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December 17, 2012

## FINANCIAL REPORT FOR THE FISCAL PERIOD ENDING OCTOBER 2012 (May 1, 2012 – October 31, 2012)

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

Asset Management Company: **Ichigo Real Estate Investment Advisors Co., Ltd.**  
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Submission Date for Securities Report: January 29, 2013 (expected)  
 Start Date for Dividend Payments: January 22, 2013 (expected)  
 Supplement Material to Financial and Business Results: Yes  
 Financial and Business Results Briefing: Yes (for institutional investors and analysts)

### 1. Financial Results for the Fiscal Period ending October 2012

(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
Fiscal Period ending October 2012	4,320	1.1%	1,866	21.6%	663	26.0%	(526)	—
Fiscal Period ending April 2012	4,273	442.4%	1,534	281.6%	526	118.5%	17,089	—

	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
Fiscal Period ending October 2012	(624)	(1.0%)	0.6%	15.4%
Fiscal Period ending April 2012	20,275	50.4%	0.8%	12.3%

#### (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 (%)
Fiscal Period ending October 2012	1,387	1,168	0	0	—	2.3
Fiscal Period ending April 2012	1,219	1,027	0	0	6.0	3.0

(Note) The dividend for the April 2012 period is the total amount of retained earnings less negative goodwill of 16,562 million yen and a dividend reserve of 501 million yen. The dividend for the October 2012 period is the total amount of retained earnings plus a dividend reserve reversal of 1,695 million yen.

### (3) Assets and Equity

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Unit (yen)
Fiscal Period ending October 2012	114,980	51,030	44.4	60,547
Fiscal Period ending April 2012	115,226	52,584	45.6	62,390

### (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)
Fiscal Period ending October 2012	1,847	(2,549)	396	9,323
Fiscal Period ending April 2012	4,334	(490)	(3,229)	9,628

## 2. Earnings Forecasts for the Fiscal Periods ending April 2013

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
Fiscal Period ending April 2013	4,118	(4.7%)	1,955	4.8%	1,069	61.1%	1,069	—

(yen)

	Dividend per Unit (not including dividends in excess of earnings)	Dividend per Unit in Excess of Earnings
Fiscal Period ending April 2013	1,330	0

- (Note 1) The forecast Net Income per unit is 1,268 yen for the April 2013 period.
- (Note 2) The dividend for the April 2013 period is scheduled to include dividend reserve of 55 million yen.
- (Note 3) The acceleration of Ichigo's growth strategy is introducing some uncertainty in forward earnings, so for the moment Ichigo REIT is releasing an earnings forecast for the Fiscal Period ending April 2013 only. The earnings forecast for the fiscal period ending October 2013 will be announced as soon as it is available. As appropriate, going forward Ichigo REIT expects to return to issuing two forward fiscal period earnings forecasts.
- (Reference) The Fiscal Period ending October 2012 runs from May 1, 2012 to October 31, 2012.  
The Fiscal Period ending April 2013 runs from November 1, 2012 to April 30, 2013.  
The Fiscal Period ending October 2013 runs from May 1, 2013 to October 31, 2013.

## 3. Other

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

- (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 842,823 units at the end of the April 2012 period and the October 2012 period.

- (ii) The number of treasury investment units was 0 units at the end of the April 2012 period and the October 2012 period.

Completion Status of Auditing Procedures

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Law of Japan. The auditing procedures in accordance with those requirements have not been completed as of the date of the publication of this document.

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 Fiscal Periods ending April 2013” on pages 4-5.

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 Fiscal Periods ending April 2013

Item	Preconditions
Periods	The Fiscal Period ending April 2013: November 1, 2012 – April 30, 2013 (181 days)
Portfolio Assets	<ul style="list-style-type: none"> <li>• 67 properties as of October 31, 2012. Ichigo REIT sold the COI Niigata Building asset on November 15, 2012.</li> <li>• The total number of portfolio assets may change due to acquisition or sale of properties.</li> </ul>
Number of Investment Units	<ul style="list-style-type: none"> <li>• 842,823 units, the current issued amount.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• Rent revenue is calculated conservatively based on lease contracts that are in effect as of October 31, 2012, while taking into consideration such factors as historical rents, the competitiveness of the properties and market conditions.</li> <li>• The anticipated portfolio occupancy is 94.8% at the end of the April 2013 period.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The anticipated amount of property tax and city planning tax is 308 million yen for the April 2013 period.</li> <li>• The amount for building maintenance and repair expenses is estimated to be 106 million yen for the April 2013 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.</li> <li>• Service provider expenses including property management fees, etc. are estimated to be 380 million yen for the April 2013 period.</li> <li>• Depreciation has been calculated using the straight line method. For the existing 67 properties, depreciation is calculated by including the depreciation for future additional capital expenditures in the amortization amount. Depreciation of 511 million yen has been anticipated for the April 2013 period.</li> <li>• Capital loss incurred by sale of COI Niigata Building is booked as loss for the October 2012 period, and thus estimated to have no impact for the forecasts of the April 2013 period.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses of 642 million yen are anticipated for the April 2013 period.</li> <li>• Borrowing-related expenses of 247 million yen are anticipated for the April 2013 period.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>• Ichigo REIT's balance of loans payable stands at 57,679 million yen as of October 31, 2012.</li> <li>• 1,400 million yen in a loan payable to The Kagawa Bank, Ltd. and 2,880 million yen in a loan payable to The Tokyo Star Bank, Limited were matured on November 30, 2012 and extended the maturity date.</li> <li>• 3,800 million yen in a loan payable to The Gibraltar Life Insurance Co., Ltd. will mature during the April 2013 period. Ichigo REIT assumes refinancing of these loans at the same amount.</li> </ul>
Dividend per Unit	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Dividend for the April 2013 period is assumed to be 1,124 million yen, which is the total amount of retained earnings of 1,069 million yen plus a dividend reserve of 55 million yen.</li> <li>• 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.</li> </ul>

Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• Ichigo REIT does not plan on making any dividend distribution in excess of earnings per unit or retained earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

# 1. Financial Statements

## (1) Balance Sheet

(Thousand yen)

	Fiscal Period ending April 2012 (as of April 30, 2012)	Fiscal Period ending October 2012 (as of October 31, 2012)
Assets		
Current assets		
Cash and deposits	4,307,181	4,391,631
Cash and deposits in trust	5,331,418	4,946,188
Operating accounts receivable	14,912	12,738
Prepaid expenses	397,399	410,744
Consumption taxes receivable	—	108,851
Deposit paid	638,096	538,843
Other	15,169	5,330
Total current assets	10,704,176	10,414,328
Noncurrent assets		
Property, plant, and equipment		
Buildings	8,867,457	8,718,772
Accumulated depreciation	(150,697)	(286,933)
Buildings, net	8,716,759	8,431,838
Structures	40,078	41,535
Accumulated depreciation	(2,752)	(5,087)
Structures, net	37,326	36,447
Machinery and equipment	247,588	249,890
Accumulated depreciation	(9,998)	(20,019)
Structures, net	237,590	229,870
Fixtures	16,557	28,668
Accumulated depreciation	(2,489)	(4,941)
Fixtures, net	14,068	23,727
Land	20,944,358	19,925,346
Construction in progress	1,228	861
Buildings in trust	22,424,523	23,001,545
Accumulated depreciation	(1,228,866)	(1,556,258)
Buildings in trust, net	21,195,656	21,445,287
Structures in trust	47,127	56,848
Accumulated depreciation	(7,922)	(9,072)
Structures in trust, net	39,205	47,775
Machinery and equipment in trust	150,649	172,636
Accumulated depreciation	(22,316)	(33,117)
Machinery and equipment in trust, net	128,333	139,518
Fixtures in trust	626,779	638,626
Accumulated depreciation	(129,025)	(144,175)
Fixtures in trust, net	497,754	494,451
Land in trust	52,332,659	53,390,733
Construction in progress in trust	3,800	2,721
Total property, plant, and equipment	104,148,742	104,168,580

(Thousand yen)

	Fiscal Period ending April 2012 (as of April 30, 2012)	Fiscal Period ending October 2012 (as of October 31, 2012)
Investments and other assets		
Investment securities	20,014	—
Tenant leasehold and security deposits	25,227	15,227
Long-term prepaid expenses	327,977	382,582
Total investments and other assets	373,219	397,809
Total noncurrent assets	104,521,961	104,566,390
Total assets	115,226,138	114,980,718
Liabilities		
Current liabilities		
Operating accounts payable	270,422	302,841
Current portion of long-term loans payable	21,060,384	8,232,500
Current portion of long-term loans payable in trust	50,972	50,972
Accounts payable – others	254,493	242,389
Accrued expenses	168,957	127,637
Income taxes payable, etc.	605	605
Accrued consumption taxes, etc.	102,229	27,880
Advances received	594,868	624,332
Other	11,803	15,990
Total current liabilities	22,514,736	9,625,147
Noncurrent liabilities		
Long-term loans payable	30,460,000	46,536,500
Long-term loans payable in trust	4,685,313	2,859,827
Tenant leasehold and security deposits	1,962,220	1,882,897
Tenant leasehold and security deposits in trust	3,012,573	3,038,728
Asset retirement obligations	7,052	7,085
Total noncurrent liabilities	40,127,159	54,325,037
Total liabilities	62,641,896	63,950,185
Net assets		
Unitholders' equity		
Unitholders' capital	14,928,800	14,928,800
Surplus		
Capital surplus	20,566,420	20,566,420
Dividend reserve	—	16,061,353
Unappropriated retained earnings /loss	17,089,021	(526,040)
Total surplus	37,655,442	36,101,732
Total unitholders' equity	52,584,242	51,030,532
Total net assets	52,584,242	51,030,532
Total liabilities and net assets	115,226,138	114,980,718

## (2) Income Statement

(Thousand yen)

	Fiscal Period ending April 2012 (From November 1, 2011 to April 30, 2012)	Fiscal Period ending October 2012 (From May 1, 2012 to October 31, 2012)
Operating revenue		
Rent revenue – real estate	3,921,370	3,777,902
Other lease business revenue	351,941	542,243
Dividend income from investment in TK equity	14	631
Total operating revenue	4,273,326	4,320,777
Operating expenses		
Expenses related to rent business	1,776,731	1,790,551
Loss on sales of real estate	464,210	214,468
Asset management fee	367,377	341,854
Asset custody fee	9,913	9,732
Administrative service fees	28,031	28,827
Directors' compensations	10,800	9,675
Other operating expenses	81,939	59,311
Total operating expenses	2,739,003	2,454,421
Operating income	1,534,323	1,866,355
Non-operating income		
Interest income	933	1,520
Reversal of distribution payable	4,205	1,058
Insurance Income	1,524	98
Differences in consumption tax	—	25,083
Other	300	2,083
Total non-operating income	6,963	29,844
Non-operating expenses		
Interest expenses	760,523	669,657
Borrowing related expenses	254,107	562,643
Other	48	112
Total non-operating expenses	1,014,679	1,232,413
Ordinary income	526,608	663,786
Extraordinary income		
Gain on negative goodwill	16,562,405	—
Other	980	—
Total extraordinary income	16,563,386	—
Extraordinary loss		
Impairment loss	—	1,189,489
Total extraordinary losses	—	1,189,489
Income (losses) before income taxes	17,089,994	(525,702)
Income taxes – current	605	605
Income taxes – deferred	384	—
Total income taxes	989	605
Net income (losses)	17,089,005	(526,307)
Retained earnings brought forward	16	267
Unappropriated retained earnings/loss	17,089,021	(526,040)



## (3) Statement of Unitholders' Equity

(Thousand yen)

	Fiscal Period ending April 2012 (From November 1, 2011 to April 30, 2012)	Fiscal Period ending October 2012 (From May 1, 2012 to October 31, 2012)
Unitholders' equity		
Unitholders' capital		
Balance as restated	14,928,800	14,928,800
Changes during the period		
Total changes during the period	—	—
Balance at end of the period	14,928,800	14,928,800
Surplus		
Capital surplus		
Balance as restated	—	20,566,420
Changes during the period		
Increase by merger	20,566,420	—
Total changes during the period	20,566,420	—
Balance at end of the period	20,566,420	20,566,420
Dividend reserve		
Balance as restated	—	—
Changes during the period		
Provision of dividend reserve	—	16,061,353
Total changes during the period	—	16,061,353
Balance at end of the period	—	16,061,353
Unappropriated retained earnings/loss		
Balance as restated	236,110	17,089,021
Changes during the period		
Provision of dividend reserve	—	(16,061,353)
Dividends from surplus	(236,094)	(1,027,401)
Net income (losses)	17,089,005	(526,307)
Total changes during the period	16,852,911	(17,615,062)
Balance at end of the period	17,089,021	(526,040)
Total surplus		
Balance as restated	236,110	37,655,442
Changes during the period		
Increase by merger	20,566,420	—
Provision of dividend reserve	—	—
Dividends from surplus	(236,094)	(1,027,401)
Net income (losses)	17,089,005	(526,307)
Total changes during the period	37,419,331	(1,553,709)
Balance at end of the period	37,655,442	36,101,732
Total unitholders' equity		
Balance as restated	15,164,910	52,584,242
Changes during the period		
Increase by merger	20,566,420	—
Dividends from surplus	(236,094)	(1,027,401)
Net income (losses)	17,089,005	(526,307)
Total changes during the period	37,419,331	(1,553,709)
Balance at end of the period	52,584,242	51,030,532
Total net assets		
Balance as restated	15,164,910	52,584,242
Changes during the period		
Increase by merger	20,566,420	—
Dividends from surplus	(236,094)	(1,027,401)
Net income (losses)	17,089,005	(526,307)
Total changes during the period	37,419,331	(1,553,709)
Balance at end of the period	52,584,242	51,030,532

## (4) Cash Flow Statement

(Thousand yen)

	Fiscal Period ending April 2012 (From November 1, 2011 to April 30, 2012)	Fiscal Period ending October 2012 (From May 1, 2012 to October 31, 2012)
Cash flows from operating activities		
Income (losses) before income taxes	17,089,994	(525,702)
Depreciation and amortization	514,206	510,874
Gain on negative goodwill	(16,562,405)	—
Impairment loss	—	1,189,489
Interest income	(933)	(1,520)
Interest expenses	760,523	669,657
Decrease (increase) in operating accounts receivable	88,166	2,173
Decrease (increase) in consumption taxes receivable	—	(108,851)
Decrease (increase) in prepaid expenses	57,834	(13,345)
Decrease (increase) in long-term advance charges	186,520	(54,605)
Decrease (increase) in deposit paid	(88,671)	99,252
Increase (decrease) in accrued consumption taxes	69,977	(74,349)
Increase (decrease) in operating accounts payable	(65,860)	44,250
Increase (decrease) in accounts payable – others	(60,704)	(12,104)
Increase (decrease) in advances received	(26,659)	29,464
Decrease by sale of property, plant, and equipment	2,798,690	785,113
Decrease by sale of property, plant, and equipment in trust	365,029	—
Amortization of security deposit	(2,182)	(1,370)
Other, net	(16,151)	19,291
Subtotal	5,107,372	2,557,718
Interest income received	933	1,520
Interest expenses paid	(768,174)	(710,977)
Income taxes paid	(5,918)	(605)
Net cash provided by (used in) operating activities	4,334,213	1,847,656
Cash flows from investment activities		
Purchase of property, plant, and equipment	(54,865)	(47,084)
Purchase of property, plant, and equipment in trust	(119,175)	(2,470,471)
Increase in tenant leasehold and security deposits	26,683	26,370
Decrease in tenant leasehold and security deposits	(60,770)	(105,482)
Increase in tenant leasehold and security deposits in trust	219,649	193,808
Decrease in tenant leasehold and security deposits in trust	(482,199)	(166,284)
Purchase of investment securities	(20,000)	—
Sale of investment securities	—	20,000
Net cash provided by (used in) investment activities	(490,677)	(2,549,143)
Cash flows from financing activities		
Decrease in short-term loans payable	(300,000)	—
Increase in long-term loans payable	—	16,658,000
Decrease in long-term loans payable	(1,850,615)	(13,409,384)
Decrease in long-term loans payable in trust	(275,486)	(1,825,486)
Dividends paid	(803,655)	(1,026,865)
Net cash provided by (used in) financing activities	(3,229,756)	396,263
Net increase (decrease) in cash and cash equivalents	613,779	(305,223)
Cash and cash equivalents at beginning of the period	1,901,531	9,628,561
Increase in cash and cash equivalents by merger	7,113,250	—
Cash and cash equivalents at end of the period	9,628,561	9,323,338