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REIT Issuer

Ichigo Real Estate Investment Corporation (8975)

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Asset Management Company

Ichigo REIT Management Co., Ltd.

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Execution of Memorandum of Understanding on Merger of Asset Management Company and Change of Corporate Name

Ichigo REIT Management Co., Ltd. (“IRM”), the asset manager of Ichigo Real Estate Investment Corporation (“Ichigo REIT”), decided today to merge with Ichigo Real Estate Investment Advisors Co., Ltd. (“IRE”) (the “Merger”) and executed a Memorandum of Understanding concerning the Merger. Details are as follows.

1. About the Merger

Ichigo Group Holdings Co., Ltd. (“IGH”), the 100% of shareholder of IRM, decided today to reorganize its real estate and finance functions to support further growth as a full-service real estate asset manager.

In accordance with this resolution, IRM and IRE have agreed in a memorandum of understanding to 1) a merger with IRM as a surviving corporation; 2) a change in corporate name to “Ichigo Real Estate Investment Advisors Co., Ltd.” (the “New IRE”); 3) a change in organizational structure to a company with committees; 4) a new organizational structure and directors; 5) new rules to govern real estate information sharing within the Ichigo Group; and 6) new rules to prevent conflicts of interests.

2. Purpose of the Merger

IRM currently provides Ichigo REIT with asset management services and supports its strategy to be a “Comprehensive J-REIT seeking stable profits and steady portfolio growth.” It also executes its strategy of portfolio improvement and enhancement of unitholder value. Currently, IRM manages 67 assets valued at 104.8 billion yen, primarily specializing in small-to-mid size office properties and residences, where it has accumulated deep asset management expertise. In turn, IRE has a track record of asset management of more than 1 trillion yen across a variety of real estate investment products.

The Merger will strengthen the New IRE by bringing together the human resources and know-how in asset management of both asset managers, while additionally transferring IGH's finance capabilities to IRM. The New IRE will seek to be one of the leading real estate asset management companies in Japan, with strong sourcing and fund raising ability, flexible product development, high-level structured finance skills, and significant architectural expertise to add value to IRE managed assets.

3. Prevention of Conflicts of Interests

In order to prevent conflicts of interests, the New IRE will enter a "Memorandum of Understanding on Real Estate First Refusal Rights within Ichigo Group," with IGH and Ichigo Solutions Co., Ltd. (Note: Ichigo Solutions Co., Ltd. is scheduled to merge with Ichigo Estate Co., Ltd. and change its name to Ichigo Estate Co., Ltd. (the "New IES."))

In addition, the New IRE will adopt a "Structure to Avoid Conflicts of Interest between Ichigo REIT and Private Equity Funds" establishing clear rules on how to handle information related to property acquisitions ("Information") obtained by the New IRE.

Overview of "Memorandum of Understanding on Real Estate First Refusal Rights within Ichigo Group"

(1) When IGH obtains Information:

- A) When IGH obtains Information from its vendors, Ichigo Group, or any other parties who possess Information, IGH will immediately provide this Information to the New IRE. However, if the projected transaction price is less than JPY 500 million, IGH will provide the Information to the New IES.
- B) The New IRE, upon the receipt of Information as stipulated in the preceding clause, will immediately consider whether it needs the Information or not, and return the Information to IGH if the Information is considered not necessary.
- C) IGH, upon the return of Information from the New IRE as stipulated in the preceding clause, will then immediately provide the information to the New IES.

(2) When either the New IRE or the New IES obtains Information:

- A) When either the New IRE or the New IES obtains Information, it will consider whether it needs the Information or not. However, the New IRE will generally provide the Information to New IES if the projected transaction price is less than JPY 500 million.
- B) The New IRE and the New IES will provide Information to the other if the Information is not considered necessary after the receipt of Information as stipulated in the preceding clause.

Overview of "Structure to Avoid Conflicts of Interest between Ichigo REIT and Private Equity Funds"

- (1) When the New IRE obtains Information, at initial stage, the Acquisition and Sales group, relying upon pre-determined rules, will decide whether it should proceed to investigate the Information and any attendant potential transaction more fully.
- (2) When the Acquisition and Sales group make a determination to proceed, it determines which one of Ichigo REIT or Private Equity Fund has the First Refusal Right and provides Information to the relevant Fund Manager based upon either 1) the calendar year of the building completion date (where multiple properties, using the most recent) or 2) the address of the property in the case of land:
 - A) When the completion year or address is an even number:
Ichigo REIT has First Refusal Right
 - B) When the completion year or address is an odd number:
Private Equity Funds have First Refusal Right
- (3) Should the Fund Manager of either Ichigo REIT or Private Equity Funds decide not to pursue the acquisition opportunity after gaining First Refusal Right as stipulated in the preceding clause, the other is alternately given the opportunity to consider the acquisition.
- (4) The decisionmaking processes which are stipulated in the proceeding clauses require approval from a Compliance Officer.

- (5) The Fund Manager of Ichigo REIT will also report the results of these considerations of acquisitions opportunities to committees of Ichigo REIT on a regular basis.

4. Outline of the Merger

(1) Schedule

Board of Directors approval of the merger agreement (IRM, IRE)	April 19, 2012
Execution date of the merger agreement (IRM, IRE)	Mid May 2012 (expected)
Shareholders approval of the merger agreement (IRM, IRE)	June 2012 (expected)
Effective date of merger	July 1, 2012 (expected)
Registration of the merger	Early July 2012 (expected)
Notice to the Prime Minister	Mid July 2012 (expected)

(Note) The Merger is conditional upon regulatory authority approval.

(2) Method

The Merger will be an absorption-type merger whereby IRM will be the surviving corporation and IRE will be dissolved.

(3) Allotment of Shares

IRM as the surviving corporation will not allot shares nor other cash and cash equivalents in this merger, since both companies are 100% subsidiaries of IGH

5. Overview of Merging Parties

	Corporation surviving the absorption-type merger	Corporation dissolving in the absorption-type merger
Name	Ichigo REIT Management Co., Ltd.	Ichigo Real Estate Investment Advisors Co., Ltd.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Wataru Orii President & Representative Director	Takumi Naito President & Representative Director
Business	J-REIT asset management	Private Equity Real Estate Funds asset management
Paid-in Capital	400 million yen	100 million yen
Date of Incorporation	December 15, 2004	April 25, 2007
Total Number of Units Issued	8,000 units	2,000 units
End of Fiscal Period	February	February
Major Shareholder	Ichigo Group Holdings Co., Ltd. 100%	Ichigo Group Holdings Co., Ltd. 100%
Relationship with Other Parties		
Capital Relationship	IRM and IRE are fellow subsidiaries under the same parent company.	
Personnel Relationship	None	
Business Relationship	None that need be noted.	
Affiliated Party Status	IRM and IRE are fellow subsidiaries under the same parent company.	

6. Financial Overview Over Three Fiscal Periods

	Ichigo REIT Management Co., Ltd. (IRM, Surviving Corporation)			Ichigo Real Estate Investment Advisors Co., Ltd. (IRE, Dissolving Corporation)		
Fiscal period ended in	March 2010	February 2011	February 2012	February 2010	February 2011	February 2012
Revenue	756	659	1,125	1,538	1,038	1,083
Operating Income	354	330	506	-146	-180	8
Ordinary Income	363	341	522	-117	-176	12
Current Net Income	211	177	301	-293	-203	-47
Current Net Income per Unit (yen)	26,380	22,132	37,719	-146,829	-101,589	-23,913
Distribution per Unit (yen)	-	-	-	-	-	-
Total Assets	1,343	1,472	1,711	781	571	461
Net Assets	1,184	1,361	1,421	524	321	273
Net Assets per Unit (yen)	148,105	170,237	177,720	262,406	160,816	136,903

(Note) IRM changed its fiscal period end from March to February in 2011. Furthermore, IRM merged with Fund Creation REIT Advisors Co., Ltd. on November 1, 2011.

7. Post-Merger Status

	Surviving Corporation
Name	Ichigo Real Estate Investment Advisors Co., Ltd.
Address	1-1-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo
Representative	Wataru Orii, President & Representative Statutory Executive Officer
Business	J-REIT and Private Equity Real Estate Funds asset management
Paid-in Capital	400 million yen
End of Fiscal Period	February
Net Assets	1,694 million yen (Simple total of the net assets of IRM and IRE as of February 2012)
Total Assets	2,172 million yen (Simple total of the total assets of IRM and IRE as of February 2012)

8. Outlook

(1) Amendment to the Asset Management Agreement

No amendment is expected.

(2) Amendment of the Corporate Structure

Amendment is expected for the New IRE. Furthermore, the New IRE will be a company with committees, changing from company with management board structure. For details, please refer to “Change in Organization and Corporate Directors in accordance with Merger of Asset Management Company” released today.

(3) Amendment to the Investment Management Decision-Making Structure

In accordance with the amendment of the corporate structure, amendment will be announced as soon as determined.

(4) Amendment to the Rules concerning Compliance and Interested Parties

Amendment will be announced as soon as determined, if any.

(5) Amendment to the Investment Policy

No amendment is expected.

(6) Amendment to the Agreement with Sponsors

IRM has concluded a support agreement with Ichigo Solutions Co., Ltd. (New IES), and it is expected to be amended. Amendment will be announced as soon as determined.

(7) Prospect for Listing Status of the Investment Corporations

Ichigo REIT is expected to continue to be listed.

(8) Forward Procedures

All necessary reporting procedures, etc. for this matter will be conducted in accordance with the provisions of the Financial Instruments and Exchange Law, the Building Lots and Buildings Transaction Business Law and other applicable laws and regulations.

This document is being distributed today to the Kabuto Club (the press club of the TSE) as well as to the press club for the Ministry of Land, Infrastructure, Transport, and Tourism and the press club for specialty construction newspapers at the Ministry of Land, Infrastructure, Transport, and Tourism.

Website of Ichigo REIT: www.ichigo-reit.co.jp/english