[Provisional Translation Only]
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Sale of Two Retail Assets (Ichigo Sapporo Minami 2 Nishi 3 Building, Ichigo Daimyo Balcony)

Ichigo Investment Advisors ("IIA"), the asset management company of Ichigo Office, decided today to sell two retail assets, the Ichigo Sapporo Minami 2 Nishi 3 Building and Ichigo Daimyo Balcony in Fukuoka.

The sale prices of the Ichigo Sapporo Minami 2 Nishi 3 Building and Ichigo Daimyo Balcony are 1.9X and 1.3X book value, respectively, generating gains on sale of c. JPY 610 million.

1. Asset Sale Summary

Total appraisal value: JPY 1,255 million Total sale price: JPY 1,800 million

Asset Number Asset Name	Z-07 Ichigo Sapporo Minami 2 Nishi 3 Building	Z-08 Ichigo Daimyo Balcony
Asset Type	Retail	Retail
Date Built	June 5, 1990	June 4, 2007
Legal Form of Asset	Real estate	Real estate
Acquisition Date	November 1, 2011 (Ichigo Office merger) May 16, 2006 (Original acquisition date)	November 1, 2011 (Ichigo Office merger) March 28, 2008 (Original acquisition date)
Appraisal Value[1]	JPY 588 million	JPY 667 million
Sale Price[2]	JPY 1,020 million	JPY 780 million
Book Value[3]	JPY 545 million	JPY 580 million
Gain on Sale[4]	c. JPY 440 million	c. JPY 170 million
Contract Date	March 16, 2018	March 16, 2018
Transaction Date	March 30, 2018	April 20, 2018
Closing Date	March 30, 2018	April 20, 2018
Transaction Method	Sale	Sale

[1] Appraisal Value is as calculated by either Rich Appraisal Institute Co., Ltd. or Japan Real Estate Institute as of October 31, 2017, and is compliant with the appraisal guidelines of IIA as well as the rules of The Investment Trusts Association, Japan.

[2] Sale Price excludes incidental expenses such as fees and property, city planning, and consumption taxes.

[3] Book Value is an estimate based on the most recent book value (October 2017 fiscal period), adjusted for expected capital expenditures and depreciation through the Closing Date.

[4] Gain on Sale is an estimate calculated as the Sale Price less Book Value and forecast sale expenses, and is subject to change.

2. Sale Rationale

Ichigo Office continues to execute on its strategy to grow long-term value for Ichigo Office shareholders by focusing its portfolio on high-quality office assets. Consistent with this strategy, Ichigo Office is selling two non-office retail assets and expects to deploy the funds for growth investments.

Ichigo Office regularly reviews its portfolio for profitability and determines whether it is in the best interest of shareholders to continue to own each asset. In this case, Ichigo Office decided to sell the Ichigo Sapporo Minami 2 Nishi 3 Building based upon its maintenance needs and rental outlook, and Ichigo Daimyo Balcony, despite its current full occupancy, based upon concerns about its competitiveness with nearby assets and rental outlook.

The total sale price of the two assets is 1.6X book value and 1.4X appraisal value, resulting in gains on sale of c. JPY 610 million.

3. Asset Overview

Ichigo Sapporo Minami 2 Nishi 3 Building

Asset Overview						
Asset Name		Ichigo Sapporo Minami 2 Nishi 3 Building				
Form of Ownership		Real estate				
Address		3-11-1 Minami Nijo Nishi, Chuo-ku, Sapporo City, Hokkaido				
Land	Property Right	Freehold				
	Area	200.36m^2				
	Zoning	Retail				
	Coverage Ratio Floor Area Ratio	80% 800%				
Building	Property Right	Freehold (ownership ratio: 100%)				
	Use	Retail, medical clinic				
	Structure	SRC[2] 7 Floors plus 1 Basement Floor				
	Total Floor Area	1,396.39m^2				
	Date Built	June 5, 1990				
Number of Tenants		7 (as of February 28, 2018)				
Monthly Rental Income[1]		JPY 4.263 million (as of February 28, 2018)				
Tenant Security Deposits[1]		JPY 46.812 million (as of February 28, 2018)				
Leasable Area		1,162.52m^2 (as of February 28, 2018)				
Leased Area		1,017.11m^2 (as of February 28, 2018)				
Occupancy		Apr 2016	Oct 2016	Apr 2017	Oct 2017	Apr 2018
		100%	100%	100%	87.5%	87.5%
Acquisition Price		JPY 558 million				
Appraisal	Appraiser	Rich Appraisal Institute Co., Ltd.				
	Date	October 31, 2017				
	Value	JPY 588 million				

[1] Monthly Rent (including cost of utilities) and Tenant Security Deposits refer to those stated in the lease agreement.

[2] SRC = Steel-Reinforced Concrete

Appraisal Details		
Asset Name	Ichigo Sapporo Minami 2 Nishi 3 Building	
Appraisal Value	JPY 588 million	
Appraiser	Rich Appraisal Institute Co., Ltd.	
Appraisal Date	October 31, 2017	
	Amount (JPY)	**Notes**
Appraisal Value	588,000,000	Based on a DCF valuation, and verified using a direct capitalization valuation
Value by Direct Capitalization Method	584,000,000	
Income	63,471,571	
Maximum Obtainable Rental Income	66,743,180	Based on rental income, common area service income, and other income
Vacancy Loss	3,271,609	Based on long-term vacancy rate
Expenses	26,890,896	
Administrative and Maintenance Expenses	6,300,000	Based on similar assets and past actual amounts
Utility Expenses	8,440,000	Based on similar assets and past actual amounts
Repair Expenses	3,095,000	Based on engineering reports and similar assets
PM Fees	2,027,816	Based on similar assets and past actual amounts
Leasing Brokerage Fees	343,040	Based on the expected turnover rate and tenant acquisition costs for similar assets
Taxes	5,662,000	Based on FY2017 actual amounts
Insurance Premiums	62,140	Based on FY2017 actual amounts
Other Expenses	960,900	Based on FY2017 actual amounts
Net Operating Income (NOI)	36,580,675	
Income on Investment of Deposits Received	445,951	Based on a 1.0% investment yield
Capital Expenditures	7,223,000	Based on engineering reports and similar assets
Net Profit	29,803,626	
Cap Rate	5.1%	Based on transactions of similar assets and a comprehensive assessment of the asset's location, its individual characteristics, and market trends
Value via DCF Method	590,000,000	
Discount Rate	5.0%	Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account
Terminal Cap Rate	5.3%	Based on risk-adjusted NOI

	Amount (JPY)	Notes
Value via Cost Approach	544,000,000	
Land	78.7%	
Building	21.3%	
Notes		
None		

Ichigo Daimyo Balcony

Asset Overview						
Asset Name		Ichigo Daimyo Balcony				
Form of Ownership		Real estate				
Address		1-12-39 Daimyo, Chuo-ku, Fukuoka City, Fukuoka				
Land	Property Right	Freehold				
	Area	208.63m^2				
	Zoning	Retail				
	Coverage Ratio Floor Area Ratio	80% 400%				
Building	Property Right	Freehold				
	Use	Retail				
	Structure	Steel 7 Floors				
	Total Floor Area	830.21m^2				
	Date Built	June 4, 2007				
Number of Tenants		7 (as of February 28, 2018)				
Monthly Rental Income[1]		JPY 3.569 million (as of February 28, 2018)				
Tenant Security Deposits[1]		JPY 33.766 million (as of February 28, 2018)				
Leasable Area		765.61m^2 (as of February 28, 2018)				
Leased Area		765.61m^2 (as of February 28, 2018)				
Occupancy		Apr 2016	Oct 2016	Apr 2017	Oct 2017	Apr 2018
		100%	100%	100%	84.9%	100%
Acquisition Price		JPY 638 million				
Appraisal	Appraiser	Japan Real Estate Institute				
	Date	October 31, 2017				
	Value	JPY 667 million				

[1] Monthly Rent (including cost of utilities) and Tenant Security Deposits refer to those stated in the lease agreement.

Appraisal Details		
Asset Name	Ichigo Daimyo Balcony	
Appraisal Value	JPY 667 million	
Appraiser	Japan Real Estate Institute	
Appraisal Date	October 31, 2017	
	Amount (JPY)	**Notes**
Appraisal Value	667,000,000	Based on a DCF valuation, and verified using a direct capitalization valuation
Value by Direct Capitalization Method	674,000,000	
Income	56,752,000	
Maximum Obtainable Rental Income	58,420,000	Based on rental income, common area service income, and other income
Vacancy Loss	1,668,000	Based on long-term vacancy rate
Expenses	24,796,000	
Administrative and Maintenance Expenses	5,046,000	Based on similar assets and past actual amounts
Utility Expenses	13,700,000	Based on similar assets and past actual amounts
Repair Expenses	1,128,000	Based on engineering reports and similar assets
PM Fees	1,200,000	Based on similar assets and past actual amounts
Leasing Brokerage Fees	254,000	Based on the expected turnover rate and tenant acquisition costs for similar assets
Taxes	3,434,000	Based on FY2017 actual amounts
Insurance Premiums	30,000	Based on FY2017 actual amounts
Other Expenses	4,000	Signage expenses
Net Operating Income (NOI)	31,956,000	
Income on Investment of Deposits Received	285,000	Based on a 1.0% investment yield
Capital Expenditures	546,000	Based on engineering reports and similar assets
Net Profit	31,695,000	
Cap Rate	4.7%	Based on transactions of similar assets and a comprehensive assessment of the asset's location, its individual characteristics, and market trends
Value via DCF Method	660,000,000	
Discount Rate	4.5%	Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account
Terminal Cap Rate	4.9%	Based on risk-adjusted NOI

	Amount (JPY)	Notes
Value via Cost Approach	542,000,000	
Land	70.0%	
Building	30.0%	
Notes		
None		

4. Buyer Profiles

Ichigo Sapporo Minami 2 Nishi 3 Building and Ichigo Daimyo Balcony

Name	The buyers, both of which are Japanese operating companies, did not provide consent to disclose their names.
Relationship with Ichigo Office or IIA	The buyers do not have any capital, personnel, or business relationship of note with Ichigo Office or IIA. In addition, the buyers are not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of the Asset Management Company.

5. Broker Profiles

Ichigo Sapporo Minami 2 Nishi 3 Building

Name	Mizuho Trust & Banking Co., Ltd.
Address	1-2-1 Yaesu, Chuo-ku, Tokyo
Representative	Tetsuo Iimori, President & CEO
Principal Businesses	Trust banking, banking
Capital	JPY 247.4 billion (as of September 30, 2017)
Establishment Date	March 12, 2003
Relationship with Ichigo Office or IIA	The broker does not have any capital, personnel, or business relationship of note with Ichigo Office /IIA. In addition, the broker is not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of the Asset Management Company.
Brokerage Fee	The broker did not provide consent to disclose the fee.

Ichigo Daimyo Balcony

Name	The broker (a Japanese company) did not provide consent to disclose its name.
Relationship with Ichigo Office or IIA	The broker does not have any capital, personnel, or business relationship of note with Ichigo Office /IIA. In addition, the broker is not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of the Asset Management Company.
Brokerage Fee	The broker did not provide consent to disclose the fee.

6. Forward Commitment

Because the Transaction Date is April 20, 2018, which exceeds one month by four days, the sale of Ichigo Daimyo Balcony (hereafter, the "Sale") constitutes a "forward commitment" [1] by Ichigo Office as stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators" by the Financial Services Agency.

In the event of a violation of the provisions of the Sale by Ichigo Office or the buyer, the other party shall have the right to terminate the Sale and claim an amount equivalent to 20% of the purchase price as penalty.

Because Ichigo Office is the seller, it is highly unlikely that Ichigo Office will not be able to fulfill its obligations under the Sale.

[1] Refers to a post-dated purchase and sales agreement under which payment and property delivery shall be made at least 1 month after the conclusion of the agreement, or any other agreement similar thereto.

7. Settlement Method

(a) Ichigo Sapporo Minami 2 Nishi 3 Building

Lump-sum payment

(b) Ichigo Daimyo Balcony

Deposit payment on contract date with the remainder fully paid on closing date

8. Use of Sale Proceeds

Ichigo Office will allocate part of the sale proceeds towards early repayment of existing loans, and the rest will be retained as cash-on-hand for future use, including asset acquisitions and value-add capex. Details of early repayments of the loans will be announced as soon as they are determined.

9. Earnings Outlook

Although the sales are forecast to generate gains on sale of c. JPY 610 million, the impact on Ichigo Office's earnings and dividend forecast for the April 2018 fiscal period is minimal and therefore the forecast is unchanged. The gains on sale will be retained and used by Ichigo Office to fund asset acquisitions and value-add capex to grow value for Ichigo Office shareholders.

For the October 2018 fiscal period, the impact on Ichigo Office's earnings and dividend forecast due to the decrease in operating revenue from these sales is also minimal and therefore the forecast is unchanged.

Portfolio Reference Information

Post-Sale Portfolio

No.	Asset Name	Area[1]	Acquisition Price[2] (JPY million)	% of Portfolio[3]
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	1.7
O-03	Ichigo Mita Building	Central Tokyo	2,740	1.4
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	1.0
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	0.8
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	0.6
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	0.8
O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	735	0.4
O-09	Ichigo Shibakoen Building	Central Tokyo	1,100	0.6
O-10	Ichigo Ebisu Nishi Building	Central Tokyo	1,917	1.0
O-11	Ichigo Ginza 612 Building	Central Tokyo	1,773	0.9
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.6
O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	550	0.3
O-15	Ichigo Tameike Building	Central Tokyo	580	0.3
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	0.9
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.6
O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	763	0.4
O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	844	0.4
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	2.6
O-21	Ichigo Shin Yokohama Building	Tokyo Metro Area	1,816	0.9
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metro Area	1,460	0.7
O-23	Ichigo Nakano North Building	Tokyo Metro Area	764	0.4
O-24	Ichigo Eitai Building	Tokyo Metro Area	1,490	0.8
O-26	Ichigo Ikejiri Building	Tokyo Metro Area	2,030	1.0
O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metro Area	639	0.3
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.4
O-29	Ichigo Kichijoji Building	Tokyo Metro Area	2,160	1.1
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.4
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	3.4
O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	1,650	0.8
O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	1,158	0.6
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	1.5
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.1
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	2.8
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	1.0

No.	Asset Name	Area[1]	Acquisition Price[2] (JPY million)	% of Portfolio[3]
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.1
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	1.0
O-51	Ebisu Green Glass	Central Tokyo	5,900	3.0
O-52	Ichigo Omori Building	Central Tokyo	3,850	2.0
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	0.8
O-54	Ichigo Omiya Building	Tokyo Metro Area	3,430	1.8
O-55	Ichigo Sagamihara Building	Tokyo Metro Area	1,174	0.6
O-56	Ichigo Ofuna Building	Tokyo Metro Area	2,000	1.0
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	0.9
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	0.7
O-59	Ichigo Jingumae Building	Central Tokyo	7,200	3.7
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	1.9
O-61	Ichigo Hiroo Building	Central Tokyo	3,960	2.0
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.4
O-63	Ichigo Nihonbashi East Building	Central Tokyo	4,700	2.4
O-64	Ichigo Sakurabashi Building	Central Tokyo	2,500	1.3
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.2
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.6
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	1.9
O-68	Axior Mita	Central Tokyo	1,800	0.9
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metro Area	4,570	2.3
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	0.8
O-71	Ichigo Kawasaki Building	Tokyo Metro Area	1,750	0.9
O-72	Ichigo Shibuya East Building	Central Tokyo	1,350	0.7
O-73	Ichigo Ningyocho Building	Central Tokyo	1,450	0.7
O-74	Ichigo Nishi Honmachi Building	Four Major Regional Cities	2,190	1.1
O-75	Ichigo Hakata Building	Four Major Regional Cities	1,380	0.7
O-76	Ichigo Nishiki First Building	Four Major Regional Cities	2,000	1.0
O-77	Ichigo Ikenohata Building	Tokyo Metro Area	5,130	2.6
O-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	3,010	1.5
O-79	Ichigo Motoazabu Building	Central Tokyo	1,890	1.0
O-80	Ichigo Otsuka Building	Tokyo Metro Area	2,740	1.4
O-81	Ichigo Nagoya Building	Four Major Regional Cities	3,420	1.7
O-82	Ichigo Fushimi Building	Four Major Regional Cities	2,340	1.2
O-83	Ichigo Nishiki Building	Four Major Regional Cities	1,330	0.7

No.	Asset Name	Area[1]	Acquisition Price[2] (JPY million)	% of Portfolio[3]
O-84	Ichigo Minami Morimachi Building	Four Major Regional Cities	1,040	0.5
O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	3,500	1.8
O-86	Win Gotanda Building	Central Tokyo	3,100	1.6
O-87	Ichigo Hongo Building	Tokyo Metro Area	2,300	1.2
O-88	Oimachi Center Building	Central Tokyo	1,680	0.9
		Subtotal - Office (74 Assets)	178,497	91.2
Z-02	Ichigo Fiesta Shibuya Building	Central Tokyo	1,970	1.0
Z-03	Ichigo Burg Omori Building	Tokyo Metro Area	3,218	1.6
Z-05	Ichigo Machida East Building	Tokyo Metro Area	1,310	0.7
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	0.6
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.2
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metro Area	1,620	0.8
Z-12	Lions Square Kawaguchi	Tokyo Metro Area	2,430	1.2
Z-13	Ichigo Shin Yokohama Arena Dori Building	Tokyo Metro Area	1,700	0.9
Z-14	Ichigo Kamata Building	Tokyo Metro Area	1,400	0.7
		Subtotal - Others (9 Assets)	17,258	8.8
		Total (83 Assets)	195,755	100.0

[1] Central Tokyo refers to Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa Wards. Tokyo Metro Area refers to Tokyo (excluding the six wards above), Kanagawa, Chiba, and Saitama Prefectures. Four Major Regional Cities refers to Osaka, Nagoya, Fukuoka, and Sapporo.

[2] Acquisition Price excludes incidental expenses such as consumption taxes and other fees. Assets O-02 through O-42 (31 assets) and assets Z-02 through Z-05 (3 assets) show the appraisal value as of October 31, 2011.

[3] % of Portfolio is based upon acquisition price.