

[Provisional Translation Only]

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REIT Issuer

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**Office Asset Acquisition
(Ichigo Shibuya Udagawacho Building)**

Ichigo Investment Advisors Co., Ltd. (“IIA”), the asset management company of Ichigo Office REIT Investment Corporation (“Ichigo Office REIT”), has decided today to acquire an office asset (total acquisition price JPY 3,500 million).

I. Acquisition Summary

Asset Name ¹	Ichigo Shibuya Udagawacho Building
Asset Type / Asset No.	Office / O-85
Date Built	March 2016
Legal Form of Asset ²	Trust beneficiary interest in real estate (<i>juekiken</i>)
Appraisal Value ³	JPY 3,780,000,000
Acquisition Price ⁴	JPY 3,500,000,000
Seller ⁵	Domestic operating company
Contract Date	October 14, 2016
Closing Date	November 2, 2016
Financing Method	Cash-on-hand and borrowing (expected) ⁶
Settlement Method	Lump-sum payment

¹ Upon acquisition, the current building name, Shibuya BLUE Building, will be changed to Ichigo Shibuya Udagawacho Building.

² As of today, the asset has not been entrusted. The seller will entrust the asset on the Closing Date and Ichigo Office REIT will own the asset in the form of a trust beneficiary interest in real estate.

³ Appraisal value is as of September 1, 2016.

⁴ Acquisition price excludes incidental expenses such as property, city planning, and consumption taxes.

⁵ The seller is a domestic operating company and has not given consent to disclose its identity.

⁶ Financing details will be announced when determined.

II. Acquisition Rationale

Ichigo Office REIT continues to execute on its strategy to drive sustainable dividend growth (Stage V, Growth Strategy Roadmap) and “increase portfolio size and scale and be smart in portfolio restructuring.”

Consistent with this growth strategy, Ichigo Office REIT has been strategically restructuring its portfolio including the sale of one asset already done in the October 2016 fiscal period¹. Part of the proceeds from this sale was used to partially repay a loan with a relatively high borrowing cost². The acquisition of the Ichigo Shibuya Udagawacho Building makes further use of the remaining proceeds along with additional borrowing, and will contribute to stronger earnings and dividends going forward³.

Ichigo Shibuya Udagawacho Building is located in the prime area of Shibuya, benefiting from rapid re-development projects and strong tenant demand from companies in industries such as IT, advertisement, and media. While occupancy of the building as of September 30, 2016 (only 7 months after building completion) stands at 67.3%, Ichigo Office REIT will leverage the experience and expertise it has from operating its other seven portfolio assets in the Shibuya area⁴ to quickly lease-up the building.

¹ For details, please refer to the September 23, 2016 release “Notice of Completion of Asset Acquisitions (Five Office Assets).”

² For details, please refer to the October 6, 2016 release “Notice of Partial Repayment of Existing Loan.”

³ For an overview of the results of portfolio restructuring, please refer to “3. Overview of the Results of Portfolio Restructuring” below.

⁴ For details, please refer to section III “Asset Details” below.

III. Asset Details

Ichigo Office REIT will leverage its experience and expertise in the mid-size office building space to increase the value of the acquired office building and to strengthen the overall earnings profile of its portfolio. To this end, the following assessment has been made of the office building to be acquired.

(i) Location

The Shibuya area can be largely broken-down into the retail district to the northwest of Shibuya station and the business district in the vicinity of major thoroughways such as the Meiji and Roppongi Streets. The retail district largely caters to younger consumers whereas the business district appeals to many IT companies.

In recent years a number of large-scale re-development projects have been underway around Shibuya Station, and as a result the area is expected to continue to attract more consumers and businesses.

A re-development project, scheduled for completion in June 2019, is currently underway directly southwest of the office building to be acquired, and is expected to result in a multi-purpose building complex consisting of offices and residential floors.

(ii) Features

The building is a new mid-size office building located within a 7-minute walk from Shibuya Station on the JR Yamanote Line.

The standard floor plate is 162m², and is expected to be competitive in the leasing market due to its individual air conditioning units and raised access flooring.

Tenants include a convenience store on the first floor, a restaurant on the second floor, and IT companies in the upper floors.

(iii) Asset Photos and Location



Asset Overview		
Legal Form of Asset		Trust beneficiary interest in real estate (<i>juekiken</i>) (expected)
Trustee		Mitsubishi UFJ Trust and Banking Corporation (expected)
Period of Trust Contract		November 2, 2016 - November 30, 2026 (expected)
Location		10-2 Udagawacho, Shibuya-ku, Tokyo
Land	Property Right	Freehold
	Area	416.91m ²
	Zoning	Commercial
	Coverage Ratio Floor Area Ratio	80% 500%
Building	Property Right	Freehold
	Zoning	Office, Retail
	Structure	Steel 9 Floors
	Total Floor Area	1,575.46m ²
	Construction Date	March 4, 2016
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Value		JPY 3,780,000,000
Appraisal Date		September 1, 2016
Value by Direct Capitalization Method		JPY 3,890,000,000
Architect ¹		Zen Sekkei K.K.
Builder ¹		Tokyu Construction Co., Ltd.
Structural Designer ¹		Structural Consultants East
Inspection Agency ¹		SBI ArchiQuality Co., Ltd.
PML (Assessor)		3.30% (Sompo Risk Management & Health Care Inc.)
Collateral		None (expected)
Rent Overview (as of September 30, 2016)		
Number of Tenants		6
Monthly Rental Income		JPY 9,746 thousand
Deposit		JPY 60,428 thousand
Leasable Space		1,491.38m ²
Leased Space		1,003.46m ²
Occupancy		67.3%
Property Management Company		To Be Determined
Master Lease Company		Ichigo Office REIT Investment Corporation (expected)
Master Lease Type		Pass-through (expected)

Special Items

1. The road to the south of the building is a city planning road, and part of the land of the building is included in the area that might be subject to future road construction. If and when such city planning road might be constructed, it is estimated that the building land area would recede by roughly 55m² thus potentially resulting in the current floor area ratio and height of the building being in violation of existing building codes.
2. According to Article 42 Item 2 of the Building Standards Law, 87.98m² of land on the south eastern side of the building would be deemed as a road.

¹ The names of the architect, builder, structural designer, and inspection agency are those as of the date when the building was completed.

Appraisal Overview		
Name	Ichigo Shibuya Udagawacho Building	
Appraisal Value	JPY 3,780,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	September 1, 2016	
	Amount	Note
Appraisal Value	JPY 3,780,000,000	Valuation determined via both a direct capitalization valuation and DCF valuation
Value by Direct Capitalization Method	JPY 3,890,000,000	
Income	JPY 160,759,243	
Maximum Obtainable Rental Income	JPY 166,642,341	Based on rental income, common area service income, parking lot income, and other income
Vacancy Loss	JPY 5,883,098	Based on mid- to long-term vacancy rate
Expenses	JPY 20,493,953	
Administrative and Maintenance Expenses	JPY 3,898,000	Based on similar assets and past actual amounts
Utility Expenses	JPY 812,088	Based on similar assets and past actual amounts
Repair Expenses	JPY 503,520	Based on similar assets and amounts on engineering reports
PM Fee	JPY 3,212,189	Based on contract rate and similar assets
Leasing Brokerage Fees	JPY 1,208,009	Based on the standard turnover rate with competition, past actual amounts, and similar assets
Taxes	JPY 10,489,588	Based on FY2016 actual amounts and current replacement cost
Insurance Premiums	JPY 209,800	Based on the standard for similar assets
Other Expenses	JPY 160,759	Consumable goods, etc.
Net Operating Income (NOI)	JPY 140,265,290	
Income on Investment of Deposits Received	JPY 783,955	Based on 1.0% investment yield
Capital Expenditure	JPY 1,174,880	Based on similar assets and amounts on engineering reports
Net Profit	JPY 139,874,365	
Cap Rate	3.6%	Based on transactions of similar assets and a comprehensive assessment of the asset's location, its individual characteristics, property right, etc.
Value via DCF Method	JPY 3,730,000,000	
Discount Rate	3.4%	Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account
Terminal Cap Rate	3.8%	Based upon risk-adjusted NOI
Value via Cost Approach	JPY 3,480,000,000	
Land	86.1%	
Building	13.9%	

Notes

None

Reference:

Appraisal NOI yield: 4.0% (calculated by dividing Net Operating Income by Acquisition Price, rounded off to the nearest tenth of a percent.)

IV. Seller Profile

Name	Domestic Operating Company ¹
Relationship with Ichigo Office REIT or IIA ¹	The seller does not have any capital, personnel, or business relationship of note with Ichigo Office REIT or IIA. In addition, the seller 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.

¹ The seller is a domestic operating company and has not given consent to disclose its identity.

V. Broker Profile

Name	Alliance Communication
Address	2-30-16 Hatchobori, Chuo-ku, Tokyo
Representative	Shotaro Mizoguchi, Representative Director
Principal Businesses	Acquisition, sale, brokerage, lease, and management of real estate
Capital	JPY 10 million (as of September 1, 2016)
Establishment Date	April 10, 2006
Relationship with Ichigo Office REIT or IIA	The broker does not have any capital, personnel, or business relationship of note with Ichigo Office REIT/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 has not given consent to disclose the information.

VI. Acquisition Schedule

Acquisition Approval and Contract Date	October 14, 2016
Settlement and Transfer Date	November 2, 2016 (expected)

VII. Earnings Outlook

There is no revision to Ichigo Office REIT's earnings forecast announced on June 14, 2016, because the impact of the acquisition on Ichigo Office REIT's earnings forecast for the April 2017 fiscal period is minimal.

Reference

1. Rental Income and Expenses Details

(million yen)

	Projected ¹	At Acquisition ²
A. Rental Income	156	131
B. Rental Expenses (excluding depreciation) ³	19	20
C. NOI (A-B)	136	111
D. NOI yield ⁴	3.9%	3.3%
E. Depreciation ⁵	14	14
F. Post-depreciation NOI (C-E)	121	96
G. Occupancy ⁶	97.0%	67.3%

¹ Amounts exclude special factors in the year of acquisition, and are calculated based on current and future anticipated fluctuations in occupancy.

² Shows first-year amounts used to calculate the DCF-based valuation, excluding special factors in the year of acquisition.

³ Rent-related expenses include incidental expenses such as service provider expenses, property, city planning, and consumption taxes, and other fees.

⁴ Assumed NOI yield and NOI yield at Acquisition are calculated by dividing the Assumed NOI and NOI at Acquisition by the acquisition price, respectively (rounded off to the nearest tenth of a percent.)

⁵ Depreciation amount is estimated by Ichigo Office REIT.

⁶ Occupancy at acquisition is as of September 30, 2016.

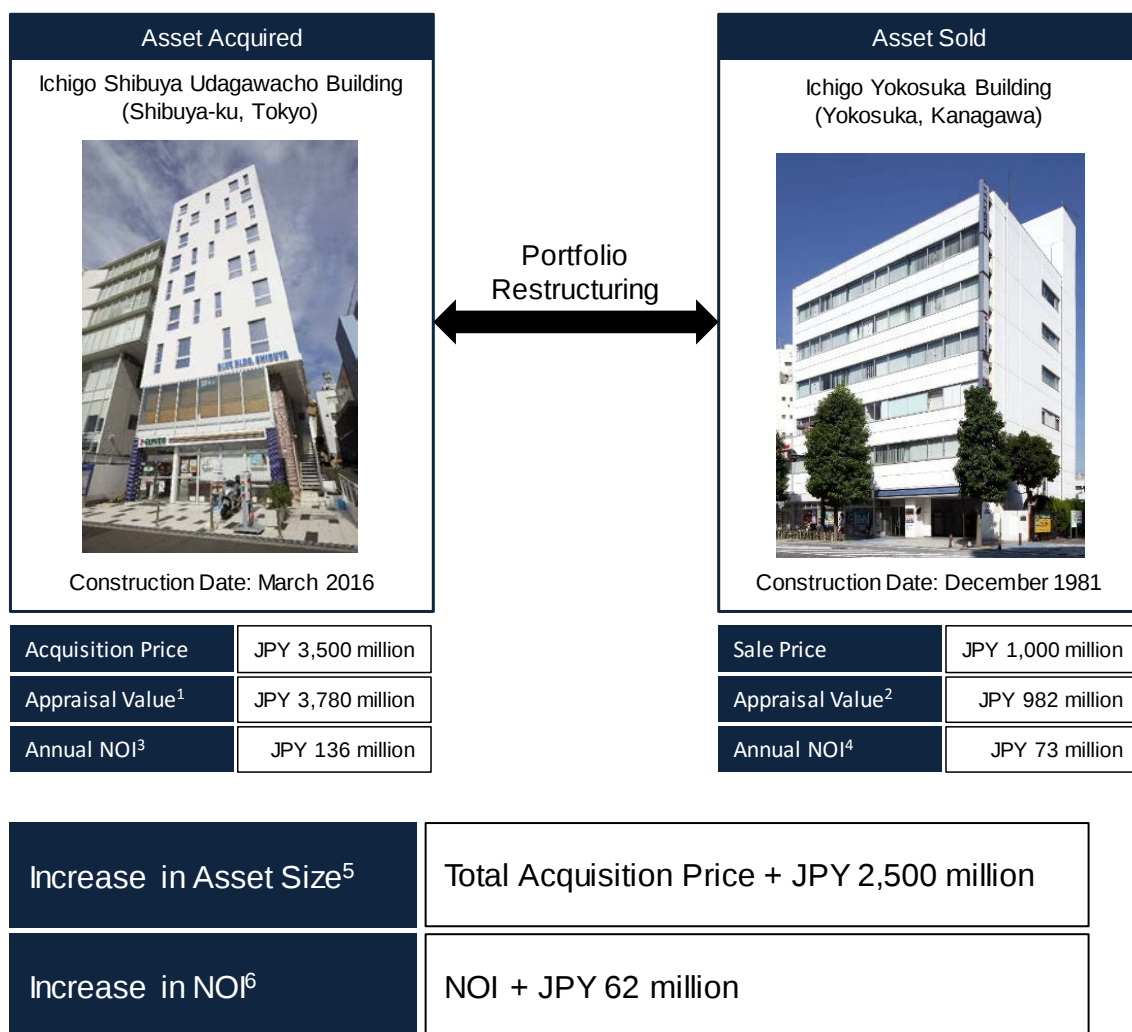
2. Engineering Report Summary

Name of Inspector	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Inspection	September 2016
Short-term Repair Expense ¹	—
Long-Term Repair Expense ²	JPY 12,834 thousand
Current Replacement Cost	JPY 419,600 thousand

¹ Short-term Repair Expense is defined as repair expenses considered necessary beyond the scope of ordinary maintenance within a year from the time of inspection.

² Long-term Repair Expense is defined as repair expenses considered necessary for the maintenance of the asset within twelve years from the time of inspection.

3. Portfolio Restructuring Result



¹ Appraisal value as of September 1, 2016.

² Appraisal value as of April 30, 2016.

³ The annual NOI has been calculated by IIA (fractions less than JPY 1 million have been truncated). Please refer to Reference 1 for details.

⁴ The annual NOI is the actual NOI of the April 2016 fiscal period annualized (fractions less than JPY 1 million have been truncated).

⁵ Difference between the expected acquisition price of the asset to be acquired and the acquisition price of the asset sold.

⁶ Calculated by subtracting the actual annual NOI of the asset sold from the expected annual NOI of the asset to be acquired (fractions less than JPY 1 million have been truncated).

Post-Acquisition Portfolio Assets

No.	Asset	Area ¹	Acquisition Price ² (mm yen)	% 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 Metropolitan Area	1,816	0.9
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metropolitan Area	1,460	0.8
O-23	Ichigo Nakano North Building	Tokyo Metropolitan Area	764	0.4
O-24	Ichigo Eitai Building	Tokyo Metropolitan Area	1,490	0.8
O-26	Ichigo Ikejiri Building	Tokyo Metropolitan Area	2,030	1.0
O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metropolitan Area	639	0.3
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.4
O-29	Ichigo Kichijoji Building	Tokyo Metropolitan Area	2,160	1.1
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.4
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
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

No.	Asset	Area ¹	Acquisition Price ² (mm yen)	% of Portfolio ³
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	0.8
O-54	Ichigo Omiya Building	Tokyo Metropolitan Area	3,430	1.8
O-55	Ichigo Sagamihara Building	Tokyo Metropolitan Area	1,174	0.6
O-56	Ichigo Ofuna Building	Tokyo Metropolitan Area	2,000	1.0
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	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	2.5
O-63	Ichigo Nihonbashi East Building	Central Tokyo	4,700	2.4
O-64	Ichigo Sakurabashi Building	Central Tokyo	2,500	1.3
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.2
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.6
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 Metropolitan Area	4,570	2.3
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	0.9
O-71	Ichigo Kawasaki Building	Tokyo Metropolitan Area	1,750	0.9
O-72	Ichigo Shibuya East Building	Tokyo Metropolitan Area	1,350	0.7
O-73	Ichigo Ningyocho Building	Tokyo Metropolitan Area	1,450	0.7
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	Nishiki First Building	Four Major Regional Cities	2,000	1.0
O-77	Ichigo Ikenohata Building	Tokyo Metropolitan Area	5,130	2.6
O-78	Ichigo Ikebukuro East Building	Tokyo Metropolitan Area	3,010	1.5
O-79	Ichigo Motoazabu Building	Central Tokyo	1,890	1.0
O-80	Ichigo Otsuka Building	Tokyo Metropolitan Area	2,740	1.4
O-81	Ichigo Nagoya Building	Four Major Regional Cities	3,420	1.8
O-82	Ichigo Fushimi Building	Four Major Regional Cities	2,340	1.2
O-83	Ichigo Nishiki Building	Four Major Regional Cities	1,330	0.7
O-84	Ichigo Minami Morimachi Building	Four Major Regional Cities	1,040	0.5
O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	3,500	1.8
Subtotal - Office (71 Assets)			171,417	88.1
R-04	Ichigo Serviced Apartments Takanawadai	Central Tokyo	1,360	0.7
R-06	B-SITE Hamamatsucho	Central Tokyo	701	0.4
R-09	Ichigo Serviced Apartments Ginza	Central Tokyo	946	0.5
Z-02	Ichigo Fiesta Shibuya	Central Tokyo	1,970	1.0

No.	Asset	Area ¹	Acquisition Price ² (mm yen)	% of Portfolio ³
Z-03	Ichigo Burg Omori	Tokyo Metropolitan Area	3,218	1.7
Z-04	Ichigo Pagoda Asakusa	Tokyo Metropolitan Area	1,640	0.8
Z-05	Ichigo Machida East Building	Tokyo Metropolitan Area	1,310	0.7
Z-07	Ichigo Sapporo Minami 2 Nishi 3 Building	Four Major Regional Cities	558	0.3
Z-08	Ichigo Daimyo Balcony	Four Major Regional Cities	638	0.3
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	0.6
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.2
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metropolitan Area	1,620	0.8
Z-12	Lions Square Kawaguchi	Tokyo Metropolitan Area	2,430	1.2
Z-13	Ichigo Shin Yokohama Arena Dori Building	Tokyo Metropolitan Area	1,700	0.9
Z-14	Ichigo Kamata Building	Tokyo Metropolitan Area	1,400	0.7
Subtotal - Others (15 Assets)			23,101	11.9
Total (86 Assets)			194,518	100.0

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

² Acquisition Price excludes incidental expenses such as acquisition fees, property, city planning, and consumption taxes, and other fees. For the 37 assets acquired via the REIT merger on November 1, 2011 (O-02 to O-42 and Z-02 to Z-08), the appraisal value as of October 31, 2011 is shown.

³ % of Portfolio is based upon acquisition price.