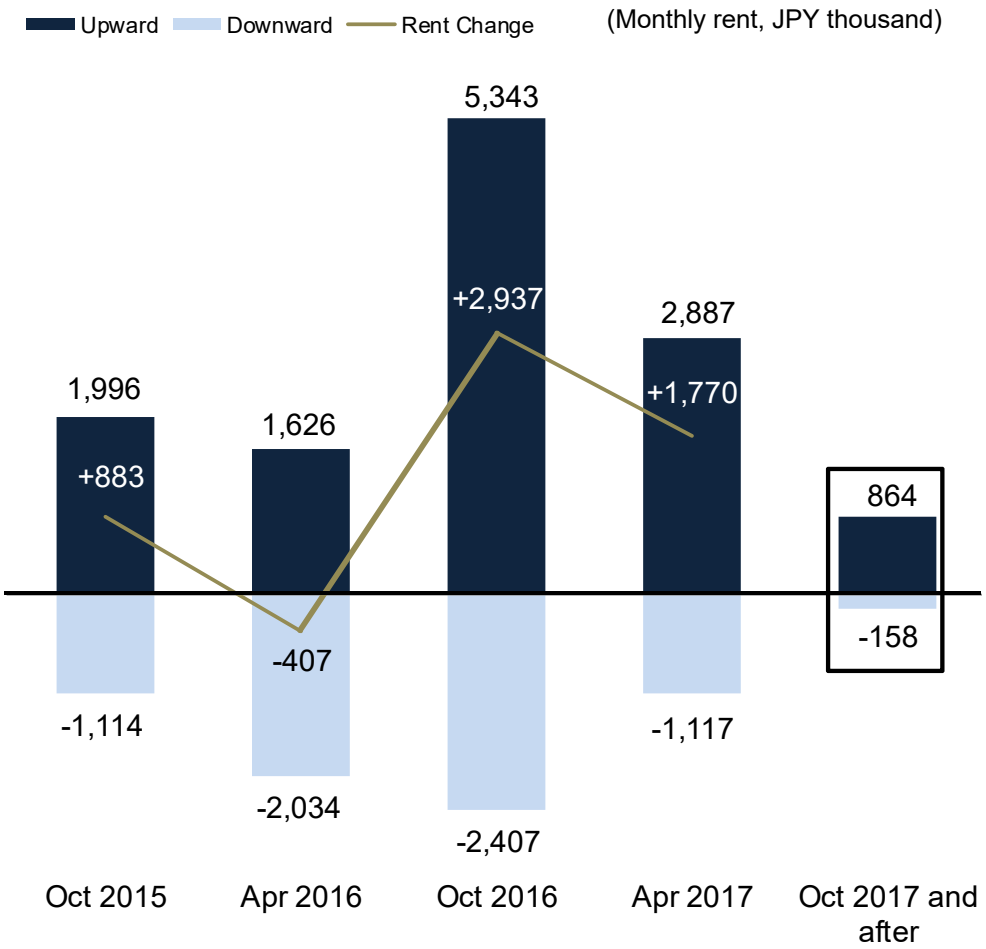
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Organic Growth (2) New Tenants at Higher Rents

New Tenant Rent vs. Previous Tenant Rent
(By Leased Area)



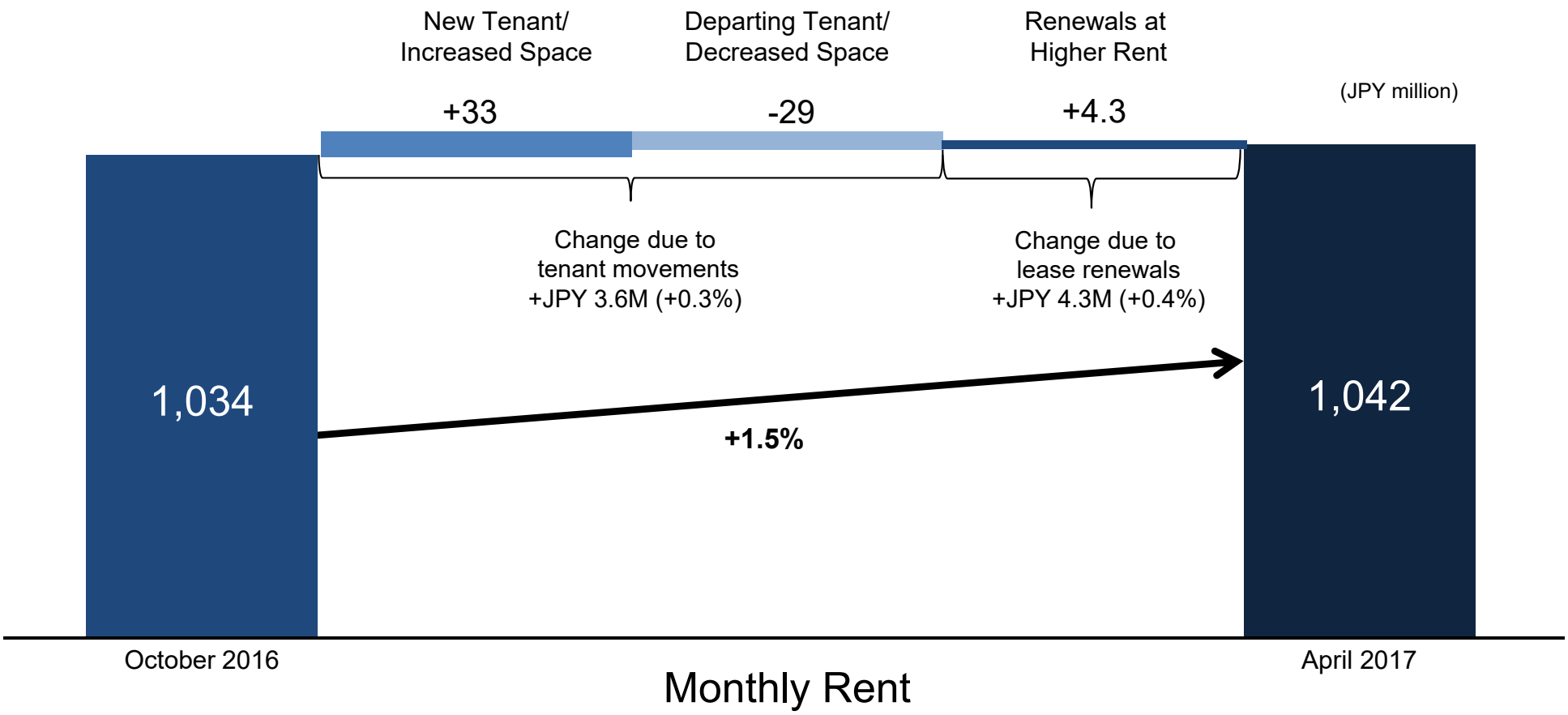
Impact on Rental Income from Tenant Turnover



* October 2017 and after reflects leases in place as of May 31, 2017.

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Organic Growth (3) Ongoing Rental Growth



Change in Occupancy:

98.5% (October 2016) → 98.6% (April 2017)

* Change in Occupancy is like-for-like and thus excludes newly acquired assets.

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Ichigo Office REIT Growth Strategy

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Executing on Growth Strategy as Specialized Office REIT

Achievements since April 2015 Fiscal Period

✓ Organic Growth Strategy
- High occupancy (98.6%)
- Increased NOI via higher rents at renewals and new tenants

✓ External Growth Strategy
- Portfolio growth (+JPY 66.5B, +54%)
- Increased office weighting (Currently 90%, +12%)
- NAV growth (+JPY 15,196 per share, +24.1%)

✓ Financing
- Expanded lender base and de-collateralized all loans
- Acquired an A- (Stable) credit rating (JCR)
- Lowered average interest rates (1.23% → 1.02%) and increased fixed-rate loans to >80%
- 2 public offerings increased shareholder capital by 15% and shares outstanding by 8%

✓ Dividend
- 14 consecutive increases in DPS (+JPY 320, +20%)

* Above calculations reflect changes between April 2015 period (before specialized-office REIT transition) and April 2017 period.

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Ichigo Office REIT Growth Strategy Roadmap



Goals	Grow Office Portfolio	Lay Foundation for Long-Term Growth
Action Plans	■ **Organic Growth Strategy** **Drive growth with strong Ichigo Office brand and 100 asset portfolio** ・Increase competitiveness of Ichigo assets via strong Ichigo brand ・Develop original services for Ichigo tenants ・Drive higher rents within and outside of Tokyo ・Maximum return on capex ■ **External Growth Strategy** **Aim for portfolio size of JPY 230B** ・Broaden acquisition pipeline via diversified sourcing ・Use Ichigo sponsor support and diversified funding capability to close quickly under deadline ■ **Financing Strategy** **Improve credit rating and diversify funding** ・Achieve an A (Stable) credit rating ・Consider issuance of REIT bonds and broadening lender base ・Use financial strength and commitment line to grow acquisition capacity ・Further improve borrowing terms ・Enter global REIT indices	**Durably and Dynamically Grow Ichigo Office REIT** **Generate Funds to Invest for Growth** ・Secure funds for growth investments via strategic portfolio restructuring and sale of non-office assets ・Rework implementation of dividend reserve releases **Invest for Sustainable Growth in Shareholder Value** ・Acquire high-quality assets via portfolio restructuring or using borrowing capacity ・Carry out value-add capex ■ **Organic Growth Strategy** ・Achieve minimal downtime between leases ・Carry out value-add capex to drive higher returns ・Implement environmental sustainability initiatives to grow long-term value ・Build a trusted Ichigo brand ■ **External Growth Strategy** ・Restructure portfolio to drive higher portfolio quality ・Acquire assets to increase shareholder value ・Consider M&A ■ **Financing Strategy** ・Further improve borrowing terms ・Diversify funding via issuance of REIT bonds ・Raise credit rating ・Enter global REIT indices

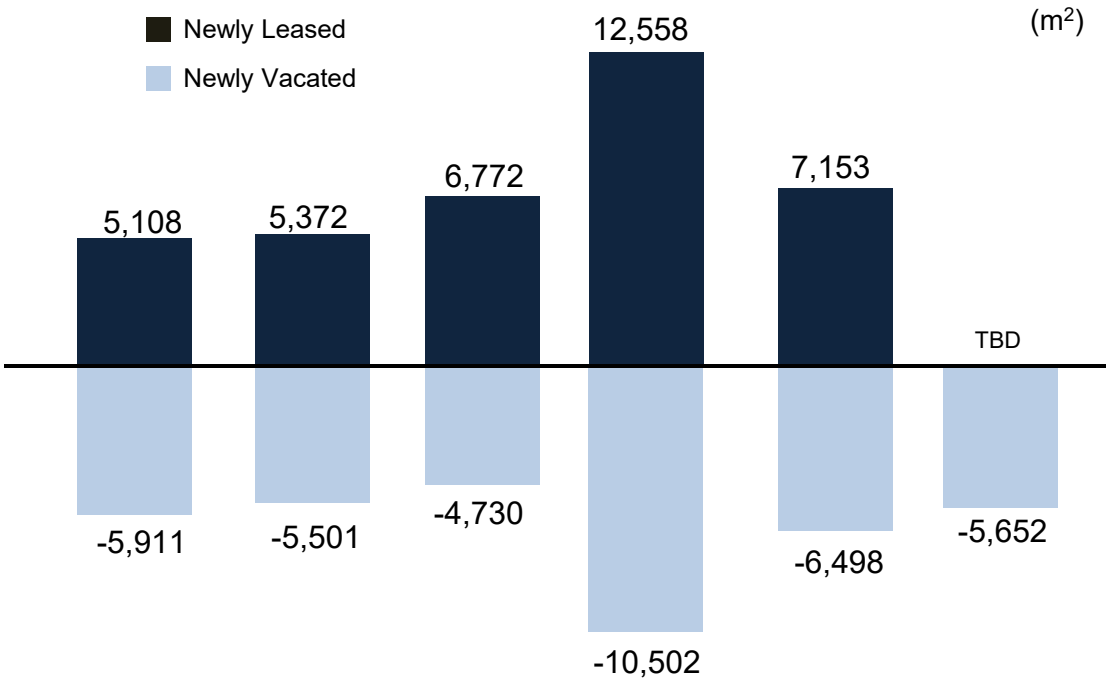
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Organic Growth

Rapid Re-Tenanting at Vacancies

Newly Leased and Newly Vacated Space



	Apr 2015	Oct 2015	Apr 2016	Oct 2016	Apr 2017	Oct 2017
Newly Leased	7.2%	5.6%	7.4%	11.3%	6.4%	TBD
Newly Vacated	8.3%	5.8%	5.3%	9.5%	5.8%	4.9%
Net Leasing (m²)	-804	-129	+ 2,043	+ 2,056	+ 656	TBD

April 2017

- Minimal downtime between leases
- Increased rents at re-tenanting

October 2017 Plan

- Forecast includes expected vacancies
- Strong office leasing market supportive
- Continue focus on tenant needs
- Goals: Minimize lease downtime and increase rents

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October 2017 Leasing Plan

No.	Asset Name	Location	Leasable Area	Expiring Lease	Lease Termination Date	Strategy
O-88	Oimachi Center Building	Shinagawa-ku, Tokyo	2,748m^2	610m^2	(currently vacant)	▪Strengthen marketing to increase asset's recognition among tenants ▪Sub-divide units to meet tenant needs for smaller office space
O-54	Ichigo Omiya Building	Omiya City, Saitama	6,180m^2	757m^2	Jun 2017 to Oct 2017	▪Target tenants with branch office and sales office needs ▪Attract tenants with new air conditioning system and provision of ample parking
O-77	Ichigo Ikenohata Building	Taito-ku, Tokyo	5,504m^2	604m^2	Jul 2017	▪Add QR code to leasing materials to access promotional video for the building ▪Renovate common areas
O-20	Ichigo Gotanda Building	Shinagawa-ku, Tokyo	5,346m^2	1,925m^2	Nov 2017	▪Prime-location asset facing Gotanda Station with potential for redevelopment ▪Lease with fixed-term contracts to allow for potential sales to developers
O-65	Ichigo Shinkawa Building	Chuo-ku, Tokyo	2,312m^2	1,032m^2	Nov 2017	▪Renovate common areas ▪Minimize downtime via strengthening marketing and increasing recognition
O-69	Ichigo Higashi Ikebukuro Building	Toshima-ku, Tokyo	4,553m^2	1,069m^2	Nov 2017	▪Sub-divide units to meet tenant needs for smaller office space ▪Increase rent at tenant replacements given strong tenant demand

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Value-Add Capex

Renovations to Further Enhance Competitiveness and Profitability

Ichigo Mita Building (Minato-ku, Tokyo)



- Rapidly renovated common areas, including restrooms and office pantries, on vacated floors
- Promote awareness of the newly renovated common areas which drive tenant satisfaction
- Brought in new tenants quickly and at higher rents





Economics

Investment
JPY 8M

NOI Annual Increase
JPY 5M

Investment Return
64.7% p.a.

Average Rent per Tsubo (3.3m²)
Before JPY 14,200
After JPY 15,000(+5.6%)

Occupancy

October 2016	April 2017	After June 1, 2017
100.0%	78.3%	100.0%

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Environmental Sustainability Initiatives

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Certification

- ✓ Ichigo Marunouchi Building: S Rank (Highest)
- ✓ Ichigo Kanda Nishikicho Building: A Rank

DBJ (Development Bank of Japan) Green Building Certification

- ✓ Ichigo Nihonbashi East Building: Three stars (Excellent Environmental and Social Awareness)

BELS (Building-Housing Energy-efficiency Labeling System) Certification

- ✓ Ichigo Akihabara North Building: Two stars

Ichigo Marunouchi Building
S Rank
★★★★★



Ichigo Kanda Nishikicho Building
A Rank
★★★★



Ichigo Nihonbashi East Building
★★★



Ichigo Akihabara North Building
★★



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Building a Trusted Ichigo Brand

Increase Recognition and Presence

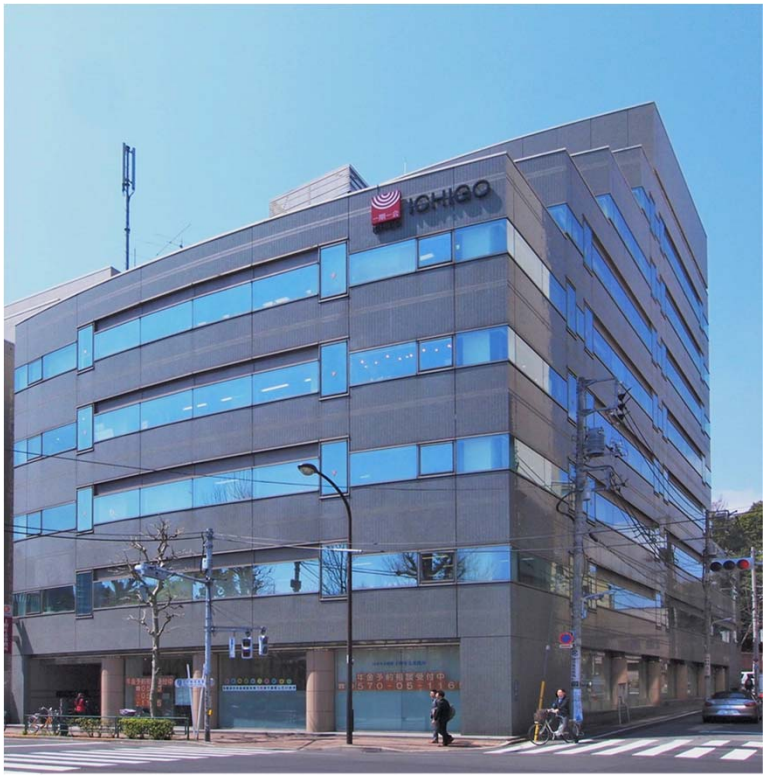
- ✓ Update building names to reflect status as Ichigo Office REIT assets
- ✓ Ichigo brand signage on building exteriors, entrance mats & tenant directories







Ichigo Nagoya Building



Ichigo Ikenohata Building



Ichigo Shibuya East Building



Ichigo Nishi Honmachi Building

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Organic Growth

Increasing Post-Acquisition NOI

	November 2014 Public Offering		May 2015 Public Offering		May 2016 Public Offering	
Number of Acquired Assets	8		12		13	
Acquisition Price	JPY 21.22B		JPY 44.03B		JPY 29.27B	
Current Appraisal Value	JPY 23.45B		JPY 49.07B		JPY 30.95B	
Years Since Acquisition	2.5		2		1	
	Annual NOI	NOI Yield	Annual NOI	NOI Yield	Annual NOI	NOI Yield
April 2015	JPY 1,182M	5.6%	—	—	—	—
October 2015	JPY 1,200M	5.7%	JPY 1,921M	4.4%	—	—
April 2016	JPY 1,212M	5.7%	JPY 1,960M	4.5%	—	—
October 2016	JPY 1,213M	5.7%	JPY 1,845M	4.2%	JPY 1,433M	4.9%
April 2017	**JPY 1,229M**	**5.8%**	**JPY 2,059M**	**4.7%**	**JPY 1,449M**	**5.0%**
Example of Acquired Assets	 Ebisu Green Glass  Ichigo Omori Burg Building  Ichigo Takadanobaba Building		 Ichigo Jingumae Building  Ichigo Shibuya Dogenzaka Building  Ichigo Nihonbashi East Building		 Ichigo Ikenohata Building  Ichigo Nagoya Building  Ichigo Ningyocho Building	

* November 2014 Public Offering data excludes non-office assets

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Increased Portfolio Size and Quality

Strategic Portfolio Restructuring via Sponsor Support

(Acquisition price basis)

		October 2016	April 2017	October 2017
Acquired	Assets	13 Offices JPY 29.2B	1 Office JPY 3.5B Tokyo	3 Offices JPY 7.0B Tokyo
	Financing	New Share Issuance	New Loans	Portfolio Restructuring







Acquired 3 Tokyo Office Assets

Portfolio Restructuring

Sold 3 Serviced Apartments and 1 Retail Asset

Objectives

- Increase office weighting
- Increase NOI
- Increase NAV
- Drive economies of scale
- Repay high-interest rate loans using proceeds from the asset sales and finance acquisitions with new low-cost loans to lock-in low interest rates

Sold	1 Office Asset JPY 0.9B	4 Non-Office Assets JPY 4.6B

Portfolio Size
JPY196.9B
+JPY 5.9B vs. Oct 2016 period-start

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Rapid NOI Growth at Prime Location Assets

Ichigo Shibuya Udagawacho Building +33% NOI since Acquisition (Nov 2016) on Higher Occupancy and Rents

Ichigo Shibuya Udagawacho Building

	At Acquisition	April 2017
Occupancy	67.3%	89.1%
Average Rent per Tsubo* (JPY)	28,200	28,300
Annual NOI (JPY M)	88	117



Other Shibuya Assets Also Growing NOI on Strong Office Demand

Ichigo Nanpeidai Building

	October 2015	April 2016	October 2016	April 2017
Occupancy	100%	100%	100%	100%
Average Rent per Tsubo* (JPY)	17,900	18,700	19,400	19,700
Annual NOI (JPY M)	98	91	104	108

Ichigo Shibuya Dogenzaka Building

	October 2015	April 2016	October 2016	April 2017
Occupancy	100%	100%	100%	100%
Average Rent per Tsubo* (JPY)	18,600	18,600	21,400	21,400
Annual NOI (JPY M)	115	147	60	187

Ebisu/Hiroo







11 Assets in the Shibuya Area









* Office-use units only

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Increased NOI and Portfolio Quality

Acquired Three Tokyo Office Assets and Sold Four Tokyo Non-Office Assets

	Sold	Acquired
Number of Assets	4	3
Acquisition Price	JPY 4.60B	JPY 7.08B
Office %	–	100.0%
Annual NOI	JPY 220M	JPY 350M
NOI Yield	4.9%	5.0%
Post-Depreciation NOI Yield	4.1%	4.7%
Occupancy	92.4%	93.3%
Number of Tenants	9	25

Prime Location Office Assets in Tokyo

Win Gotanda Building





- Acquisition Price: JPY 3.1B
- NOI Yield: 5.0%
- Location: 3-min walk from Gotanda Station on the JR Yamanote Line

Ichigo Hongo Building





- Acquisition Price: JPY 2.3B
- NOI Yield: 4.9%
- Location: 3-min walk from Kasuga Station on the Toei Mita Line

Oimachi Center Building





- Acquisition Price: JPY 1.68B
- NOI Yield: 5.2%
- Location: 3-min walk from Oimachi Station on the JR Keihin Tohoku Line

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Sponsor Pipeline

Ichigo (2337) Office Assets: JPY 60B

As of February 2017



Hakata Ekimae Square
(Fukuoka)



Kakyouin Plaza
(Sendai)



MIF Building
(Tokyo)



Kichijoji Central Building
(Tokyo)



Hakata MST
(Fukuoka)



Tradepia Odaiba
(Tokyo)



Ichigo Akasaka 317 Building
(Tokyo)



Win Dai2 Gotanda Building
(Tokyo)



Takeyama Hakata Building
(Fukuoka)

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October 2017 Forecast

(JPY million)

	April 2017 Actual (A)	October 2017 Forecast (B)	vs. April 2017 (B) - (A)
Operating Revenue	7,352	7,462	+109
Operating Profit	3,378	3,450	+71
Recurring Profit	2,616	2,707	+91
Net Income	2,615	2,706	+91
EPS	JPY 1,706	JPY 1,766	+JPY 60
Dividend Reserve Reversal	370	250	-119
DPS	JPY 1,923	JPY 1,930	+JPY 7
NOI	5,279	5,354	+ 75
Occupancy	98.6%	97.1%	-1.5%

Major Variation Factors (vs. April 2017)

Rental Income +147
- Asset acquisition in October 2017 period +234
- Asset sale in April 2016 period -162

[Existing Assets]
- Common area services income +58
  (Ichigo Ebisu Nishi Building +12)
  (Ichigo Marunouchi Building +10)
  (Ichigo Jingumae Building +8)
- Utilities Income +31
- Lease termination penalties -16

Other Operating Revenue -37
- Decrease in gain on asset sale in April 2017 period -37

Increase in Rental Expenses +73
- Increase due to asset acquisition in October 2017 period +67
- Decrease due to asset sale in April 2016 period -82

[Existing Assets]
- Increase in utilities expenses +67
- Increase in property tax due to asset acquisitions in Oct 2016 and Apr 2017 periods +41
- Decrease in maintenance fees -18

Decrease in Operating Expenses (excluding rental expenses) -35
- Decrease in AM fees due to asset sale -11
- Decrease in non-deductible consumption taxes -24

Decrease in Non-Operating Expenses -22
- Decrease in up-front loan fees & related expenses -32

Reference: Capex
- April 2017 Period: JPY 570M, October 2017 Forecast: JPY 635M

Reference: October 2017 Post-Dividend Reserves
- Reserve for adjustment of temporary differences (negative goodwill): JPY 9,862M, Dividend reserve: JPY 608M

* NOI = Rental Income - Rental Expenses + Depreciation
Occupancy is Period-End.

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April 2018 Forecast

(JPY million)

	October 2017 Forecast (A)	April 2018 Forecast (B)	vs. October 2017 (B) - (A)
Operating Revenue	7,462	7,338	-123
Operating Profit	3,450	3,551	+101
Recurring Profit	2,707	2,735	+28
Net Income	2,706	2,735	+28
EPS	JPY 1,766	JPY 1,785	+JPY 19
Dividend Reserve Reversal	250	238	-12
DPS	JPY 1,930	JPY 1,940	+JPY 10
NOI	5,354	5,292	-62
Occupancy	97.1%	96.8%	-0.3%

Major Variation Factors (vs. October 2017 Forecast)

Rental Income -123
- Asset acquisition in October 2017 period +13

[Existing Assets]
- Common area services income -94
  - (Ichigo Gotanda Building -45)
  - (Ichigo Shinkawa Building -21)
  - (Ichigo Higashi Ikebukuro Building -20)
- Utilities Income -35
- Lease termination penalties -5

Decrease in Rental Expenses -67
- Increase due to asset acquisition in October 2017 period +1

[Existing Assets]
- Decrease in service provider expenses -13
- Decrease in utilities expenses -23
- Decrease in maintenance fees -17
- Decrease in depreciation -7

Decrease in Operating Expenses (excluding rental expenses) -157
- Increase in AM fees due to asset acquisition in October 2017 period +7
- Decrease in performance fee to asset manager -165

Increase in Non-Operating Expenses +73
- Decrease in interest expenses -5
- Increase in up-front loan fees & related expenses +79

Reference: Capex
- October 2017 Forecast: JPY 635M, April 2018 Forecast: JPY 504M

Reference: April 2018 Post-Dividend Reserves
- Reserve for adjustment of temporary differences (negative goodwill): JPY 9,662M, Dividend reserve: JPY 570M

* NOI = Rental Income - Rental Expenses + Depreciation
Occupancy is Period-End.

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Appendix: Financial & Portfolio Data

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April 2017 vs. October 2016 Earnings

(JPY million)

	October 2016 Actual (A)	April 2017 Actual (B)	vs. October 2016 (B) - (A)
Operating Revenue	7,090	7,352	+262
Operating Profit	3,405	3,378	-26
Recurring Profit	2,462	2,616	+153
Net Income	2,462	2,615	+152
EPS	JPY 1,607	JPY 1,706	+JPY 99
Dividend Reserve Reversal	461	370	-91
DPS	JPY 1,904	JPY 1,923	+JPY 19
NOI	5,073	5,279	+205
Occupancy	98.2%	98.6%	+0.4%

Major Variation Factors (vs. October 2016)

Rental Income +240
- Asset acquisition in October 2016 +111
- Asset acquisition in April 2017 +69
- Asset sale in October 2016 -50
- Asset sale in April 2017 -20

[Existing Assets]
- Common area services income +147
  (Ichigo Shibuya Dogenzaka Building +49)
  (Ichigo Nihonbashi East Building +26)
- Utilities Income -33
- Lease termination penalties +20

Other Operating Revenue +21
- Gain on asset sale in April 2017 +30
- Decrease in TK dividend in October 2016 -9

Increase in Rental Expenses +38
- Increase due to asset acquisition in October 2016 +88
  (of which is property tax +51)
- Increase due to asset acquisition in April 2017 +14
- Decrease due to asset sale in October 2016 -27

[Existing Assets]
- Decrease in service provider expenses -29
- Decrease in utilities expenses -45
- Increase in maintenance fees +41

Increase in Operating Expenses (excluding rental expenses) +250
- Increase in AM fees on asset acquisition in October 2016 +39
- Increase in performance fee to asset manager +170

Decrease in Non-Operating Expenses -177
- Increase in up-front loan fees & related expenses -146
- Decrease in new share issuance expenses -31

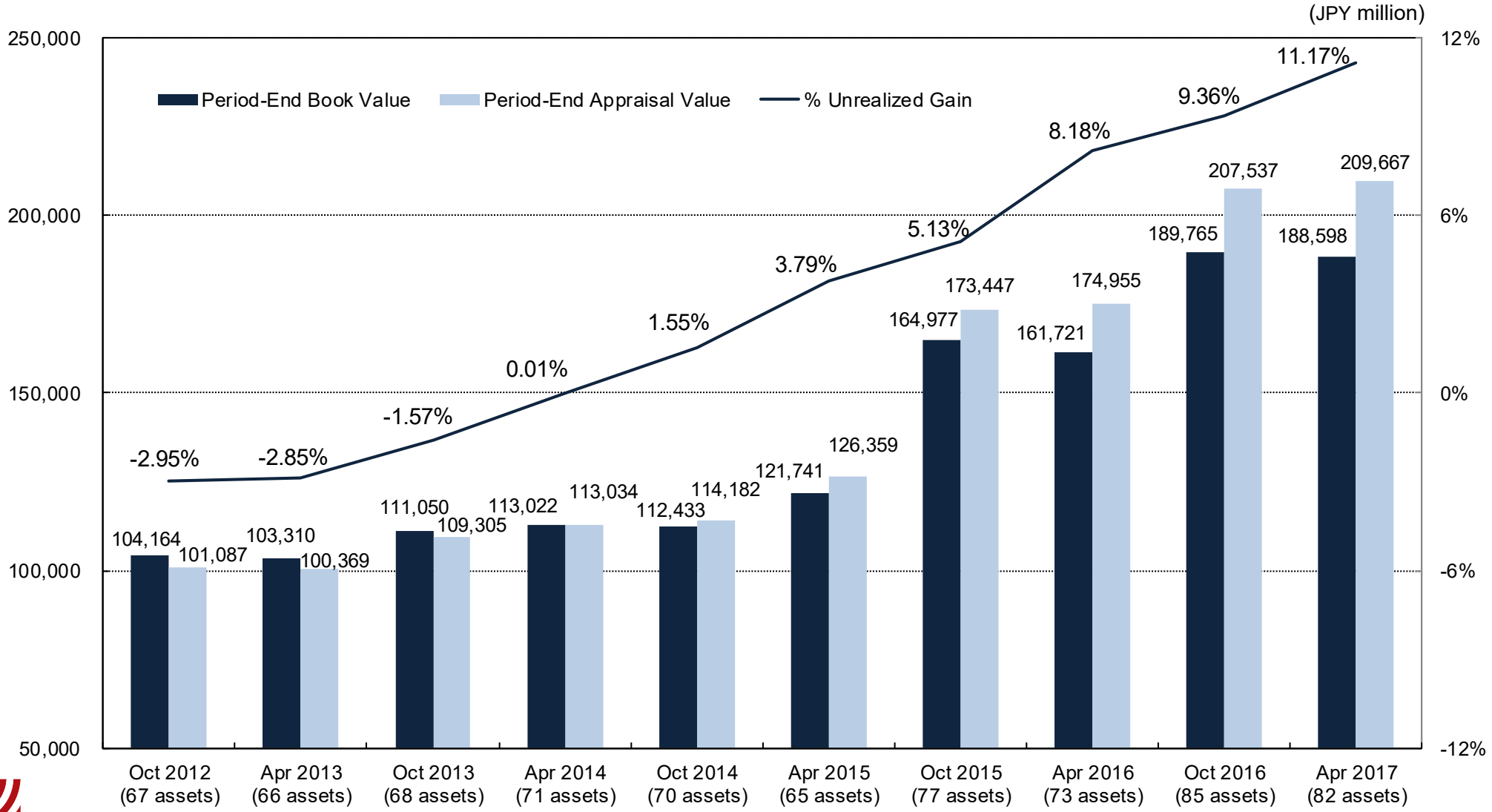
*NOI = Rental Income - Rental Expenses + Depreciation
Occupancy is Period-End

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Unrealized Portfolio Gain: Appraisal Value > Book Value

Unrealized Gain of JPY 21.0B (+JPY 3.2B vs. October 2016)



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April 2017 Asset Sale and Acquisition

With Sponsor Support, Improved Portfolio Quality and Increased Office Focus

Acquired Assets (April 2017 Period)

(JPY million)

No.	Asset Name		Location	Acquisition Price
O-85	Ichigo Shibuya Udagawacho Building		Shibuya-ku, Tokyo	3,500

Acquired Assets (May 10, 2017)

(JPY million)

No.	Asset Name		Location	Acquisition Price
O-86	Win Gotanda Building		Shinagawa-ku, Tokyo	3,100
O-87	Ichigo Hongo Building		Bunkyo-ku, Tokyo	2,300
O-88	Oimachi Center Building		Shinagawa-ku, Tokyo	1,680
Acquired 4 Assets				**10,580**

Sold Assets (April 2017 Period)

(JPY million)

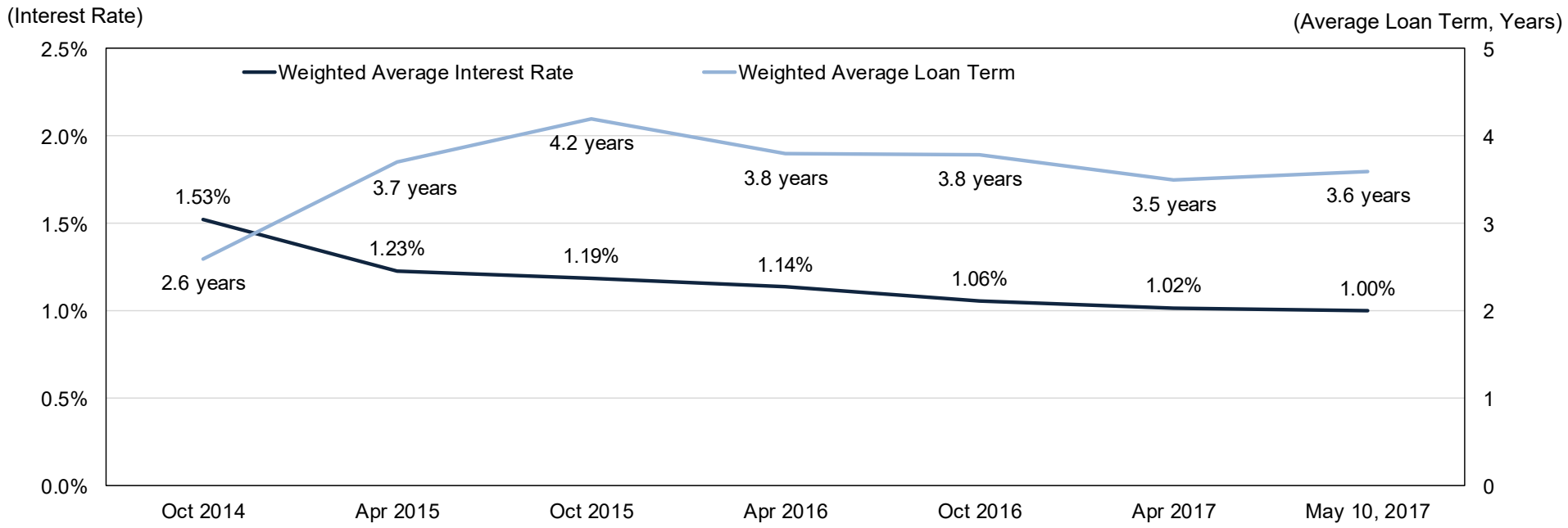
No.	Asset Name		Location	Sale Price
R-04	Ichigo Serviced Apartments Takanawadai		Minato-ku, Tokyo	990
R-06	B-SITE Hamamatsucho		Minato-ku, Tokyo	616
R-09	Ichigo Serviced Apartments Ginza		Chuo-ku, Tokyo	1,034
Z-04	Ichigo Pagoda Asakusa Building		Taito-ku, Tokyo	1,850
Sold 4 Assets				**4,490**

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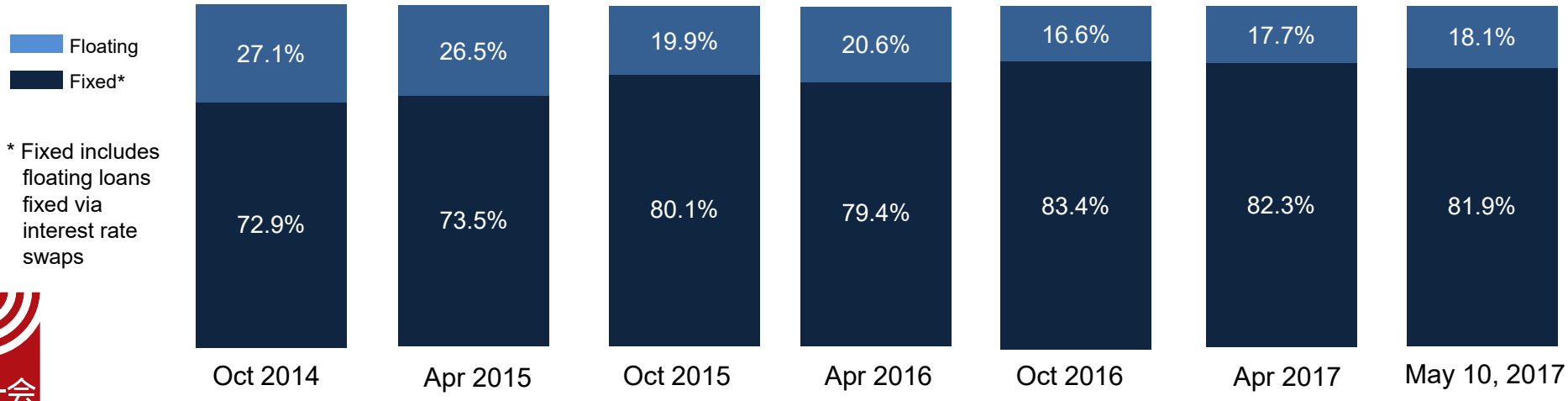
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Loan Details (1)

Average Interest Rate and Loan Term



Fixed-to-Floating Rate Ratio

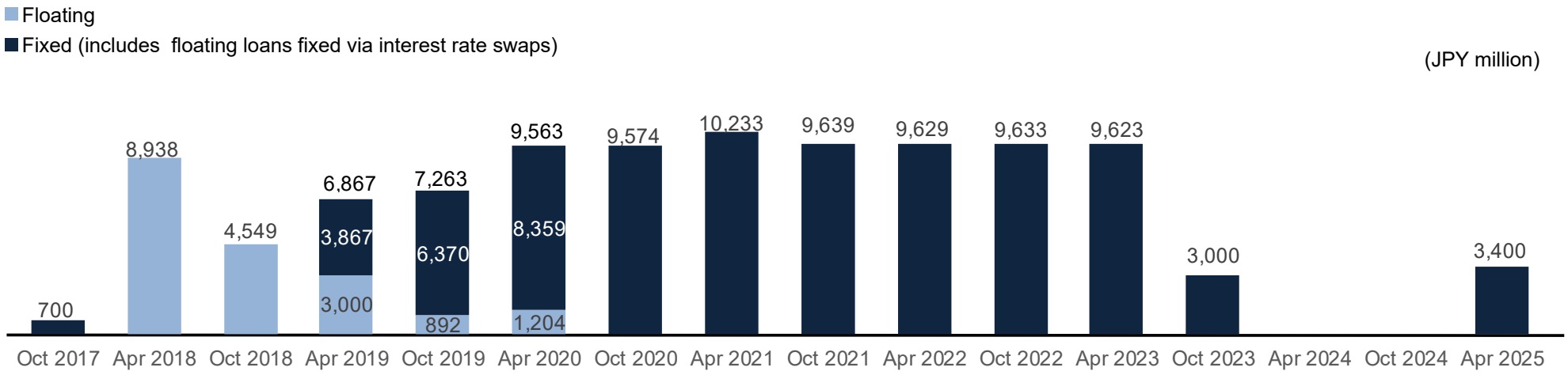


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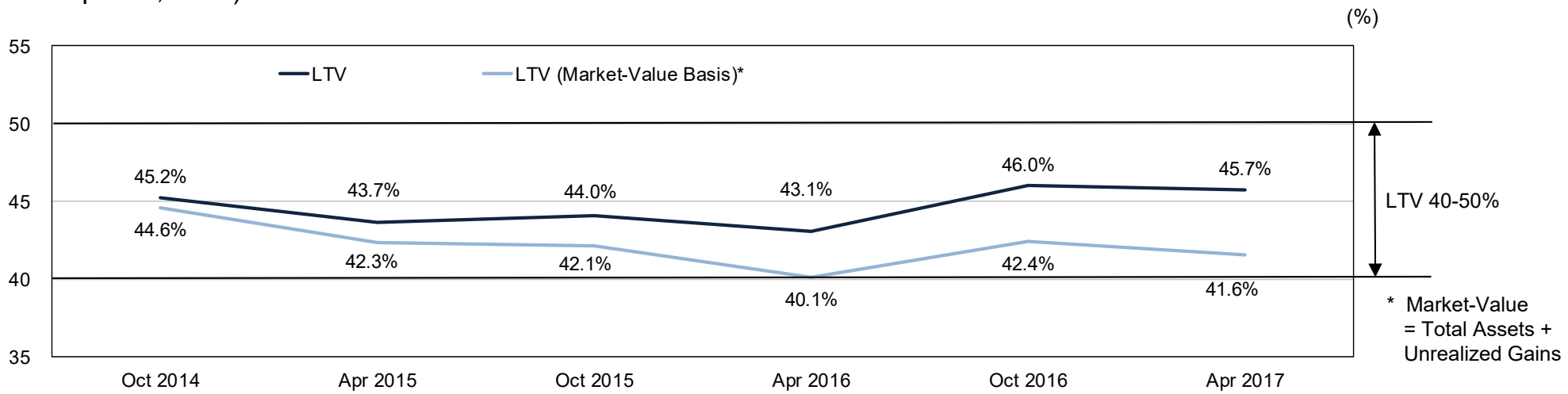
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Loan Details (2)

Loan Maturity Distribution (as of May 10, 2017)



LTV (as of April 30, 2017)



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Lender Base and Credit Rating

Lender Base (as of April 30, 2017)

(JPY million)

Lender	Balance	Ratio
SMBC	25,868	26.8%
Mizuho Bank	16,756	17.3%
Shinsei Bank	12,426	12.9%
BTMU	11,440	11.8%
Aozora Bank	9,978	10.3%
Resona Bank	8,555	8.8%
Bank of Fukuoka	3,093	3.2%
ORIX Bank	2,571	2.6%
Kagawa Bank	1,921	1.9%
Mizuho Trust	1,707	1.7%
Development Bank of Japan (new)	1,000	1.0%
Nishi-Nippon City Bank	998	1.0%
Total	96,317	–

Lender Base (as of May 10, 2017)

(JPY million)

Lender	Balance	Ratio
SMBC	27,968	27.0%
Mizuho Bank	18,156	17.5%
Shinsei Bank	13,526	13.0%
BTMU	11,440	11.0%
Aozora Bank	9,978	9.6%
Resona Bank	8,955	8.6%
Bank of Fukuoka	3,093	2.9%
Development Bank of Japan	3,000	2.9%
ORIX Bank	2,571	2.4%
Kagawa Bank	1,921	1.8%
Mizuho Trust	1,707	1.6%
Nishi-Nippon City Bank	998	0.9%
Total	103,317	–

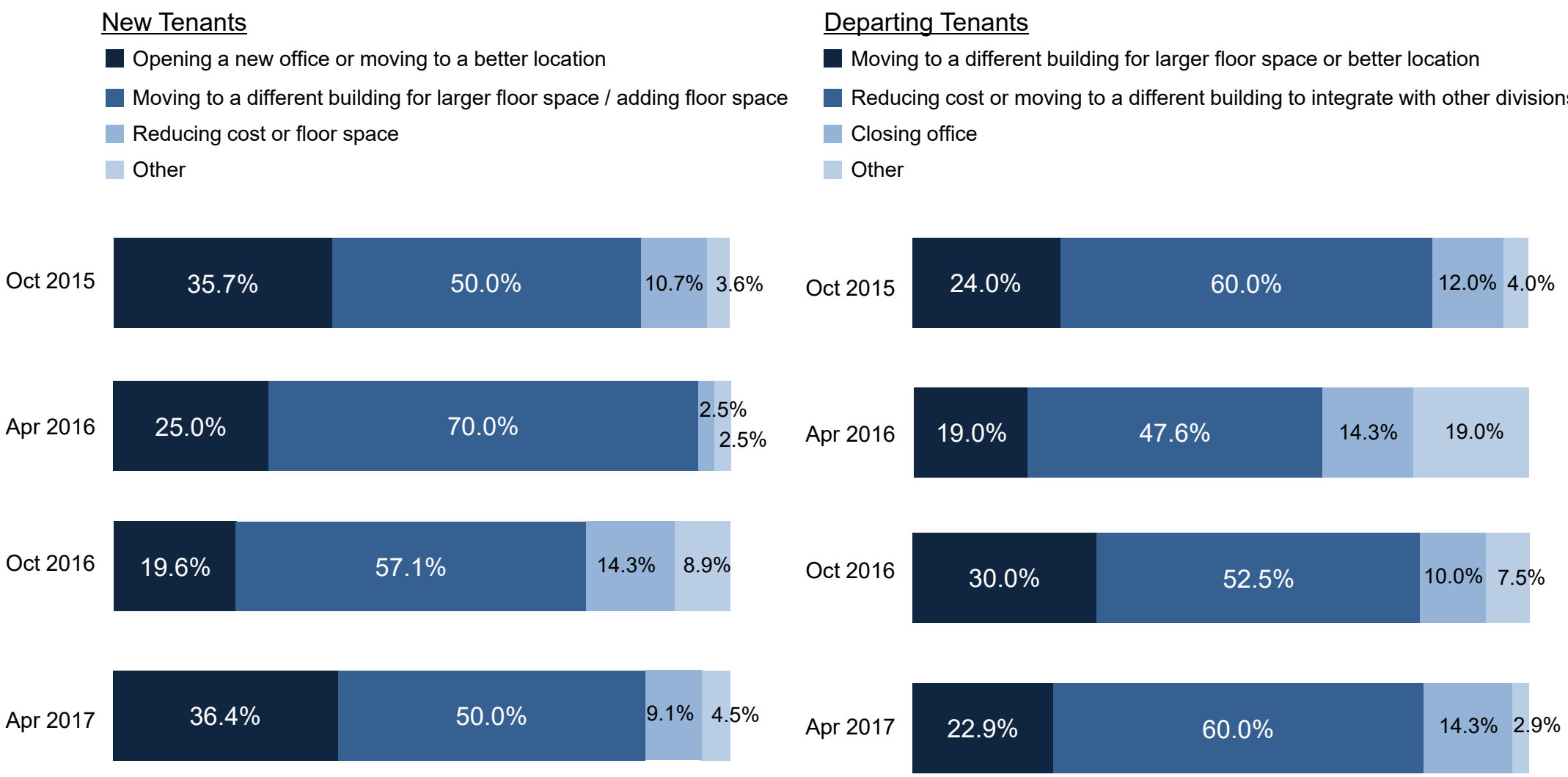
Credit Rating

Credit Rating Agency	Type of Rating	Rating	Rating Outlook
Japan Credit Rating Agency (JCR)	Long-term Issuer Rating	A-	Stable

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Survey Data: New & Departing Tenant Rationale



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April 2017 Leasing Outcomes

No.	Asset Name	Location	October 2016 Occupancy	April 2017 Occupancy	Progress
O-08	Ichigo Akasaka 5 Chome Building	Minato-ku, Tokyo	88.0%	100.0%	・Acquired 3 new tenants (total 249m^2)
O-24	Ichigo Eitai Building	Koto-ku, Tokyo	84.0%	100.0%	・Acquired 2 new tenants (total 416m^2)
O-28	Ichigo Nishi Gotanda Building	Shinagawa-ku, Tokyo	88.6%	100.0%	・Acquired 1 new tenant (156m^2)
O-66	Ichigo Kudan Building	Chiyoda-ku, Tokyo	88.0%	100.0%	・Acquired 1 new tenant (371m^2)
O-82	Ichigo Fushimi Building	Nagoya	87.6%	92.8%	・Acquired 3 new tenants (total 85m^2), and 1 new tenant (80m^2) for October 2017 period
O-85	Ichigo Shibuya Udagawacho Building	Shibuya-ku, Tokyo	67.3%*	89.1%	・Acquired 2 new tenants (total 325m^2)
O-03	Ichigo Mita Building	Minato-ku, Tokyo	100.0%	78.3%	・1,288m^2 vacated by 1 tenant ・Acquired 1 new tenant (421m^2), and 2 new tenants (total 895m^2) for October 2017 (change in leased area)
O-50	Ichigo Hatchobori Building	Chuo-ku, Tokyo	100.0%	100.0%	・400m^2 vacated by 1 tenant ・Acquired 1 new tenant (400m^2)
O-59	Ichigo Jingumae Building	Shibuya-ku, Tokyo	97.0%	97.0%	・276m^2 vacated by 1 tenant ・Acquired 1 new tenant (313m^2) (change in leased area)
O-62	Ichigo Sasazuka Building	Shibuya-ku, Tokyo	100.0%	94.4%	・359m^2 vacated by 1 tenant ・Acquired 1 new tenant (359m^2) for October 2017
O-69	Ichigo Higashi Ikebukuro Building	Toshima-ku, Tokyo	100.0%	100.0%	・Total 656m^2 vacated by 3 tenants ・Acquired 3 new tenants (total 656m^2)

* As of the acquisition date (November 2, 2016)

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Lease Renewals

April 2017: Change in Monthly Rent by Asset Type

(JPY million)

	Oct 31, 2016 (A)	New Contracts	Contract Terminations	Upward	Downward	Asset Acquisition	Asset Sale	Apr 30, 2017 (B)	Change (A) - (B)	Change at Existing Assets
Office	**923**	34	-28	4	–	9	–	**943**	+19	+10
Other	**135**	1	–	–	–	–	-25	**111**	-24	–
Total	**1,058**	35	-29	4	–	9	-25	**1,054**	-4	+10

April 2017: Lease Renewals by Asset Type (Office/Other)

	Asset Type	No. of Assets	Leased Area	Change in Rent (Entire Period)	Change from Previous Rent
Upward	Office	55	16,826m^2	+JPY 25.6M	+6.3%
	Other	1	145m^2	+JPY 0.2M	+10.0%
	Total	56	16,972m^2	+JPY 25.8M	+6.4%
Downward	Office	–	–	–	–
	Other	–	–	–	–
	Total	–	–	–	–
Flat	Office	136	34,074m^2	–	–
	Other	13	3,856m^2	–	–
	Total	149	37,931m^2	–	–
Total	Office	191	50,901 m^2	+JPY 25.6M	+2.2%
	Other	14	4,002m^2	+JPY 0.2M	+5.0%
	Total	205	54,903m^2	+JPY 25.8M	+2.2%

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Leased Area

April 2017: Leased Area by Asset Type (Office/Other)

(m²)

	Oct 31, 2016	New Contracts	Contract Terminations	Asset Acquisition	Asset Sale	Apr 30, 2017	Change	Change at Existing Assets
Office	**218,851**	7,153	-6,497	1,003	–	**220,510**	+1,659	+655
Other	**33,601**	276	-177	–	-4,330	**29,370**	-4,231	+99
Total	**252,453**	7,429	-6,674	1,003	-4,330	**249,881**	-2,572	+754

April 2017: New Leases & Lease Terminations by Asset Type (Office/Other)

New Leases

	Asset Type	No. of Assets	Leased Area	Change in Rent (Entire Period)	Change from Previous Rent
Upward	Office	29	4,752m^2	+JPY 142M	+13.7%
	Other	1	130m^2	+JPY 3M	+11.1%
	Total	30	4,883m^2	+JPY 146M	+13.6%
Downward	Office	10	1,886m^2	+JPY 45M	-12.9%
	Other	1	145m^2	+JPY 2M	-8.1%
	Total	11	2,032m^2	+JPY 47M	-12.7%
Flat	Office	5	514m^2	+JPY 40M	–
	Other	–	–	–	–
	Total	5	514m^2	+JPY 40M	–
Total	Office	44	7,153m^2	+JPY 362M	+5.3%
	Other	2	276m^2	+JPY 5M	+2.0%
	Total	46	7,429m^2	+JPY 367M	+5.2%

Lease Terminations

	No. of Assets	Leased Area	Change in Rent (Entire Period)	Change from Previous Rent
Office	35	6,497m^2	-JPY 171M	–
Other	2	177m^2	-JPY 4M	–
Total	37	6,674m^2	-JPY 175M	–

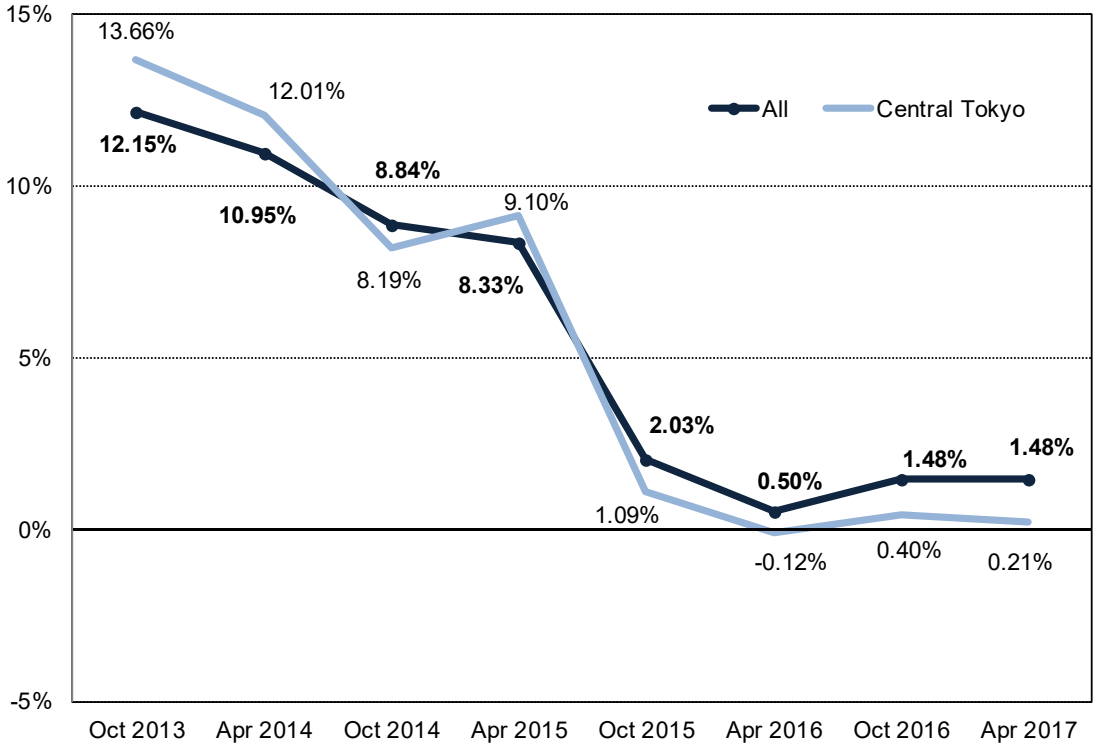
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Rents Increasing with Market Rents

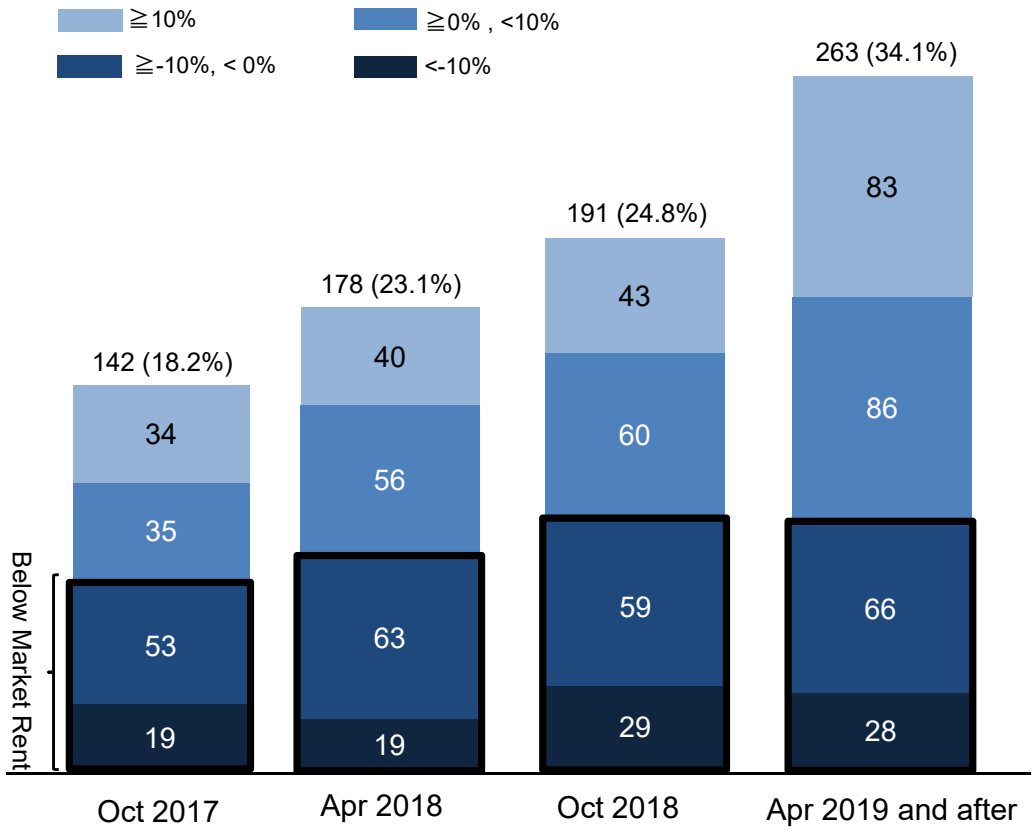
Rising Market Rents Increasing Rent Upside (“Rent Gap”)
Ichigo Leasing Focused on Existing Tenants with Below-Market Rents

Rent Gap Between Current Rent vs. Market Rent



Rent Gap by Fiscal Period

(JPY million)



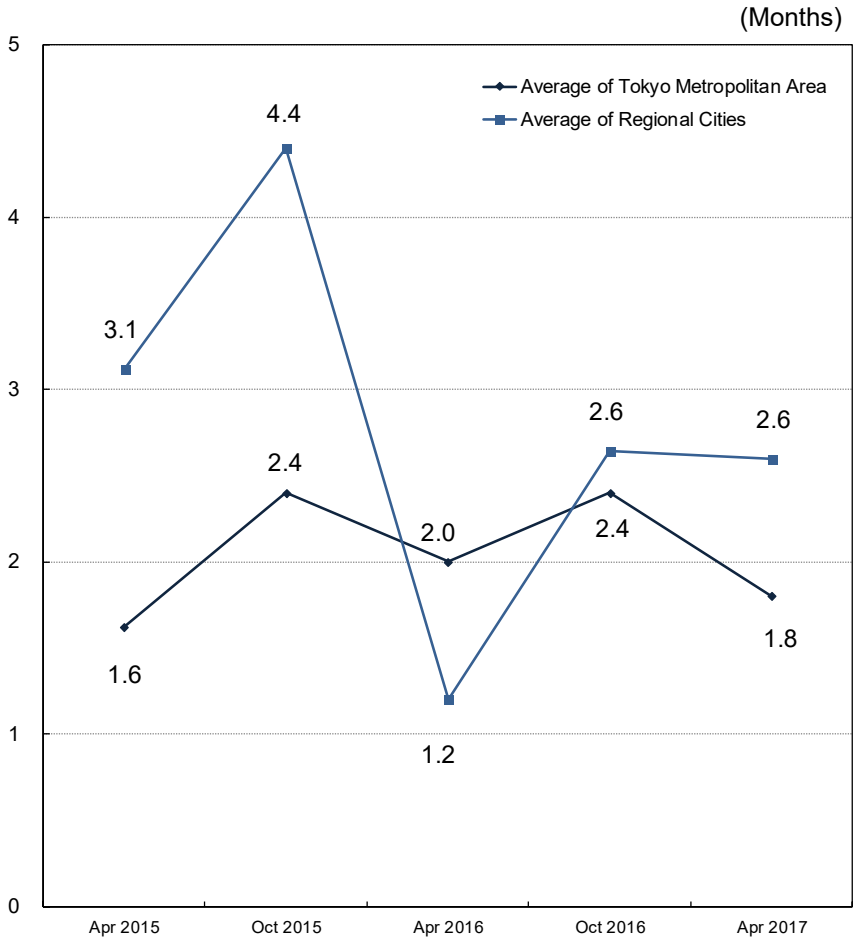
* Market rent data from CBRE

* Excludes scheduled tenant departures.
Percentage in parentheses at top of bars shows the percentage of leases up for renewal in that period.

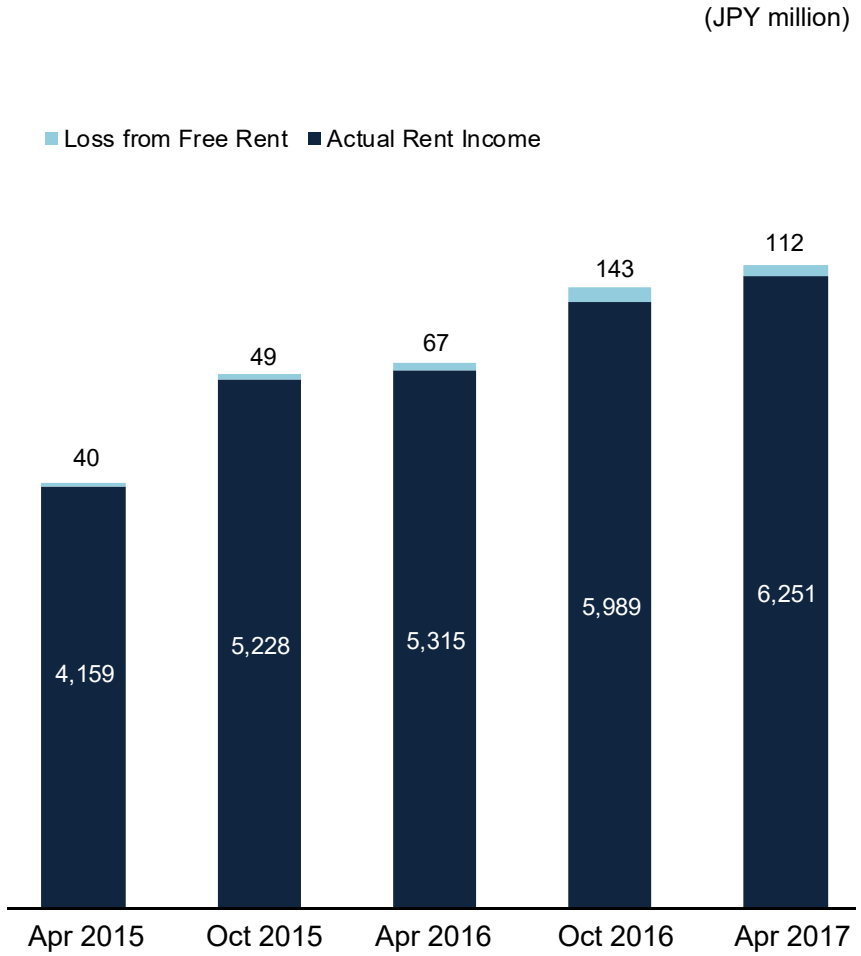
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Free Rent Incentives

Free Rent Incentives



Rental Income Loss due to Free Rent

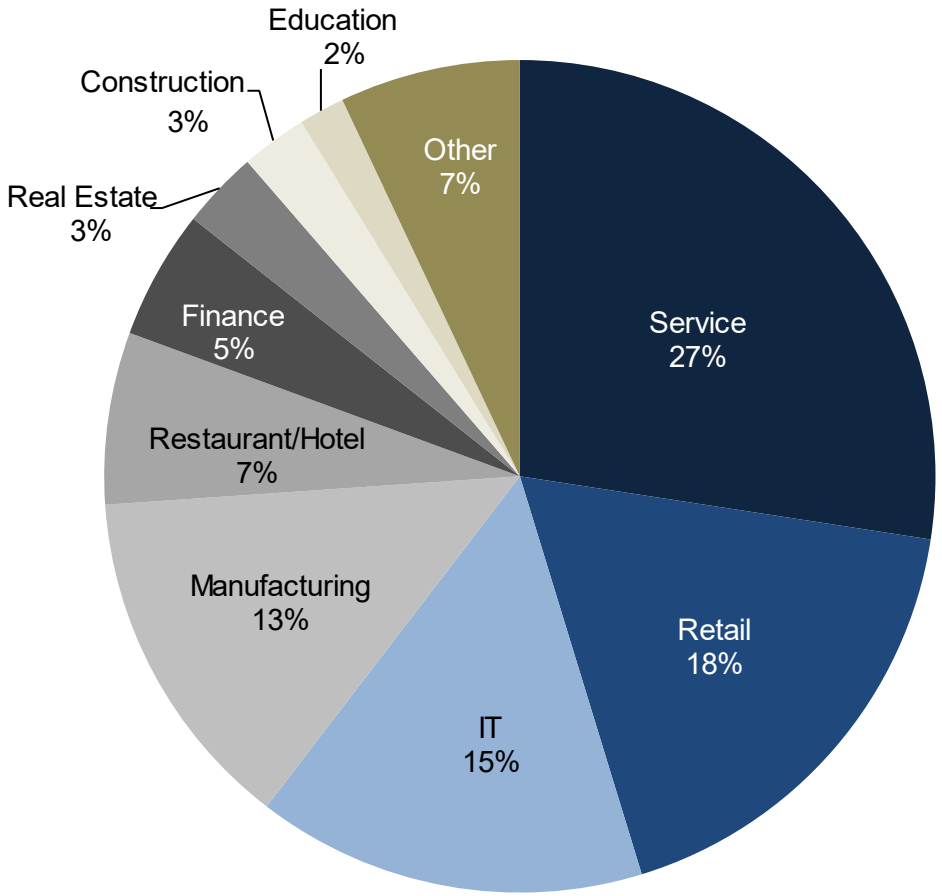


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Highly Diversified Tenant Mix

As of April 30, 2017

Tenant Profiles by Industry
(based on No. of tenants)



Total Number of Tenants: 897

Share of Top 10 Tenants

13.2% by Leased Area
14.0% by Rental Income

Top 10 Tenants by Leased Area

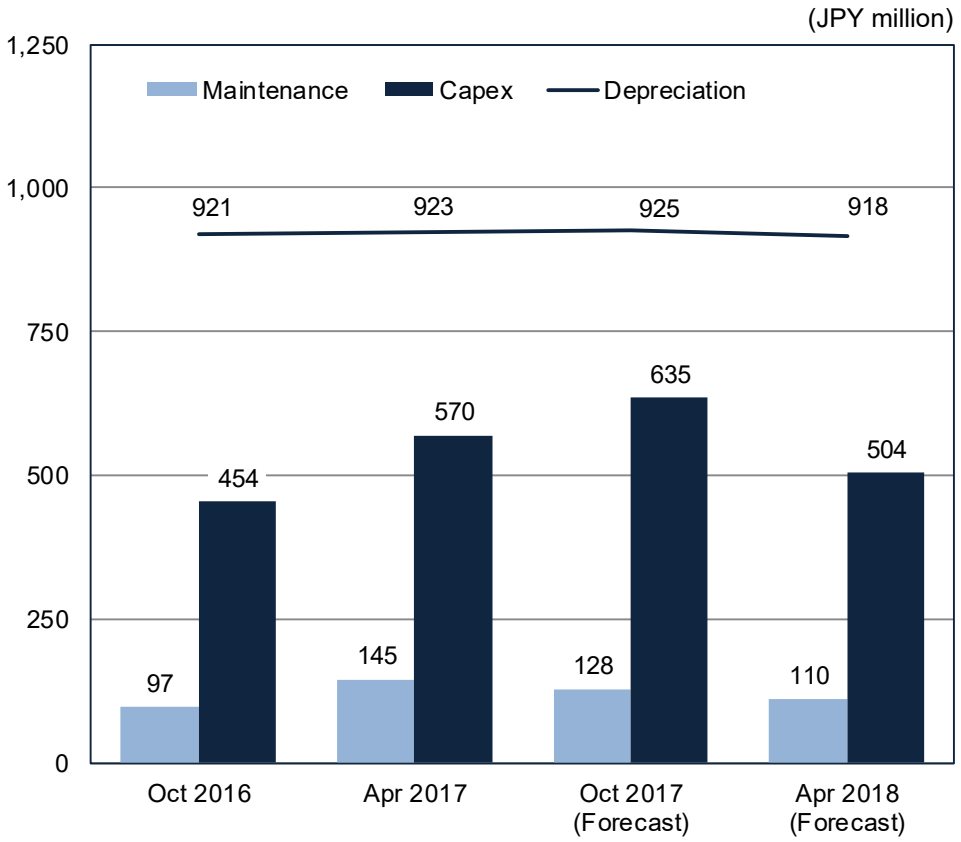
	Asset Name	Industry	Leased Area (m^2)	Share
1	Ichigo Akihabara North Building/ Ichigo Omiya Building	Manufacturing	6,303	2.6%
2	Lions Square Kawaguchi	Supermarket	4,263	1.7%
3	Ichigo Sasazuka Building	Telecommunication	3,827	1.6%
4	Konami Sports Club Izumi Fuchu	Sports Club	3,733	1.5%
5	Nishiki First Building	Telecommunication	3,324	1.4%
6	Ebisu Green Glass	Telecommunication	2,863	1.2%
7	Ichigo Hiroo Building	Retail	2,417	1.0%
8	Ichigo Gotanda Building	Retail	1,925	0.8%
9	Ichigo Ikebukuro East Building	Service	1,872	0.8%
10	Ichigo Toyamaeki Nishi Building/ Ichigo Takamatsu Building	Manufacturing	1,846	0.8%
		Total	32,376	13.2%

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Value-Add Capex Tailored to Tenant Needs

Maintenance Cost, Capex, and Depreciation



October 2017 Capex Plan

Asset Name	Details	Investment
Ichigo Omiya Building	Air Conditioning Upgrade (2nd of 2 phases)	JPY 92M
Ichigo Sasazuka Building	Air Conditioning Upgrade (2 floors)	JPY 26M
Oimachi Center Building	Sub-divide units into smaller office space	JPY 20M
Ichigo Ofuna Building	Exterior Wall Repair (1st of 2 phases)	JPY 20M
Ichigo Machida East Building	Elevator Upgrades	JPY 19M

April 2018 Capex Plan

Asset Name	Details	Investment
Ichigo Akihabara North Building	Lighting Replacement to LED (all floors)	JPY 54M
Ichigo Sasazuka Building	Air Conditioning Upgrade (2 floors)	JPY 33M
Ichigo Ofuna Building	Exterior Wall Repair (2nd of 2 phases)	JPY 20M
Lions Square Kawaguchi	Parking Space Renovation	JPY 18M
Ichigo Jingumae Building	Common Area Renovation	JPY 17M

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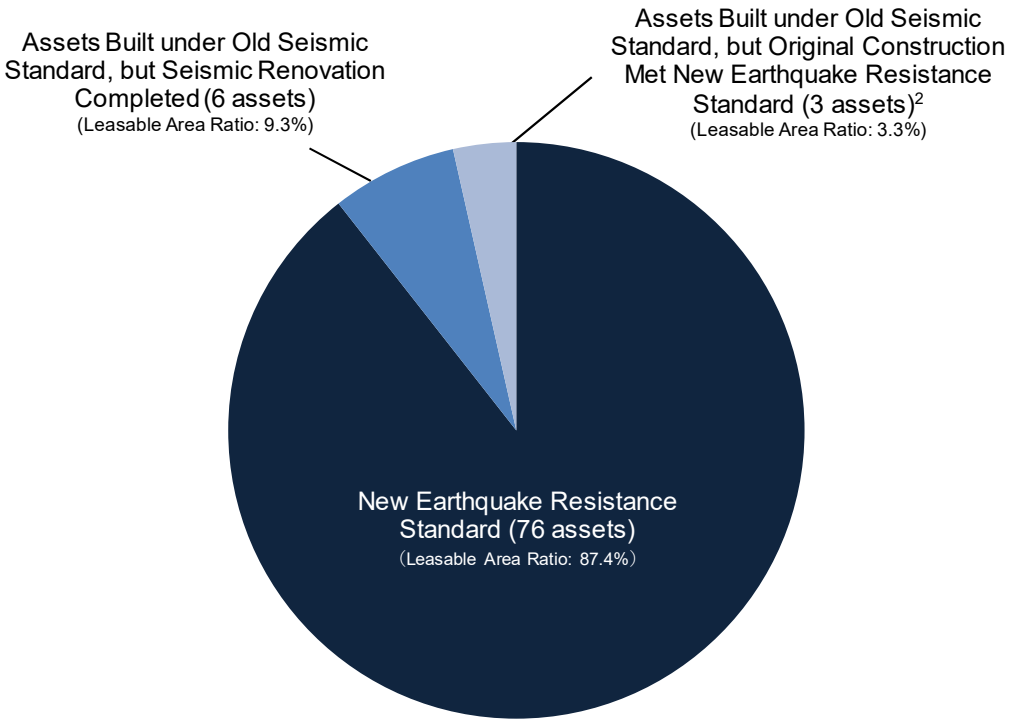
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Portfolio Asset Seismic Safety

Acquisition Guidelines

- ✓ Seismic Safety：Compliant with new seismic standard
- ✓ Seismic PML[1]：Stand-alone PML of 20% or less, with a non-exceedance probability of 90% for the Entire Portfolio

Portfolio Assets Seismic Safety Profile (as of May 10, 2017)



Portfolio PML

2.40%

as of May 10, 2017

Assets Built under Old Seismic Standard, but Seismic Renovation Completed (6 assets)

Ichigo Burg Omori Building, Ichigo Fiesta Shibuya Building, Ichigo Sakae Building, Ichigo Mita Building, Ichigo Gotanda Building, and Ichigo Higashi Ikebukuro Building

Assets Built under Old Seismic Standard, but Original Construction Met New Earthquake Resistance Standard (3 assets)[2]

Ichigo Ginza 612 Building, Ichigo Ofuna Building, and Ichigo Nagoya Building

[1] PML (Probable Maximum Loss) is the maximum expected loss from a large-scale earthquake (defined as an earthquake with an expected frequency of occurrence once every 475 years, or a 10% chance of occurrence within the next 50 years) occurring in the next 50 years, expressed as a ratio to the estimated replacement cost.
[2] Assets evaluated as having seismic strength equivalent to new earthquake resistance standards and for which a third-party seismic evaluation report has been obtained.

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Mid-Size Office Portfolio Growth

		As of October 31, 2016	As of April 30, 2017	As of May 10, 2017
No. of Assets	Total	85 assets	82 assets	85 assets
	Office	70 assets	71 assets	74 assets
	Other	15 assets	11 assets	11 assets
Portfolio Size	Total	JPY 191.0B	JPY 189.8B	JPY 196.9B
	Office	88%	90%	91%
	Other	12%	10%	9%
Area	Central Tokyo	54%	55%	55%
	Tokyo Metropolitan Area	25%	24%	24%
	Four Major Regional Cities	15%	15%	14%
	Other Regional Cities	6%	6%	6%
Appraisal Value		JPY 207.5B	JPY 209.6B	JPY 217.0B
Leasable Area		257,142m^2	253,545m^2	262,707m^2
Occupancy		98.2%	98.6%	98.4%
No. of Tenants		892	897	922
NOI Yield		5.3%	5.5%	5.5%

* Leasable Area is as of May 10, 2017. Occupancy and number of tenants are as of April 30, 2017 for existing assets and as of acquisition dates for those acquired in the October 2017 period.
* NOI Yield as of May 10, 2017 and April 30, 2017 are provisionally calculated excluding assets sold during the fiscal period; NOI Yield of assets acquired in the October 2017 period are determined from the annual NOI calculated using a DCF method based on appraisal value at acquisition.

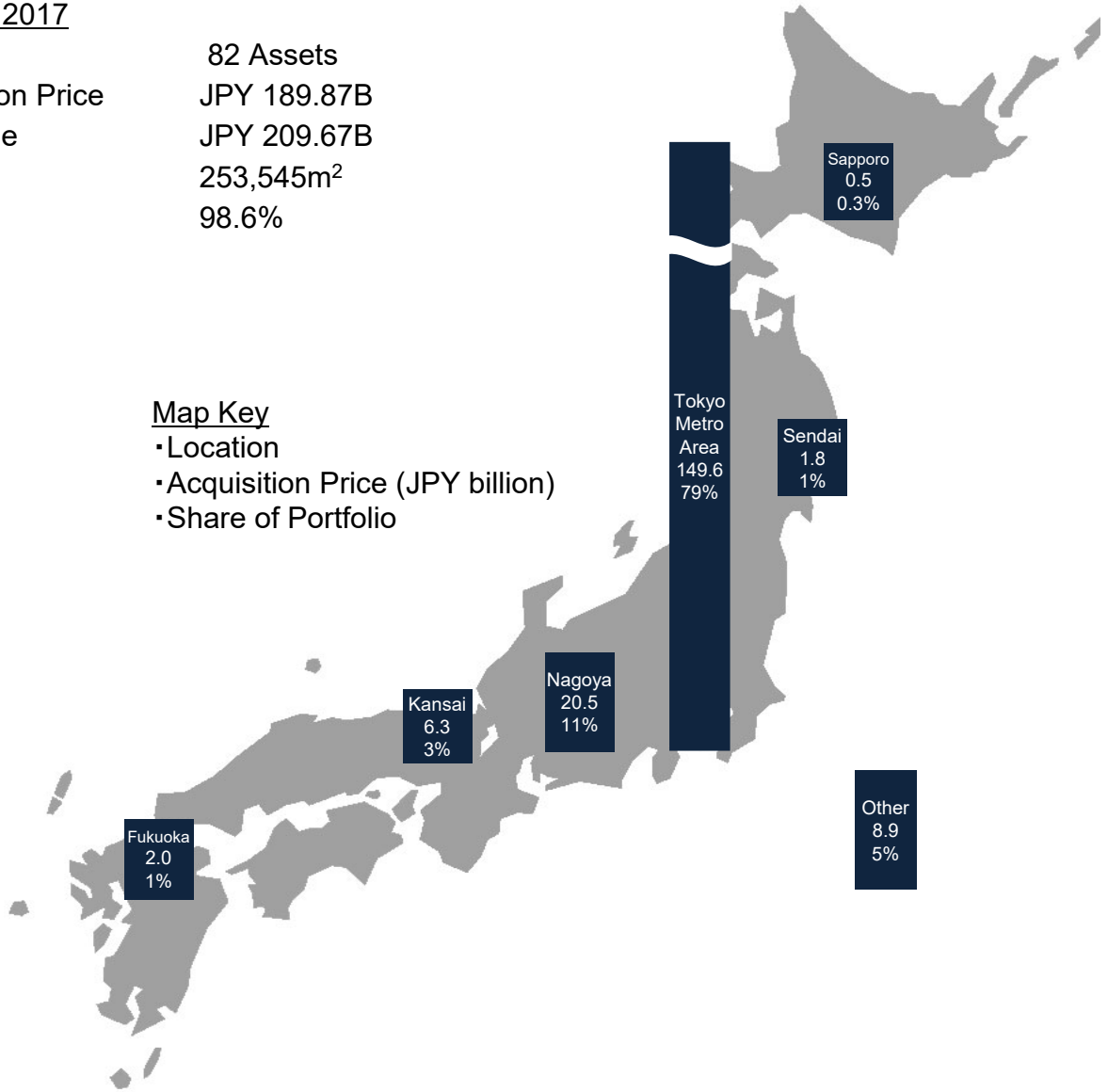
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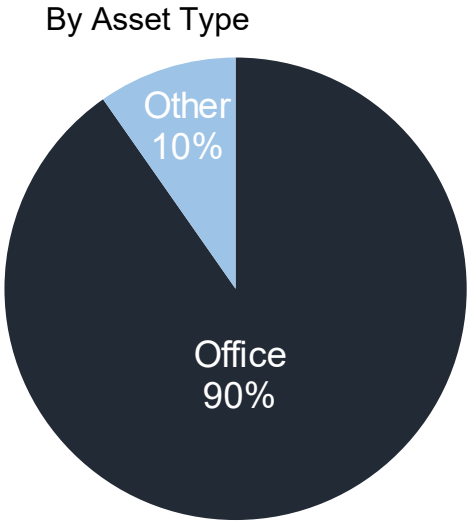
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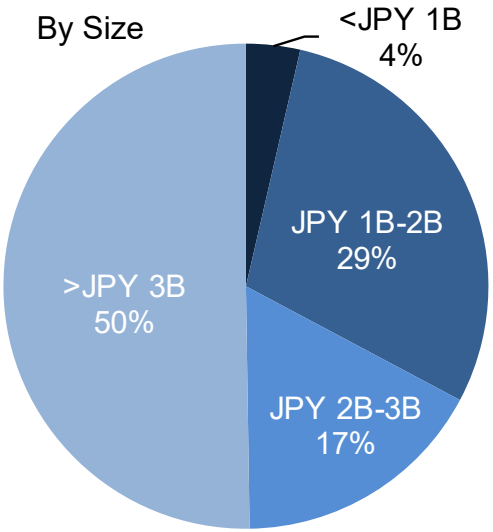
90% Office & 79% Tokyo Metropolitan Area Portfolio (Apr 2017)

As of April 30, 2017

No. of Assets	82 Assets
Total Acquisition Price	JPY 189.87B
Appraisal Value	JPY 209.67B
Leasable Area	253,545m^2
Occupancy	98.6%







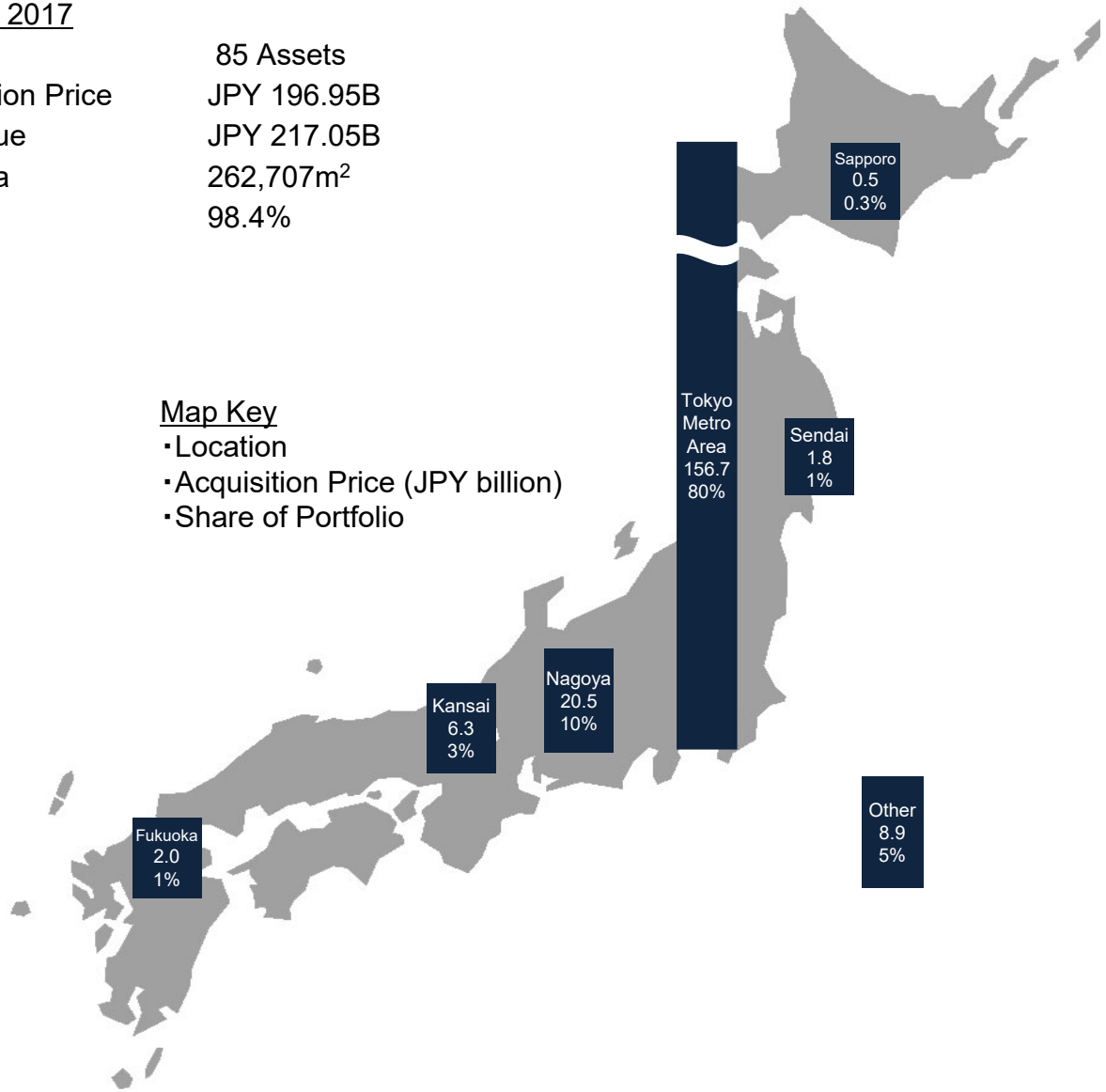
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91% Office & 80% Tokyo Metropolitan Area Portfolio (May 2017)

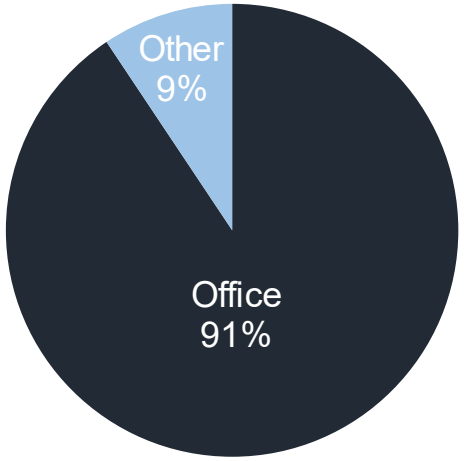
As of May 10, 2017

No. of Assets	85 Assets
Total Acquisition Price	JPY 196.95B
Appraisal Value	JPY 217.05B
Leasable Area	262,707m^2
Occupancy	98.4%

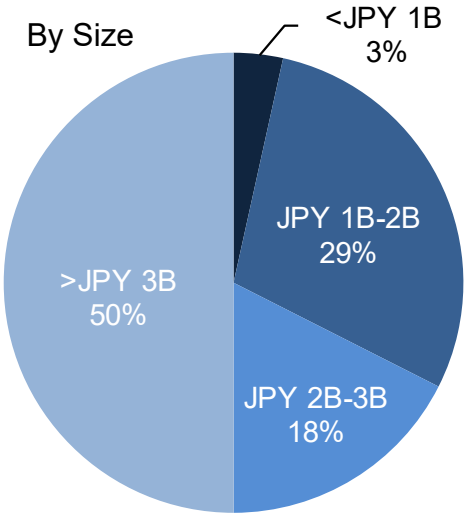
Map Key
- Location
- Acquisition Price (JPY billion)
- Share of Portfolio



By Asset Type



By Size



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Portfolio Details (1)

As of April 30, 2017

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m^2)	Occupancy (%)	Apr 2017 Appraisal		Oct 2016 Appraisal		Change
									Value (JPY M)	Cap rate (%)	Value (JPY M)	Cap rate (%)	Value (JPY M)
Office	O-02	Ichigo Nishisando Building	Central Tokyo	Shibuya-ku, Tokyo	3,254	3,408	4,564.63	100.0%	2,977	4.4%	2,926	4.4%	+51
	O-03	Ichigo Mita Building	Central Tokyo	Minato-ku, Tokyo	2,740	2,744	4,125.52	78.3%	3,202	4.5%	3,019	4.5%	+183
	O-04	Ichigo Nanpeidai Building	Central Tokyo	Shibuya-ku, Tokyo	1,920	1,939	1,925.24	100.0%	2,450	3.7%	2,350	3.8%	+100
	O-05	Ichigo Hanzomon Building	Central Tokyo	Chiyoda-ku, Tokyo	1,550	1,525	2,080.37	100.0%	1,760	4.1%	1,780	4.2%	-20
	O-06	Ichigo Hijirizaka Building	Central Tokyo	Minato-ku, Tokyo	1,200	1,211	1,947.90	100.0%	1,370	4.7%	1,350	4.8%	+20
	O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	Shibuya-ku, Tokyo	1,505	1,407	1,321.54	100.0%	1,713	4.1%	1,712	4.1%	+1
	O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	Minato-ku, Tokyo	735	725	686.50	88.0%	781	4.0%	780	4.0%	+1
	O-09	Ichigo Shibakoen Building	Central Tokyo	Minato-ku, Tokyo	1,100	1,102	1,602.29	100.0%	1,080	4.5%	1,050	4.6%	+30
	O-10	Ichigo Ebisu Nishi Building	Central Tokyo	Shibuya-ku, Tokyo	1,917	1,930	1,484.39	100.0%	2,217	4.2%	2,210	4.2%	+7
	O-11	Ichigo Ginza 612 Building	Central Tokyo	Chuo-ku, Tokyo	1,773	1,767	1,388.35	94.9%	1,946	4.2%	1,946	4.2%	–
	O-12	Ichigo Uchikanda Building	Central Tokyo	Chiyoda-ku, Tokyo	1,140	1,124	1,378.83	100.0%	1,150	4.5%	1,120	4.6%	+30
	O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	Shinjuku-ku, Tokyo	550	522	780.64	100.0%	562	4.4%	551	4.5%	+11
	O-15	Ichigo Tameike Building	Central Tokyo	Minato-ku, Tokyo	580	539	494.14	100.0%	673	4.0%	651	4.1%	+22
	O-16	Ichigo Jinbocho Building	Central Tokyo	Chiyoda-ku, Tokyo	1,820	1,817	1,891.01	100.0%	2,200	4.3%	2,160	4.4%	+40
	O-17	Ichigo Hakozaki Building	Central Tokyo	Chuo-ku, Tokyo	1,150	1,162	2,387.34	100.0%	1,140	4.6%	1,110	4.7%	+30
	O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	Chiyoda-ku, Tokyo	763	742	1,288.31	100.0%	888	4.5%	885	4.5%	+3
	O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	Chiyoda-ku, Tokyo	844	835	1,302.43	100.0%	844	4.6%	827	4.7%	+17
	O-20	Ichigo Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	5,060	4,914	5,346.76	100.0%	5,820	4.7%	5,740	4.8%	+80
	O-21	Ichigo Shin Yokohama Building	Tokyo Metro Area	Yokohama City, Kanagawa	1,816	1,742	4,021.32	100.0%	1,784	5.1%	1,780	5.1%	+4
	O-22	Ichigo Minami Ikebukuro Building	Tokyo Metro Area	Toshima-ku, Tokyo	1,460	1,380	1,491.51	100.0%	1,570	4.2%	1,590	4.3%	-20
	O-23	Ichigo Nakano North Building	Tokyo Metro Area	Nakano-ku, Tokyo	764	754	1,250.85	100.0%	829	5.0%	882	5.1%	-53
	O-24	Ichigo Eitai Building	Tokyo Metro Area	Koto-ku, Tokyo	1,490	1,476	2,605.54	100.0%	1,240	5.0%	1,240	5.1%	–
	O-26	Ichigo Ikejiri Building	Tokyo Metro Area	Meguro-ku, Tokyo	2,030	1,974	2,385.69	100.0%	2,230	4.6%	2,150	4.7%	+80
	O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metro Area	Toshima-ku, Tokyo	639	616	1,261.91	100.0%	778	4.6%	706	4.7%	+72
	O-28	Ichigo Nishi Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	765	771	1,329.06	100.0%	793	4.7%	778	4.8%	+15
	O-29	Ichigo Kichijoji Building	Tokyo Metro Area	Musashino City, Tokyo	2,160	2,229	4,210.87	100.0%	2,590	5.0%	2,570	5.1%	+20
	O-34	Ichigo Sakae Building	Four Major Cities	Nagoya City, Aichi	4,705	4,702	3,928.12	100.0%	5,191	5.0%	5,191	5.0%	–
	O-37	Ichigo Marunouchi Building	Four Major Cities	Nagoya City, Aichi	6,710	6,052	8,009.11	100.0%	7,180	4.6%	6,970	4.7%	+210
	O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	Toyama City, Toyama	1,650	1,509	8,601.71	98.5%	1,730	6.1%	1,730	6.2%	–

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Portfolio Details (2)

As of April 30, 2017

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m^2)	Occupancy (%)	Apr 2017 Appraisal		Oct 2016 Appraisal		Change
									Value (JPY M)	Cap rate (%)	Value (JPY M)	Cap rate (%)	Value (JPY M)
Office	O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	Oita City, Oita	1,158	1,157	3,551.46	96.6%	1,270	6.1%	1,260	6.1%	+10
	O-42	Ichigo Takamatsu Building	Other Regional Cities	Takamatsu City, Kagawa	3,010	2,527	6,329.33	98.7%	3,240	6.5%	3,190	6.6%	+50
	O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	Chiyoda-ku, Tokyo	2,130	2,049	2,523.09	100.0%	2,890	4.0%	2,780	4.1%	+110
	O-47	Ichigo Akihabara North Building	Central Tokyo	Chiyoda-ku, Tokyo	5,500	5,642	6,250.53	100.0%	6,790	4.6%	6,700	4.7%	+90
	O-48	Ichigo Sakaisuji Honmachi Building	Four Major Cities	Osaka City, Osaka	1,940	1,850	3,729.35	100.0%	2,300	4.7%	2,280	4.8%	+20
	O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	Chiyoda-ku, Tokyo	2,210	2,199	2,295.57	100.0%	2,420	4.3%	2,410	4.4%	+10
	O-50	Ichigo Hatchobori Building	Central Tokyo	Chuo-ku, Tokyo	1,905	1,863	2,697.36	100.0%	2,510	4.6%	2,470	4.7%	+40
	O-51	Ebisu Green Glass	Central Tokyo	Shibuya-ku, Tokyo	5,900	5,863	3,159.27	100.0%	6,560	3.7%	6,540	3.7%	+20
	O-52	Ichigo Omori Building	Central Tokyo	Shinagawa-ku, Tokyo	3,850	3,817	3,585.92	100.0%	4,160	4.5%	4,160	4.5%	–
	O-53	Ichigo Takadanobaba Building	Central Tokyo	Shinjuku-ku, Tokyo	1,580	1,584	1,606.92	100.0%	1,840	4.2%	1,790	4.3%	+50
	O-54	Ichigo Omiya Building	Tokyo Metro Area	Saitama City, Saitama	3,430	3,598	6,180.68	100.0%	3,730	5.3%	3,680	5.4%	+50
	O-55	Ichigo Sagamihara Building	Tokyo Metro Area	Sagamihara City, Kanagawa	1,174	1,242	2,960.81	100.0%	1,280	5.5%	1,260	5.6%	+20
	O-56	Ichigo Ofuna Building	Tokyo Metro Area	Kamakura City, Kanagawa	2,000	1,985	2,364.71	100.0%	2,380	5.4%	2,270	5.4%	+110
	O-57	Ichigo Sendai East Building	Other Regional Cities	Sendai City, Miyagi	1,840	1,760	5,205.49	93.3%	2,070	5.8%	2,040	5.9%	+30
	O-58	Ichigo Kumamoto Building	Other Regional Cities	Kumamoto City, Kumamoto	1,450	1,434	4,498.16	95.1%	1,430	6.1%	1,430	6.1%	–
	O-59	Ichigo Jingumae Building	Central Tokyo	Shibuya-ku, Tokyo	7,200	7,367	4,422.35	97.0%	7,710	3.5%	7,710	3.6%	–
	O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	Shibuya-ku, Tokyo	3,650	3,692	2,789.86	100.0%	4,790	3.6%	4,660	3.7%	+130
	O-61	Ichigo Hiroo Building	Central Tokyo	Shibuya-ku, Tokyo	3,960	4,012	3,510.44	100.0%	4,380	4.0%	4,320	4.1%	+60
	O-62	Ichigo Sasazuka Building	Central Tokyo	Shibuya-ku, Tokyo	4,780	4,814	6,425.29	94.4%	5,060	4.2%	5,020	4.3%	+40
	O-63	Ichigo Nihonbashi East Building	Central Tokyo	Chuo-ku, Tokyo	4,700	4,669	4,216.97	100.0%	5,440	4.0%	5,290	4.1%	+150
	O-64	Ichigo Sakurabashi Building	Central Tokyo	Chuo-ku, Tokyo	2,500	2,587	2,971.22	100.0%	2,730	4.2%	2,730	4.2%	–
	O-65	Ichigo Shinkawa Building	Central Tokyo	Chuo-ku, Tokyo	2,360	2,391	2,312.03	100.0%	2,710	4.1%	2,710	4.1%	–
	O-66	Ichigo Kudan Building	Central Tokyo	Chiyoda-ku, Tokyo	3,190	3,237	3,090.65	100.0%	3,370	4.1%	3,350	4.2%	+20
	O-67	Ichigo Higashi Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	3,660	3,688	4,548.10	100.0%	4,110	4.2%	4,020	4.3%	+90
	O-68	Axior Mita	Central Tokyo	Minato-ku, Tokyo	1,800	1,783	2,369.82	100.0%	2,040	4.1%	1,970	4.1%	+70
	O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metro Area	Toshima-ku, Tokyo	4,570	4,605	4,553.90	100.0%	4,940	4.2%	4,920	4.3%	+20
	O-70	Koriyama Big-i (Office Section)	Other Regional Cities	Koriyama City, Fukushima	1,660	1,568	3,433.07	100.0%	1,790	5.2%	1,770	5.2%	+20
	O-71	Ichigo Kawasaki Building	Tokyo Metro Area	Kawasaki City, Kanagawa	1,750	1,783	3,665.34	100.0%	2,030	4.4%	1,980	4.5%	+50
	O-72	Ichigo Shibuya East Building	Central Tokyo	Shibuya-ku, Tokyo	1,350	1,356	1,041.36	100.0%	1,490	3.7%	1,460	3.8%	+30

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Portfolio Details (3)

As of April 30, 2017

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m^2)	Occupancy (%)	Apr 2017 Appraisal		Oct 2016 Appraisal		Change
									Value (JPY M)	Cap rate (%)	Value (JPY M)	Cap rate (%)	Value (JPY M)
Office	O-73	Ichigo Ningyocho Building	Central Tokyo	Chuo-ku, Tokyo	1,450	1,465	1,769.09	100.0%	1,560	4.2%	1,550	4.2%	+10
	O-74	Ichigo Nishi Honmachi Building	Four Major Cities	Osaka City, Osaka	2,190	2,180	6,151.98	94.0%	2,340	4.9%	2,330	5.0%	+10
	O-75	Ichigo Hakata Building	Four Major Cities	Fukuoka City, Fukuoka	1,380	1,385	2,423.86	100.0%	1,460	5.0%	1,440	5.1%	+20
	O-76	Nishiki First Building	Four Major Cities	Nagoya City, Aichi	2,000	2,000	3,324.54	100.0%	2,110	4.8%	2,080	4.9%	+30
	O-77	Ichigo Ikenohata Building	Tokyo Metro Area	Taito-ku, Tokyo	5,130	5,161	5,504.02	100.0%	5,330	4.3%	5,310	4.3%	+20
	O-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	Toshima-ku, Tokyo	3,010	3,010	3,118.69	100.0%	3,210	4.3%	3,170	4.3%	+40
	O-79	Ichigo Motoazabu Building	Central Tokyo	Minato-ku, Tokyo	1,890	1,900	1,329.96	100.0%	1,970	3.7%	1,970	3.7%	–
	O-80	Ichigo Otsuka Building	Tokyo Metro Area	Toshima-ku, Tokyo	2,740	2,751	3,679.70	100.0%	2,930	4.4%	2,880	4.4%	+50
	O-81	Ichigo Nagoya Building	Four Major Cities	Nagoya City, Aichi	3,420	3,448	4,930.30	100.0%	3,620	4.6%	3,530	4.7%	+90
	O-82	Ichigo Fushimi Building	Four Major Cities	Nagoya City, Aichi	2,340	2,348	4,155.57	92.8%	2,410	4.8%	2,400	4.9%	+10
	O-83	Ichigo Nishiki Building	Four Major Cities	Nagoya City, Aichi	1,330	1,322	2,006.78	100.0%	1,410	4.7%	1,390	4.8%	+20
	O-84	Ichigo Minami Morimachi Building	Four Major Cities	Osaka City, Osaka	1,040	1,035	2,521.51	100.0%	1,110	4.7%	1,110	4.8%	–
	O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	Shibuya-ku, Tokyo	3,500	3,624	1,491.38	89.1%	3,920	3.5%	3,780	3.6%	+140
				Subtotal - Office	**171,417**	**170,402**	**223,788.31**	**98.5%**	**189,528**		**186,864**		**+2,757**

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Portfolio Details (4)

As of April 30, 2017

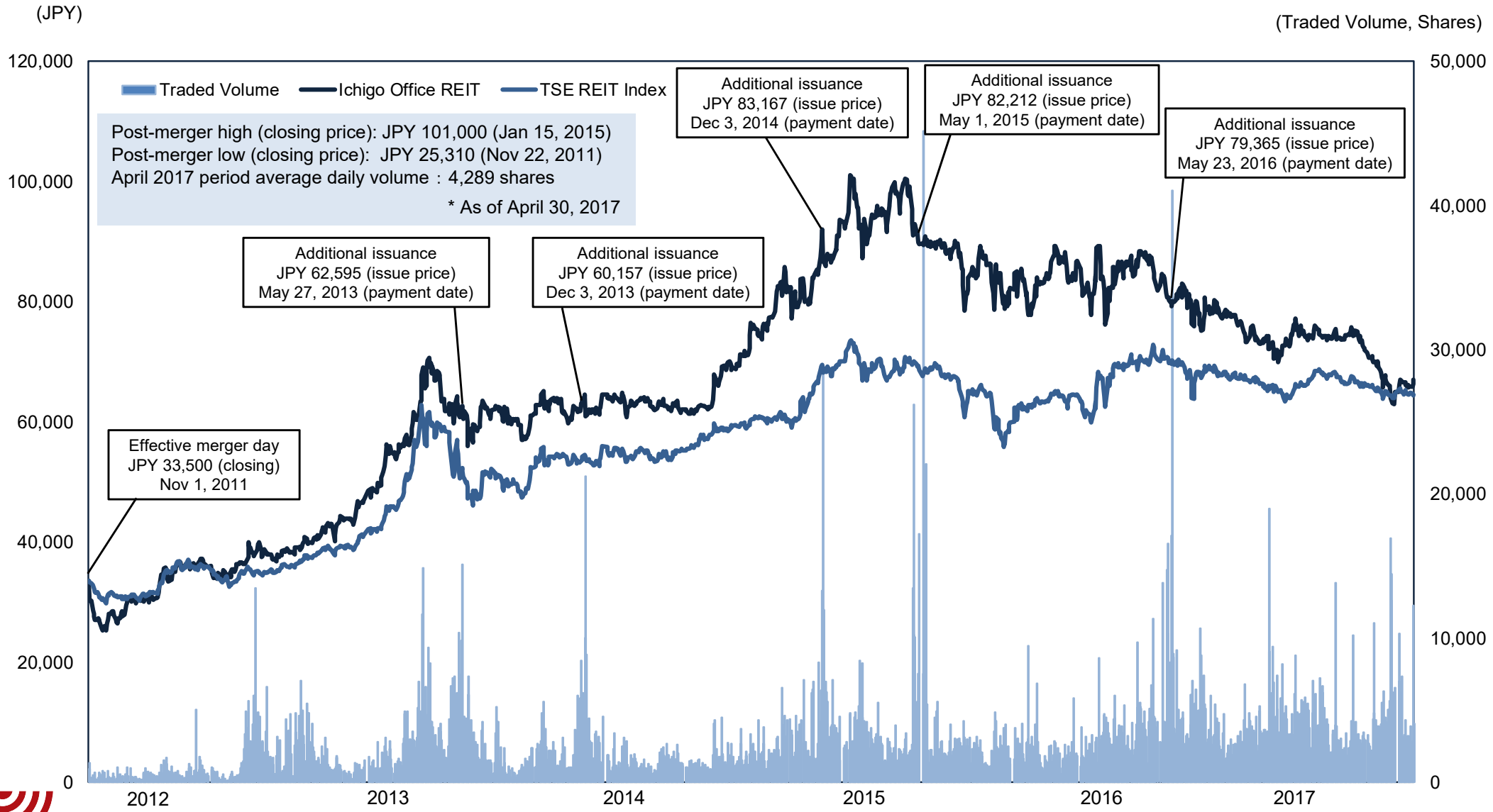
Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m^2)	Occupancy (%)	Apr 2017 Appraisal		Oct 2016 Appraisal		Change
									Value (JPY M)	Cap rate (%)	Value (JPY M)	Cap rate (%)	Value (JPY M)
Other	Z-02	Ichigo Fiesta Shibuya Building	Central Tokyo	Shibuya-ku, Tokyo	1,970	1,975	1,185.85	100.0%	2,130	4.1%	2,100	4.2%	+30
	Z-03	Ichigo Burg Omori Building	Tokyo Metro Area	Ota-ku, Tokyo	3,218	3,125	5,345.62	92.8%	2,997	5.7%	3,005	5.7%	-8
	Z-05	Ichigo Machida East Building	Tokyo Metro Area	Machida City Tokyo	1,310	1,276	2,183.65	100.0%	1,540	4.9%	1,490	5.0%	+50
	Z-07	Ichigo Sapporo Minami 2 Nishi 3 Building	Four Major Cities	Sapporo City, Hokkaido	558	550	1,162.52	100.0%	585	5.2%	584	5.2%	+1
	Z-08	Ichigo Daimyo Balcony	Four Major Cities	Fukuoka City, Fukuoka	638	589	765.61	100.0%	677	4.7%	669	4.8%	+8
	Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	Izumi City, Osaka	1,210	1,130	3,733.68	100.0%	1,450	5.7%	1,420	5.8%	+30
	Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	Shibuya-ku, Tokyo	2,400	2,472	778.77	100.0%	3,010	3.4%	3,040	3.5%	-30
	Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metro Area	Yokohama City, Kanagawa	1,620	1,551	2,717.77	100.0%	1,870	5.3%	1,870	5.3%	–
	Z-12	Lions Square Kawaguchi	Tokyo Metro Area	Kawaguchi City, Saitama	2,430	2,386	7,788.09	100.0%	2,630	4.6%	2,610	4.7%	+20
	Z-13	Ichigo Shin Yokohama Arena Dori Building	Tokyo Metro Area	Yokohama City, Kanagawa	1,700	1,689	1,971.34	100.0%	1,750	5.1%	1,720	5.2%	+30
	Z-14	Ichigo Kamata Building	Tokyo Metro Area	Ota-ku, Tokyo	1,400	1,449	2,124.68	100.0%	1,500	4.7%	1,490	4.8%	+10
				Subtotal - Other	**18,454**	**18,196**	**29,757.58**	**98.7%**	**20,139**		**19,998**		**+179**
				Total (82 Assets)	**189,871**	**188,598**	**253,545.89**	**98.6%**	**209,667**		**206,862**		**+2,936**

Reference: Assets Acquired in the October 2017 Period

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Acquisition Date	Leasable Area (m^2)	Occupancy (%)	Appraisal at Acquisition	
									Value (JPY M)	Cap rate (%)
Office	O-86	Win Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	3,100	May 10, 2017	3,689.88	100.0%	3,260	4.2%
	O-87	Ichigo Hongo Building	Tokyo Metro Area	Bunkyo-ku, Tokyo	2,300	May 10, 2017	2,722.58	100.0%	2,370	4.4%
	O-88	Oimachi Center Building	Central Tokyo	Shinagawa-ku, Tokyo	1,680	May 10, 2017	2,748.73	77.8%	1,750	4.4%
				Subtotal	**7,080**		**9,161.19**		**7,380**	
				82 Assets Held on April 30, 2017 + New Acquisition 3 Assets = Total 85 Assets	**196,951**		**262,707.08**	**98.4%**	**217,047**	

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Share Price (November 1, 2011 to May 31, 2017)



* TSE REIT Index adjusted, with the November 1, 2011 Ichigo Office REIT price as the base price.

Data from Bloomberg

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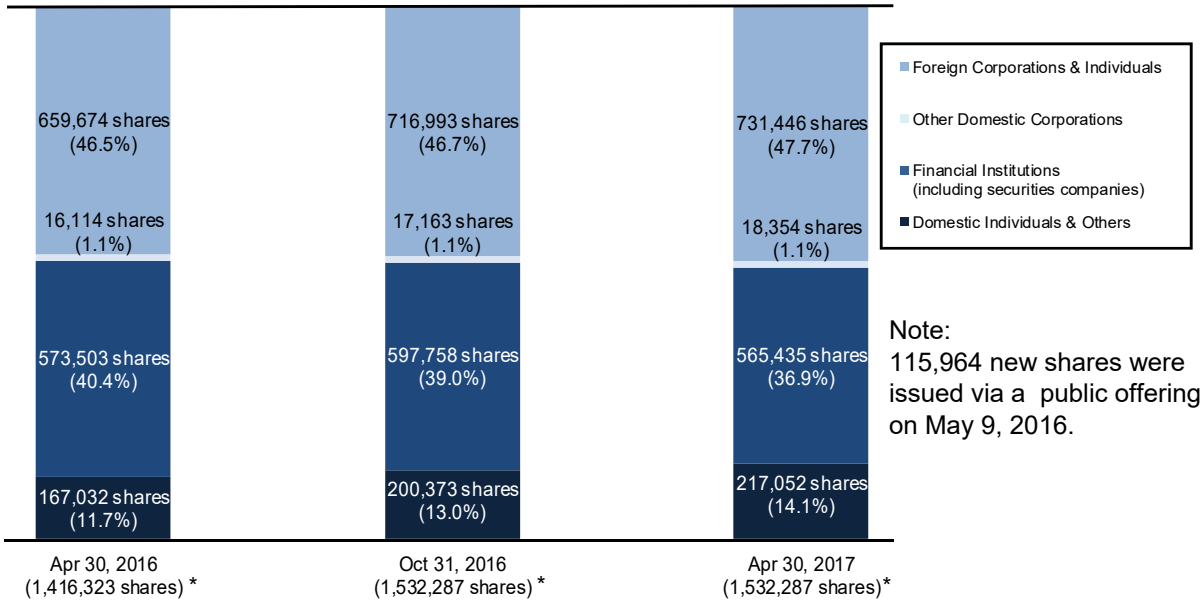
Shareholder Composition

As of April 30, 2017

Major Shareholders

	Name	No. of Shares	Share
1	Ichigo Trust Pte. Ltd.	344,190	22.5%
2	Japan Trustee Services Bank, Ltd., Trust Account	143,960	9.4%
3	Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	136,181	8.9%
4	The Master Trust Bank of Japan, Trust Account	119,259	7.8%
5	NOMURA BANK (LUXEMBOURG) S.A.	113,592	7.4%
6	Morgan Stanley MUFG Securities Co., Ltd.	63,997	4.2%
7	BNYM SA / NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	62,400	4.1%
8	The Nomura Trust and Banking Co., Ltd., Investment Trust Account	41,940	2.7%
9	GOLDMAN SACHS INTERNATIONAL	28,647	1.9%
10	STATE STREET BANK AND TRUST COMPANY 505012	26,453	1.7%
	Total	**1,080,619**	**70.5%**

Shareholdings by Shareholder Type



Note:
115,964 new shares were issued via a public offering on May 9, 2016.

* Number of Shares Outstanding

Shareholders by Shareholder Type

	Apr 30, 2016	Oct 31, 2016	Apr 30, 2017	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals & Others	15,649	18,150	18,840	97.5%
Financial Institutions (including securities companies)	57	63	65	0.3%
City banks, trust banks	9	10	10	0.1%
Regional banks	5	8	6	–
Other (including securities companies)	43	45	49	0.3%
Other Domestic Corporations	256	284	279	1.4%
Foreign Corporations & Individuals	142	144	143	0.7%
Total	16,104	18,641	19,327	100.0%

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Appendix: About Ichigo Office REIT

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Specialized Office REIT

Specialized Office REIT Focusing on Mid-Size Offices, an Asset Class that Offers Both Return Stability and Upside Potential

- ✓ Mid-size office characteristics
  - – Stable cashflows supporting earnings and dividend stability for shareholders
  - – Upside earnings potential in economic upturns
  - – Ability to increase earnings and value via value-add
- ✓ Portfolio focused on Tokyo Metropolitan Area
- ✓ Driving accretive growth via strategic value-add and hands-on asset management







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Historic Operating Results and Current Targets

	Stage I Foundation for Growth			Stage II Accretive Growth Cycle		Stage III Enhance Profitability		Stage IV Increase Size & Scale		Stage V Lay Foundation for Sustainable Dividend Growth		Stage VI Lay Foundation for Long-Term Growth	
	Merger Nov 1, 2011	April 2012	October 2012	April 2013	October 2013	April 2014	October 2014	April 2015	October 2015	April 2016	October 2016	April 2017	October 2017
No. of Assets	71	67	67	66	68	71	70	65	77	73	85	82	85
Acquisition			1		3	4		11	13		13	1	3
Sale		4	1	1	1	1	1	16	1	4	1	4	
Total Assets	JPY 107.9B Office JPY 74.3B	JPY 104.8B Office JPY 71.1B	JPY 106.1B Office JPY 72.4B	JPY 104.3B Office JPY 70.6B	JPY 112.3B Office JPY 77.5B	JPY 114.3B Office JPY 75.5B	JPY 114.0B Office JPY 75.1B	JPY 123.3B Office JPY 95.8B	JPY 165.6B Office JPY 141.6B	JPY 162.7B Office JPY 139.6B	JPY 191.0B Office JPY 167.9B	JPY 189.8B Office JPY 171.4B	As of May 31, 2017 JPY 196.9B Office JPY 178.4B
Events	Merger			Comprehensive Refinancing	Accretive PO	Accretive PO		Accretive PO Strategic Restructuring	Accretive PO Transition to Pure Office REIT JCR Credit Rating A- De-Collateralization of All Loans		Accretive PO	Strategic Restructuring	

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Building a Trusted Ichigo Brand – Hospitality and Service

Increase Customer Satisfaction via Tailored Tenant Services

- ✓ Assure tenants' safety and comfort via implementation of Ichigo Property Management Standard
- ✓ Ichigo technical support team on the ground in Kumamoto on the first day after the April 2016 earthquake

Elevator Emergency Supply Cabinet



Ichigo Umbrellas for Tenants



Kumamoto Disaster Recovery



Technical assistance for reconstruction and rebuilding



Delivery of essential goods

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Ichigo Safety, Quality, and Design

Improve the safety, quality, and design of assets via Ichigo's architectural and engineering capabilities










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Tenant-Focused

Increasing Occupancy with Ichigo's Pre-fitted and Furnished Ichigo Layout Office

- ✓ High-function, high-aesthetics, low-cost
- ✓ Differentiating Ichigo's office assets to raise their profile and lead to rapid lease-up
- ✓ Lowers tenants' up-front costs and saves moving costs and move-in time

Ichigo Layout Office Examples

Ichigo Nishi Gotanda Building





Ichigo Shibakoen Building



Maximize the potential of a uniquely-shaped office

Ichigo Jimbocho Building



Redesign and renovate

Advantages for Tenants

- Cost-saving
- Quick start-up

Advantages for Ichigo Office REIT

- Competitive differentiation
- Higher asset profile
- Faster leasing

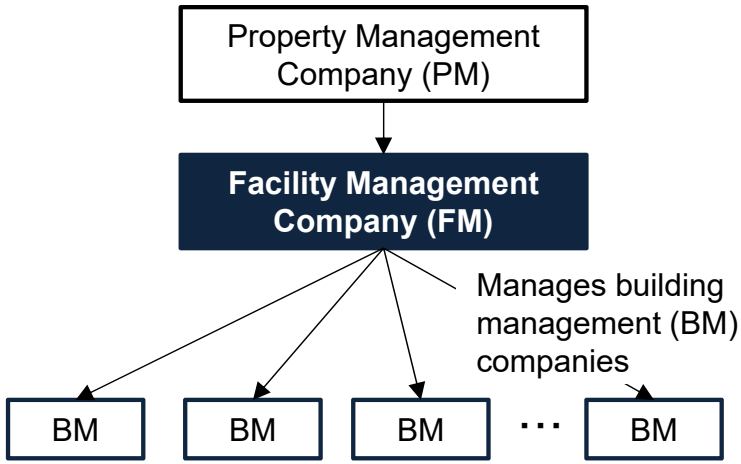
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Ongoing Cost Management and Efficiencies

Economies of Scale Allow Delivering Higher Quality at Lower Cost

Efficient Management Structure



Strengthen Facility Management Function

- Choose facility managers best able to implement Ichigo Office brand building management specification
- Reduce costs via efficient operations while maintaining Ichigo quality standards

Efficient BM Company Management

- Integrate BM activity regionally at one BM company
- FMs handle legal checks and procurement of consumables, delivering both integrated management and economies of scale

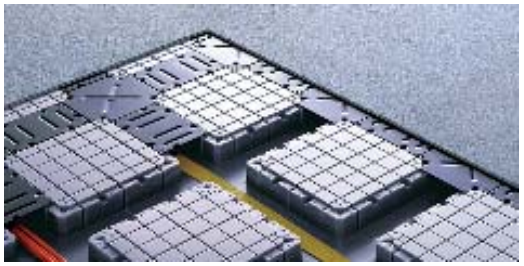
Cost Efficiency Examples

Standardize Consumables

- Realizing cost savings via standardization and centralized purchasing of toilet paper (savings: JPY 2.18M/year) & liquid soap (savings: JPY 370 thousand/year)
- Standardize and centrally purchase fire extinguishers and disaster-use cabinets

Standardize Construction

- Reduced construction costs by standardizing raised access flooring (OA floor) construction and monitoring and controlling order flow



Standardize OA Module Floors

Lower Electricity Costs with New EPCOs

- Lower electricity costs by switching to new electric power companies (PPS, Power Producer and Supplier)

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Sustainability Initiatives

Environmental Sustainability Policy

To protect the earth that we all share, Ichigo Office REIT believes that working on behalf of the environment and society is its fundamental social responsibility and will support its sustainable growth. Ichigo Office REIT has thus made Environmental Sustainability a key priority, and has established the following Environmental Sustainability Policy to actively work to reduce Ichigo's environmental impact and support environmentally-positive outcomes.

1. Harmony with the Environment
Ichigo will actively monitor and minimize the environmental impact of its real estate operations.

2. Energy Conservation, CO_2 Emissions Reduction, and Recycling
Ichigo will seek a low-carbon, low-waste society by working to reduce its energy consumption, extend the useful life of its assets, actively recycle, and reduce waste and water consumption.

3. Regulatory and Environmental Compliance
Ichigo will comply with all environmental laws and regulations and all of Ichigo's own independently-established environmental rules. Ichigo will also carefully monitor and comply with all applicable changes in laws and regulations.

4. Training and Awareness
Ichigo will hold training programs to promote understanding of this Environmental Sustainability Policy and increase environmental sustainability awareness among all Ichigo employees and staff. Ichigo will also promote environmental sustainability in coordination with Ichigo stakeholders, seeking understanding and cooperation on environmental sustainability from Ichigo partner companies and tenants.

5. Environmental Performance Communication and Disclosure
Ichigo will work to communicate this Environmental Sustainability Policy and Ichigo's environmental sustainability initiatives to its shareholders and to society at large. Ichigo will also seek to obtain sustainability certifications on an ongoing basis.

6. Green Procurement
Ichigo will implement green procurement measures, such as environmentally-sensitive building materials and sustainable design, in Ichigo's building renovations, as well as selecting partner companies based on their environmental sustainability initiatives.

GRESB Participation

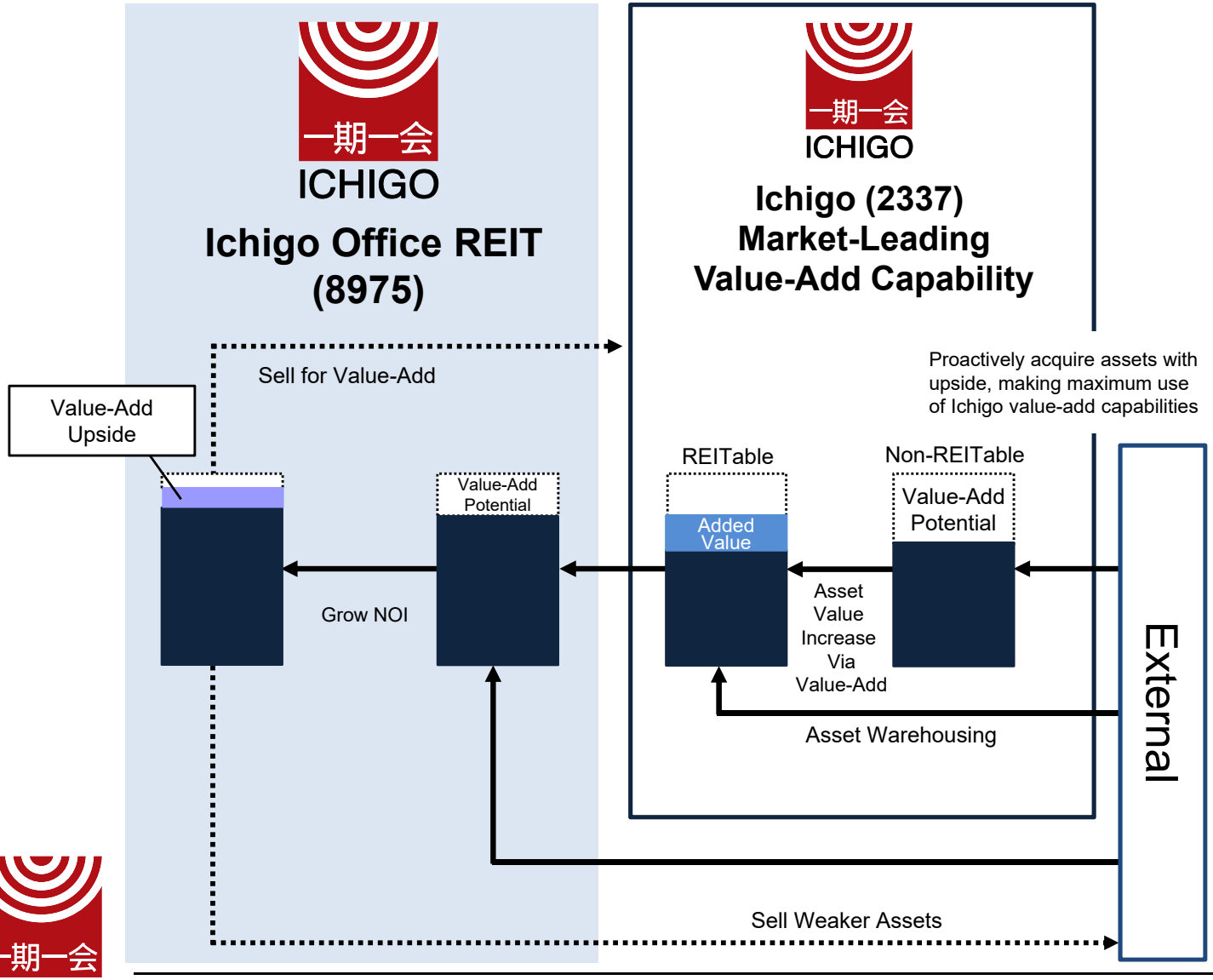
GRESB is a global organization comprised of institutional investors, particularly pension funds, and is designed to assess the sustainability performance of real estate portfolios – a standard used for making investment decisions. Ichigo Office REIT has been participating in the GRESB real estate assessment since 2016.

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Ichigo Group Synergies and Value-Add

Focus on Assets with Value-Add Potential to Increase Competitiveness in Acquisition and Create Valuation Upside



Acquire from Sponsor

- Stable sourcing backed by Ichigo value-add capabilities; Ichigo less sensitive to market environment
- Ichigo Office REIT controls timing
- No competitive bid
- Ichigo (2337) assets fully available to Ichigo Office REIT for acquisition pipeline

Acquire from External Seller

- Restrictions in asset acquisition timing
- Competitive bids raise prices
- Multiple sourcing routes, however, allow sourcing diversity

Grow Earnings via Accretive Acquisitions and Organic NOI Growth

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Mid-Size Office Market Investment Attractiveness (1)

Abundant Pool of REITable Assets

- ✓ 90%+ of Japanese real estate = mid-size
- ✓ High liquidity

Broad and Deep Tenant Base

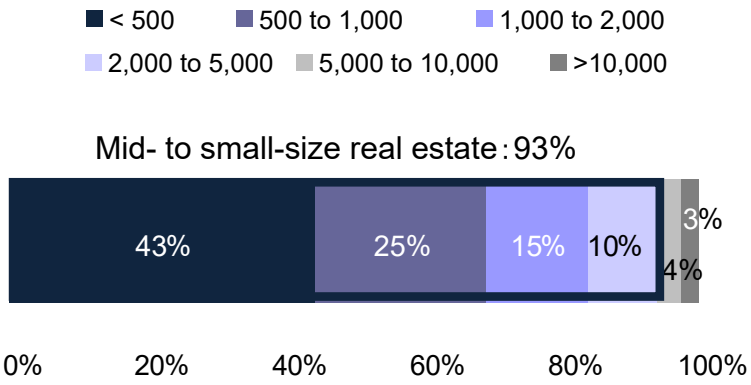
- ✓ 96% of all corporates have 50 employees or less
- ✓ Wide diversity of industries

Largely Untapped by Professional AM

- ✓ High ownership by individuals and “passive owner” corporations results in inadequate building maintenance
- ✓ Poor seismic reinforcement and low functionality results in low tenant satisfaction
- ✓ Lack of organized specifications of buildings and management

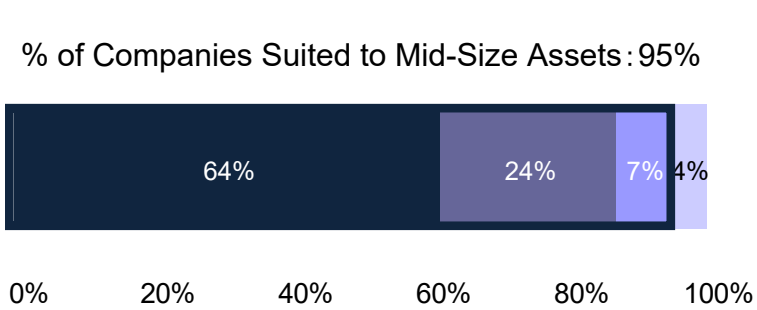
Considerable Value-Add Potential

Breakdown of buildings by floor area (m²)



Source: Ministry of Land, Infrastructure, Transportation and Tourism (2015)

Breakdown of companies by number of employees



Source: Small and Medium Enterprise Agency (2015)

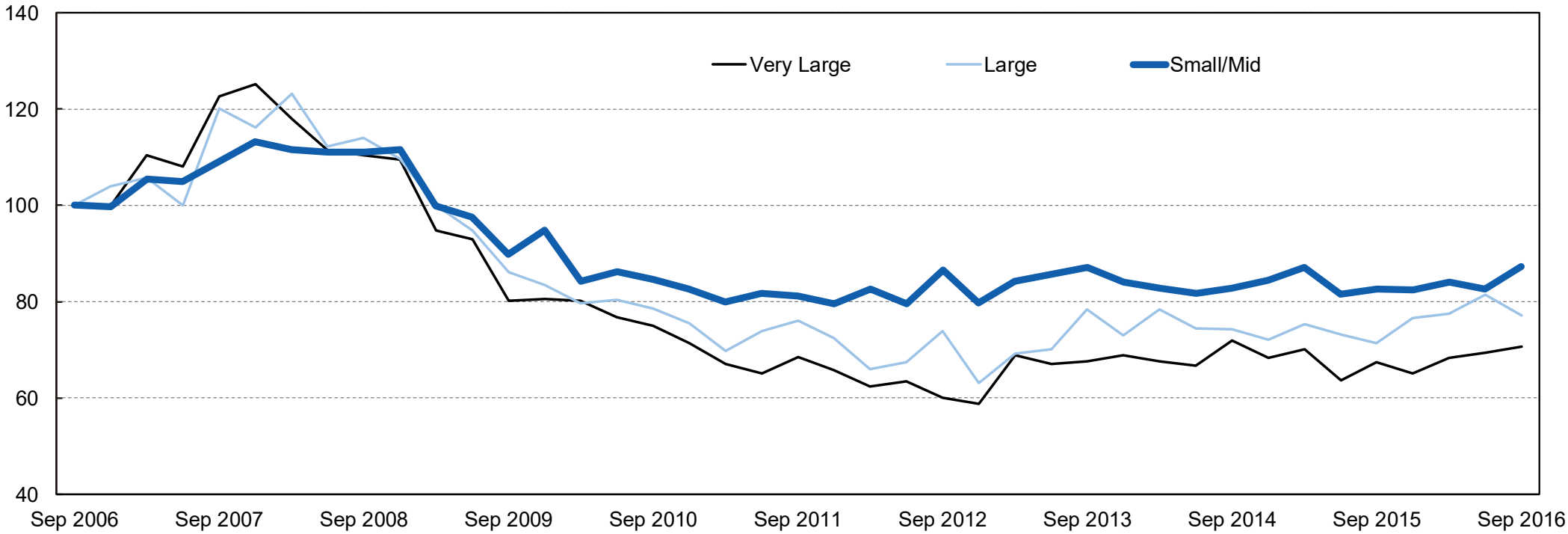
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Mid-Size Office Market Investment Attractiveness (2)

Mid-Size Office Rents More Stable than Larger-Size Office Rents

Office Rent Movements in Central Tokyo (Chiyoda, Chuo, & Minato Wards)



Source: Sanko Estate Co., Ltd.
Very Large refers to offices with a standard floor area of 660m^2 or more. Large are 330 to 660m^2. Small/Mid are less than 330m^2.

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Global Best-Practice Corporate Governance

All Ichigo Office REIT Directors Are Independent

- ✓ Active board oversight
- ✓ Ongoing monitoring



Rental Income

Investment Corporation

Ichigo Office REIT
(TSE 8975)

Shareholder Meeting

Board of Directors

Executive Director Yoshihiro Takatsuka
Supervising Director Takaaki Fukunaga
Supervising Director Masahiro Terada

External Auditor

Grant Thornton Taiyo LLC

Administrative Service Agreement/Asset Custodial Service Agreement/ Shareholder Registrar Service Agreement

Administrative Agent, Custodian, and Shareholder Registrar

Mizuho Trust & Banking

Asset Management Agreement

Asset Management Company

Ichigo Investment Advisors

Property Management Agreement

Property Management Company

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About Ichigo (2337) – Ichigo Office REIT's Sponsor

- Core Businesses: Real Estate Asset Management, Real Estate Value-Add, Clean Energy
- Manages 2 TSE REITs (Ichigo Office REIT 8975 & Ichigo Hotel REIT 3463) and a TSE Solar YieldCo (Ichigo Green 9282)
- JPX-Nikkei 400 Member
- Active CSR and Sustainability Commitment

■ Ichigo Structure

Ichigo
(TSE First Section 2337)

Ichigo Preserves and Improves Real Estate

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Ichigo Investment Advisors Co., Ltd.	Asset manager of Ichigo Office REIT (8975), Ichigo Hotel REIT (3463), and Ichigo Green (9282)
Ichigo Estate Co., Ltd.	Real estate value-add
Ichigo Global Capital Co., Ltd.	Cross-border M&A advisory
Ichigo ECO Energy Co., Ltd.	Clean energy business focusing on utility-scale solar power production, making purposeful use of unused land nationwide
Ichigo Owners Co., Ltd.	Real estate owner services company
Ichigo Real Estate Services Fukuoka Co., Ltd.	Real estate business centered on Fukuoka in Kyushu region
Ichigo Marché Co., Ltd.	Operates Matsudo Nanbu wholesale market in Chiba Prefecture
Miyako City Co., Ltd.	Operates Miyako City, a large shopping mall in Miyazaki Prefecture

The word "Ichigo" comes from the ancient Japanese proverb, Ichigo Ichie, literally meaning "One lifetime, one encounter." The phrase was first used by a 16th century master of the tea ceremony, Sen no Rikyu. He called upon his disciples to give total focus and sincerity to each act of the tea ceremony for every guest, because that particular moment will only exist once and must be fully lived and realized.

Ichigo embraces the Ichigo Ichie philosophy of sincerity and service, and works to build strong long-term relationships to support the success of our clients, shareholders, and all stakeholders.





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Ichigo Office REIT Overview

Investment Corporation

As of April 30, 2017

Name	Ichigo Office REIT Investment Corporation
Securities Code	8975
Location	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Executive Director	Yoshihiro Takatsuka
Portfolio	82 Assets
Portfolio Value	JPY 189,871M (based on acquisition price)
Fiscal Periods	November 1 to April 30 and May 1 to October 31

Asset Management Company

Name	Ichigo Investment Advisors Co., Ltd.
President	Wataru Orii
Registration & Membership	Financial Instruments Business Operator (Type II, Investment Advisory & Agency Services, and Investment Management Services) The Investment Trusts Association, Japan

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MEMO

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Ichigo Office REIT IR Desk
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IR_Office@ichigo.gr.jp
www.ichigo-office.co.jp/english

Ichigo is Japan's first zero-carbon listed real estate company. We are taking responsibility for our environmental footprint by offsetting our carbon emissions and investing in low-carbon technologies such as solar energy.

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