

**FINANCIAL REPORT
FOR THE
TWELFTH FISCAL PERIOD
(May 1, 2011 – October 31, 2011)**

Ichigo Real Estate Investment Corporation (“Ichigo REIT,” Representative: Yoshihiro Takatsuka, Executive Director, URL: www.ichigo-reit.co.jp/eng) is listed on the Tokyo Stock Exchange with the securities code 8975.

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Start Date for Dividend Payments (scheduled): January 23, 2012

1. FINANCIAL RESULTS FOR THE TWELFTH FISCAL PERIOD

(Monetary amounts are rounded down to the nearest million yen)

(1) Earnings

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
Twelfth Fiscal Period	787	3.4%	402	3.3%	240	4.8%	236	5.3%
Eleventh Fiscal Period	762	(0.8%)	389	(1.0%)	229	0.1%	224	8.9%

	Net Income per Unit (yen)	Ratio of Net Income to Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Operating Revenue
Twelfth Fiscal Period	7,219	1.6%	1.0%	30.6%
Eleventh Fiscal Period	6,856	1.5%	0.9%	30.2%

(2) Dividends

	Dividend per Unit (not including dividends in excess of earnings) (yen)	Total Dividends (million yen)	Dividend per Unit in Excess of Earnings (yen)	Total Dividends in Excess of Earnings (million yen)	Payout Ratio (%)	Ratio of Dividends to Net Assets (%)
Twelfth Fiscal Period	7,220	236	0	0	100.0	1.6
Eleventh Fiscal Period	6,856	224	0	0	99.9	1.5

(3) Assets and Equity

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Unit (yen)
Twelfth Fiscal Period	24,999	15,164	60.7	463,758
Eleventh Fiscal Period	25,076	15,153	60.4	463,394

(4) Cash Flow

	Cash Flow from Operating Activities (million yen)	Cash Flow from Investment Activities (million yen)	Cash Flow from Financing Activities (million yen)	Cash and Cash Equivalents at End of the Period (million yen)
Twelfth Fiscal Period	311	3	(273)	1,901
Eleventh Fiscal Period	324	(7)	(254)	1,858

2. EARNINGS FORECASTS FOR THE THIRTEENTH AND FOURTEENTH FISCAL PERIODS

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
Thirteenth Fiscal Period	4,371	455.4%	1,926	379.1%	942	292.5%	17,508	7,318.6%
Fourteenth Fiscal Period	4,457	2.0%	2,030	5.4%	1,048	11.3%	1,047	(94.0%)

(yen)

	Dividend per Unit (not including dividends in excess of earnings)	Dividend per Unit in Excess of Earnings
Thirteenth Fiscal Period	1,100	0
Fourteenth Fiscal Period	1,200	0

Reference: The forecast net income per unit is 20,733 yen for the Thirteenth Fiscal Period and 1,242 yen for the Fourteenth Fiscal Period. The net income per unit for the Thirteenth Fiscal Period reflects the negative goodwill created from the merger and thus differs from distributable income for dividends.

Note: The Eleventh Fiscal Period is the period from November 1, 2010 to April 30, 2011.
The Twelfth Fiscal Period is the period from May 1, 2011 to October 31, 2011.
The Thirteenth Fiscal Period is the period from November 1, 2011 to April 30, 2012.
The Fourteenth Fiscal Period is the period from May 1, 2012 to October 31, 2012.

3. OTHER

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

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|--|----|
| (i) Changes accompanying Amendments to Accounting Standards: | No |
| (ii) Changes other than (i): | No |
| (iii) Changes in Accounting Estimates | No |
| (iv) Retrospective Restatement | No |

(2) Number of Investment Units Issued and Outstanding

- (i) The number of investment units issued and outstanding (including treasury investment units) was 32,700 units at the end of the Twelfth Fiscal Period and 32,700 units at the end of the Eleventh Fiscal Period.
- (ii) The number of treasury investment units was 0 units at the end of the Twelfth Fiscal Period and 0 units at the end of the Eleventh Fiscal Period.

Appropriate Use of Performance Forecasts and Other Matters of Special Note

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

For details on the preconditions, please refer to the “Preconditions for Earnings Forecasts of the Thirteenth and Fourteenth Fiscal Periods” on pages 4-5.

The IchigoREIT implemented a 7 for 1 unit split with the record date of October 31, 2011 and the effective date of November 1, 2011. The performance forecast for the thirteenth and fourteenth fiscal periods is calculated based on the post-split investment units issued and outstanding.

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

Preconditions for Earnings Forecasts of the Thirteenth and Fourteenth Fiscal Periods

Item	Preconditions
Dates	<p>Thirteenth Fiscal Period: November 1, 2011 – April 30, 2012 Fourteenth Fiscal Period: May 1, 2012 – October 31, 2012</p>
Portfolio Assets	<ul style="list-style-type: none"> • 71 properties owned as of October 31, 2011, composed of 19 properties originally owned by Ichigo REIT and 52 properties acquired via the merger with the former Ichigo REIT.
Number of Investment Units	<ul style="list-style-type: none"> • 842,823 units, the current issued amount
Operating Revenue	<ul style="list-style-type: none"> • Rent revenue is calculated conservatively based on lease contracts that are in effect as of October 31, 2011, while taking into consideration such factors as historical rents, the competitiveness of the properties, and market conditions.
Operating Expenses	<ul style="list-style-type: none"> • Among expenses related to rental activity, which are Ichigo REIT's principal operating expenses, those other than depreciation are calculated based on historical data, while taking into consideration variable expenses. • The anticipated amount of property tax and city planning tax is 367 million yen for the Thirteenth Fiscal Period and 367 million yen for the Fourteenth Fiscal Period. • The amount for building maintenance and repair expenses is estimated to be 204 million yen for the Thirteenth Fiscal Period and 167 million yen for the Fourteenth Fiscal Period. However, expenses for each period could differ significantly from these estimated amounts for various reasons due to the irregularity of maintenance and repair expenses, costs due to unexpected building damage, etc., and year-to-year changes in costs. • Service provider expenses including property management fees, etc. are estimated to be 430 million yen for the Thirteenth Fiscal Period and 426 million yen for the Fourteenth Fiscal Period. • Depreciation has been calculated using the straight line method. For the existing 71 properties, depreciation is calculated by including the depreciation for future additional capital expenditures in the amortization amount. Depreciation of 523 million yen has been anticipated for the Thirteenth Fiscal Period and 537 million yen for the Fourteenth Fiscal Period.
Non-operating Expenses	<ul style="list-style-type: none"> • Interest expenses of 767 million yen are anticipated for the Thirteenth Fiscal Period and 768 million yen for the Fourteenth Fiscal Period. • Borrowing-related expenses of 219 million yen are anticipated for the Thirteenth Fiscal Period and 216 million yen for the Fourteenth Fiscal Period.
Extraordinary Gain	<ul style="list-style-type: none"> • A 16,567 million yen gain is expected from the negative goodwill from the November 1, 2011 merger with the former Ichigo REIT.
Borrowings	<ul style="list-style-type: none"> • Ichigo REIT's balance of loans payable stands at 58,682 million yen as of November 1, 2011. • 300 million yen in a loan payable to The Bank of New York Mellon Trust (Japan), Ltd. which became due on November 29, 2011 has been repaid with cash reserves. 3,890 million yen in a loan payable to Aozora Bank (as of October 31, 2011) will become due during the Fourteenth Fiscal Period. Ichigo REIT assumes refinancing of this loan at the same amount.

Dividend per Unit	<ul style="list-style-type: none"> • Dividends (dividend per unit) are based on the assumption that distribution will comply with the dividend distribution policy stipulated in Ichigo REIT's Articles of Incorporation. • Dividend for the thirteenth fiscal period is assumed to be paid from the retained earnings for the period excluding the negative goodwill extraordinary gain. Specifically, the dividend is assumed to be 941 million yen in total which is the forecast net income of 17,508 million yen minus the negative goodwill extraordinary gain forecast of 16,567 million yen. • For the Fourteenth Fiscal Period, the dividend is not assumed to include the negative goodwill gain generated in the Thirteenth Fiscal Period. • The amount of the dividend per unit is subject to change due to factors such as changes in rent revenue associated with changes in tenants, other changes in properties, the occurrence of unexpected maintenance and repair costs and other expenses, fluctuations in interest rates, and the issuance of additional investment units.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> • Ichigo REIT does not plan on making any dividend distribution exceeding retained earnings (dividend in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • The performance forecasts are based on the assumption that revisions impacting the forecast figures above will not be made to laws and ordinances, the tax system, accounting standards, listing rules, rules of the Investment Trusts Association, Japan, etc. • The performance forecasts are also based on the assumption that there will be no unexpected material change in general economic trends, real estate market conditions, etc.

1. Financial Statements

(1) Balance Sheets

(Thousand yen)

	Eleventh Fiscal Period (as of April 30, 2011)	Twelfth Fiscal Period (as of October 31, 2011)
Assets		
Current assets		
Cash and deposits	699,282	690,249
Cash and deposits in trust	1,159,478	1,213,052
Operating accounts receivable	7,029	6,857
Prepaid expenses	42,281	33,849
Deferred tax assets	19	350
Others	2,288	9,756
Total current assets	1,910,380	1,954,115
Noncurrent assets		
Property, plant and equipment		
Buildings	127,405	127,405
Accumulated depreciation	(13,866)	(15,358)
Buildings, net	113,538	112,046
Structures	2,842	2,842
Accumulated depreciation	(405)	(449)
Structures, net	2,437	2,393
Tools, furniture and fixtures	4,827	4,827
Accumulated depreciation	(1,018)	(1,127)
Tools, furniture and fixtures, net	3,808	3,699
Land	329,736	329,736
Buildings in trust	7,148,268	7,148,668
Accumulated depreciation	(813,842)	(905,484)
Buildings in trust, net	6,334,426	6,243,183
Structures in trust	42,207	42,207
Accumulated depreciation	(6,161)	(6,903)
Structures in trust, net	36,046	35,304
Machinery and equipment in trust	62,977	62,977
Accumulated depreciation	(10,796)	(11,975)
Machinery and equipment in trust, net	52,181	51,002
Tools, furniture and fixtures in trust	575,487	575,487
Accumulated depreciation	(104,489)	(114,614)
Tools, furniture and fixtures in trust, net	470,997	460,872
Land in trust	15,787,122	15,787,122
Total property, plant and equipment	23,130,295	23,025,362
Intangible assets		
Others	48	48
Total intangible assets	48	48
Investments and other assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	25,833	10,032
Total investments and other assets	35,833	20,032
Total noncurrent assets	23,166,176	23,045,442
Total assets	25,076,556	24,999,557

(Thousand yen)

	Eleventh Fiscal Period (as of April 30, 2011)	Twelfth Fiscal Period (as of October 31, 2011)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	98,000	98,000
Accounts payable – others	8,415	16,609
Accrued expenses	119,167	123,098
Income taxes payable, etc.	974	5,201
Advances received	72,586	66,976
Provision for disaster-related loss	4,644	980
Others	4,059	11,645
Total current liabilities	307,849	322,511
Noncurrent liabilities		
Long-term loans payable	9,194,000	9,145,000
Tenant leasehold and security deposits	2,164	2,164
Tenant leasehold and security deposits in trust	419,526	364,971
Total noncurrent liabilities	9,615,691	9,512,136
Total liabilities	9,923,541	9,834,647
Net assets		
Unitholders' equity		
Unitholders' capital	14,928,800	14,928,800
Surplus		
Unappropriated retained earnings (undisposed loss)	224,215	236,110
Total surplus	224,215	236,110
Total unitholders' equity	15,153,015	15,164,910
Total net assets	15,153,015	15,164,910
Total liabilities and net assets	25,076,556	24,999,557

(2) Statements of Income

(Thousand yen)

	Eleventh Fiscal Period (From November 1, 2010 to April 30, 2011)	Twelfth Fiscal Period (From May 1, 2011 to October 31, 2011)
Operating revenue		
Rent revenue – real estate	756,548	750,735
Other lease business revenue	5,630	37,147
Total operating revenue	762,178	787,882
Operating expenses		
Expenses related to rent business	248,233	262,899
Asset management fee	56,675	57,711
Asset custody fee	2,482	2,519
Administrative service fees	9,368	9,877
Audit fee	7,000	7,000
Directors' compensations	10,800	10,800
Directors' retirement benefits	—	5,475
Other operating expenses	38,249	29,567
Total operating expenses	372,808	385,850
Operating income	389,370	402,032
Non-operating income		
Interest income	198	182
Reversal of distribution payable	249	531
Total non-operating income	447	713
Non-operating expenses		
Interest expenses	144,156	145,774
Borrowing related expenses	15,801	15,801
Others	—	183
Total non-operating expenses	159,957	161,759
Ordinary income	229,859	240,987
Extraordinary loss		
Disaster-related loss	4,644	—
Total extraordinary loss	4,644	—
Income before income taxes	225,215	240,987
Income taxes – current	1,008	5,232
Income taxes – deferred	(1)	(330)
Total Income taxes	1,007	4,901
Net income	224,207	236,086
Retained earnings brought forward	7	24
Unappropriated retained earnings (undisposed loss)	224,215	236,110

(3) Statements of Unitholders' Equity

(Thousand yen)

	Eleventh Fiscal Period (From November 1, 2010 to April 30, 2011)	Twelfth Fiscal Period (From May 1, 2011 to October 31, 2011)
Unitholders' equity		
Unitholders' capital		
Balance as restated	14,928,800	14,928,800
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of the period	14,928,800	14,928,800
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance as restated	205,821	224,215
Changes of items during the period		
Dividends from surplus	(205,813)	(224,191)
Net income	224,207	236,086
Total changes of items during the period	18,393	11,894
Balance at end of the period	224,215	236,110
Total unitholders' equity		
Balance as restated	15,134,621	15,153,015
Changes of items during the period		
Dividends from surplus	(205,813)	(224,191)
Net income	224,207	236,086
Total changes of items during the period	18,393	11,894
Balance at end of the period	15,153,015	15,164,910
Total net assets		
Balance as restated	15,134,621	15,153,015
Changes of items during the period		
Dividends from surplus	(205,813)	(224,191)
Net income	224,207	236,086
Total changes of items during the period	18,393	11,894
Balance at end of the period	15,153,015	15,164,910

(4) Statements of Cash Flows

(Thousand yen)

	Eleventh Fiscal Period (From November 1, 2010 to April 30, 2011)	Twelfth Fiscal Period (From May 1, 2011 to October 31, 2011)
Cash flows from operating activities		
Income before income taxes	225,215	240,987
Depreciation and amortization	105,295	105,332
Amortization of long-term advance charges	15,801	15,801
Interest income	(198)	(182)
Interest expenses	144,156	145,774
Provision for disaster-related loss	4,644	—
Reversal of provision for disaster-related loss	—	△3,664
Decrease (increase) in prepaid expenses	(4,950)	8,431
Increase (decrease) in accounts payable – others	(10,370)	4,128
Increase (decrease) in advances received	494	(5,610)
Increase (decrease) in accrued consumption taxes	(2,043)	1,489
Amortization of security deposit	—	(50,309)
Others, net	(2,211)	(3,501)
Subtotal	475,833	458,676
Interest income received	198	182
Interest expenses paid	(144,354)	(145,972)
Expenses related to cancelled capital increase	(5,763)	—
Income taxes paid	(960)	(1,005)
Net cash provided by (used in) operating activities	324,954	311,881
Cash flows from investment activities		
Purchase of property, plant and equipment in trust	(2,643)	(399)
Proceeds from tenant leasehold and security deposits in trust	10,416	12,749
Repayments of tenant leasehold and security deposits in trust	(15,172)	(8,439)
Net cash provided by (used in) investment activities	(7,399)	3,910
Cash flows from financing activities		
Decrease in long-term loans payable	(49,000)	(49,000)
Dividends paid	(205,514)	(224,021)
Net cash provided by (used in) financing activities	(254,514)	(273,021)
Net increase (decrease) in cash and cash equivalents	63,040	42,770
Cash and cash equivalents at beginning of the period	1,795,720	1,858,760
Cash and cash equivalents at end of the period	1,858,760	1,901,531