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November 15, 2013

REIT Issuer

Ichigo Real Estate Investment Corporation (8975)

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Issuance of New Shares and Secondary Share Offering

The Board of Directors of Ichigo Real Estate Investment Corporation (“Ichigo REIT”) decided today to issue new shares via a public offering and conduct an over-allotment secondary share offering with the underwriters in support of this new share issuance.

1. Issuance of New Shares through Public Offering

- | | |
|--|--|
| (1) Number of shares to be offered: | 85,000 shares |
| (2) Paid-in amount (issue amount): | The amount will be determined at a Board of Directors meeting held between November 26, 2013 and November 29, 2013 (the “Pricing Date”). |
| (3) Total paid-in amount (total issue amount): | To be determined |
| (4) Offering method: | The shares will be offered as a public offering and underwritten in full by SMBC Nikko Securities Inc. (“Lead Manager”) as well as by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co. Ltd., and Mizuho Securities Co., Ltd. (“Underwriters” collectively with Lead Manager). The issue price of the public offering will be calculated by multiplying the closing price of Ichigo REIT’s shares on the Tokyo Stock Exchange (“TSE”) on the Pricing Date (or the closing date on the day preceding the Pricing Date in the event there is no closing price) by a factor of 0.90~1.00 (amounts less than 1 yen omitted), and will be determined in consideration of demand and other factors. |

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- (5) Underwriting agreement: The Underwriters will pay Ichigo REIT the total paid-in amount on the “Payment date (8)” below. The difference between the issue price total and the paid-in total shall be the Underwriters’ proceeds. Ichigo REIT will pay no commission to the Underwriters.
- (6) Subscription period: November 27, 2013 to November 28, 2013. Subject to demand and other factors, the subscription period may be postponed in which case the latest subscription period will be December 2, 2013 to December 3, 2013.
- (7) Subscription units: One share or more in single share multiples
- (8) Payment date: December 3, 2013. Subject to demand and other factors, the payment date may be postponed in which case the latest payment date will be December 6, 2013.
- (9) Delivery date: Next business day after the payment date (8).
- (10) The issuance price, the paid-in amount, and other necessary items relating to the issuance of new shares will be decided at a future Board of Directors meeting. Amendments prior to the determination will be delegated to the Statutory Executive Officers.
- (11) The aforementioned items will be subject to the effectiveness of the procedures in accordance with the Financial Instruments and Exchange Act of Japan.

2. Over-Allotment Secondary Share Offering

- (1) Seller: SMBC Nikko Securities Inc.
- (2) Number of shares to be offered: 8,500 shares
These are the maximum number of shares that may be issued through the secondary offering (over-allotment). Depending on demand and other factors, there may be cases where this number is reduced or the secondary offering (over-allotment) itself is not held at all. The number of shares to be offered through the secondary offering will be determined on the Pricing Date.
- (3) Offer price: The offer price will be determined on the Pricing Date and shall be the same as the issue price for the public offering.
- (4) Total offer price: To be determined

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- (5) Offering method: SMBC Nikko Securities Inc. will offer the shares borrowed from the shareholders of Ichigo REIT
- (6) Subscription period: Same as the subscription period for the public offering as described in section 1 (6).
- (7) Subscription units: One share or more in single share multiples
- (8) Delivery date: Same as the delivery date for the public offering as described in section 1 (9).
- (9) The offer price and other items necessary for the Over-Allotment will be determined at a future Board of Directors meeting. Amendments prior to the determination will be delegated to the Statutory Executive Officers.
- (10) Each of the aforementioned items shall be subject to the effectiveness of the procedures in accordance with the Financial Instruments and Exchange Act of Japan.

3. Issuance of New Shares to be Offered to Underwriter by Way of Third-Party Allotment

- (1) Number of shares to be offered: 8,500 shares
- (2) Third-party allottee and number of shares to be issued to the third party: SMBC Nikko Securities Inc. 8,500 shares
- (3) Paid-in amount (issue amount): The paid-in amount will be determined on the Pricing Date at the Board of Directors meeting and will be same as the paid-in amount for the public offering.
- (4) Total paid-in amount (total issue amount): To be determined
- (5) Subscription period (Subscription date): January 6, 2014
- (6) Subscription units: One share or more in single share multiples
- (7) Payment date: January 7, 2014
- (8) The paid-in amount and other items necessary for the underwriter third-party allotment will be determined at a future Board of Directors meeting. Amendments prior to the determination will be delegated to the Statutory Executive Officers.
- (9) If there are no subscriptions for all or a part of the shares on or before the subscription period described in (5), the issuance of such shares will be canceled.
- (10) If the public offering is suspended, the issuance of new shares by way of underwriter third-party allotment will also be suspended.
- (11) Each of the aforementioned items will be subject to the effectiveness of procedures in accordance with the Financial Instruments and Exchange Act of Japan.

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Reference Information

1. Details of the Secondary Offering (Over-Allotment)

Taking into account demand as well as other factors, SMBC Nikko Securities Inc. may implement a secondary offering of the borrowed shares (up to a maximum of 8,500 shares) borrowed from Ichigo REIT shareholders. Depending on demand as well as other factors, the number may decrease or the secondary offering through over-allotment itself may not be held at all.

In order for SMBC Nikko Securities Inc. to acquire the shares needed to return the borrowed shares upon the secondary offering through over-allotment, Ichigo REIT's Board of Directors has resolved to issue the 8,500 shares via underwriter third-party allotment, with SMBC Nikko Securities Inc. as the allottee and the payment date designated as January 7, 2014.

In order to return the borrowed shares, SMBC Nikko Securities Inc. may also purchase shares up to the number in the secondary offering (over-allotment) at the TSE (the "syndicated cover transaction") from the day following the close of the subscription period to December 27, 2013 (the "syndicated cover transaction period"). All of the shares purchased by SMBC Nikko Securities Inc. through the syndicated cover transaction will be used to return the borrowed shares. At its own discretion, SMBC Nikko Securities Inc. may choose not to conduct the syndicated cover transaction or to end the syndicated cover transaction with a total of shares that is smaller than the number offered through the secondary offering (over-allotment).

Moreover, SMBC Nikko Securities Inc. may conduct stabilizing transactions with relation to the public offering and the secondary offering (over-allotment). The shares purchased through such stabilizing transactions may be used, in whole or in part, to return the borrowed shares.

SMBC Nikko Securities Inc. intends to agree to the underwriter third-party allotment in order to acquire the necessary shares to cover the number obtained by subtracting a) the shares purchased through the stabilizing transactions and the syndicated cover transaction that are used to return the borrowed shares from b) the shares for the secondary offering (over-allotment). As a result, there may be cases in which there will be no subscription either in whole or in part to the shares offered by the underwriter third-party allotment and, accordingly, the final number of shares issued by way of the underwriter third-party allotment will decrease due to forfeiture of rights or such issuance itself will not take place at all.

Whether or not the secondary offering through over-allotment will be conducted as well as the number of shares to be offered will both be decided on the Pricing Date. In case there is no secondary offering through over-allotment, SMBC Nikko Securities Inc. will not borrow the shares from the shareholders. Subsequently, there will be no subscription to the shares offered by the underwriter third-party allotment and, accordingly, the shares shall not be issued by the underwriter third-party allotment due to forfeiture of rights. Further, there will be no syndicated cover transaction on the TSE.

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2. Change in Number of Shares Outstanding After New Issuance

Total number of shares outstanding at present: 932,823 shares

Number of increased shares through public offering: 85,000 shares

Total number of shares outstanding after public offering: 1,017,823 shares

Number of shares from the Underwriter Third-Party Allotment: 8,500 shares (Note)

Total number of shares after the Underwriter Third-Party Allotment: 1,026,323 shares (Note)

(Note) The number is based on the assumption that SMBC Nikko Securities Inc. subscribes to all the shares issued by the underwriter third-party allotment and that all such shares are issued.

3. Reason and Purpose for New Issuance

Ichigo REIT will acquire four assets as announced in today's release "Asset Acquisitions and Sale" using the funds from the public offering, new borrowing, and cash-on-hand. The acquisition of these four fully-occupied prime location assets (three in central Tokyo, one in Yokohama) will dramatically improve Ichigo REIT's portfolio quality in order to drive higher future earnings and dividends for Ichigo REIT shareholders. Specific details of new borrowing will be announced as soon as they are determined.

4. Amount of Funds to be Procured, Use of Proceeds, and Scheduled Expenditure Date

- (1) Amount of funds to be procured (approximate net proceeds): 5,386,000,000 yen (maximum)

(Note) This amount represents the sum of 4,897,000,000 yen in net proceeds Ichigo REIT will receive from the public offering and the maximum amount of 489,000,000 yen Ichigo REIT will receive from the issuance of new shares via the underwriter third-party allotment. This sum is an estimate based on the closing price of the shares in a regular trading session at the TSE as of October 31, 2013.

- (2) Specific use of the funds to be procured and the scheduled expenditure date

Ichigo REIT plans to use the net proceeds (4,897,000,000 yen) from the public offering for the acquisition of the assets specified in today's release "Asset Acquisitions and Sale." Furthermore, the maximum amount of proceeds (489,000,000 yen) Ichigo REIT will receive from the underwriter third-party allotment will be used for part of the miscellaneous expenses incidental to the acquisitions. Any remaining funds will be kept as cash on hand and be used for future debt repayment. The procured funds will be deposited at banks until disbursement.

5. Designated Allocation to Counterparties

None

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6. Future Outlook

Please refer to today's release "Earnings and Dividend Forecast Revision for the October 2013 Fiscal Period and Earnings and Dividend Forecast for the April 2014 Fiscal Period."

7. Financial Results for the Past Three Fiscal Periods and Equity Financing History

(1) Financial results for the past three fiscal periods

| | April 2012 | October 2012 | April 2013 |
|---------------------------|------------------|------------------|------------|
| Net Income/Loss per Share | 20,275 yen | -624 yen | 535 yen |
| Dividend per Share | 1,219 yen (Note) | 1,387 yen (Note) | 1,494 yen |
| Payout Ratio | 6.0% | — | 279.0% |
| Net Assets per Share | 62,390 yen | 60,547 yen | 59,695 yen |

(Note) In order to maintain a stable dividend reflecting Ichigo REIT's operating earnings, the dividends of 501 million yen for the fiscal period ending April 2012, 1,695 million yen for the fiscal period ending October 2012, and 808 million yen for the fiscal period ending April 2013 were distributed using the negative goodwill of 16,562 million yen incurred for the fiscal period ending April 2012 to offset extraordinary losses from asset sales and one-off refinancing expenses.

(2) Recent status of share price

(i) Status in the last three fiscal periods

(yen)

| | October 2012 | April 2013 | October 2013 |
|---------------|--------------|------------|--------------|
| Opening Price | 35,900 | 42,900 | 63,300 |
| Highest Price | 42,650 | 70,700 | 65,100 |
| Lowest Price | 33,600 | 40,050 | 55,900 |
| Closing Price | 42,650 | 63,800 | 61,300 |

(Note) The opening price, the highest price, and the lowest price are described based on the closing price of the shares in a regular trading session at the TSE.

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(ii) Status in the last six months

(yen)

| | June 2013 | July 2013 | August 2013 | September 2013 | October 2013 | November 2013 |
|---------------|--------------|--------------|----------------|-------------------|-----------------|------------------|
| Opening Price | 61,400 | 63,000 | 62,500 | 57,100 | 64,700 | 61,700 |
| Highest Price | 63,500 | 63,000 | 62,500 | 65,100 | 64,700 | 61,700 |
| Lowest Price | 55,900 | 60,000 | 57,000 | 57,100 | 61,300 | 59,700 |
| Closing Price | 63,500 | 60,000 | 57,500 | 65,100 | 61,300 | 61,500 |

(Note 1) The opening price, the highest price, and the lowest price are described based on the closing price of the shares in a regular trading session at the TSE.

(Note 2) The share price for November 2013 is as of November 14, 2013.

(iii) Share price on the business day preceding the resolution day of the issuance

(yen)

| | November 14, 2013 |
|---------------|-------------------|
| Opening Price | 60,800 |
| Highest Price | 61,500 |
| Lowest Price | 60,500 |
| Closing Price | 61,500 |

(3) History of equity financing conducted in the past three fiscal periods

Public Offering

| | |
|---|---|
| Issuance Date | May 27, 2013 |
| Amount of Funds to be Procured | 5,431,320,000 yen (Estimated net proceeds) |
| Paid-in Amount (Issue Amount) | 60,348 yen |
| Number of shares issued and outstanding before the offering | 842,823 shares |
| Number of shares issued in the offering | 90,000 shares |
| Number of shares issued and outstanding after the offering | 932,823 shares |
| Intended use of proceeds at the time of the issue | All the proceeds would be allocated to funds for acquiring specified assets |
| Scheduled timing of disbursement at the time of the issue | June 3, 2013 |
| Current status | Completed disbursement on above scheduled date |

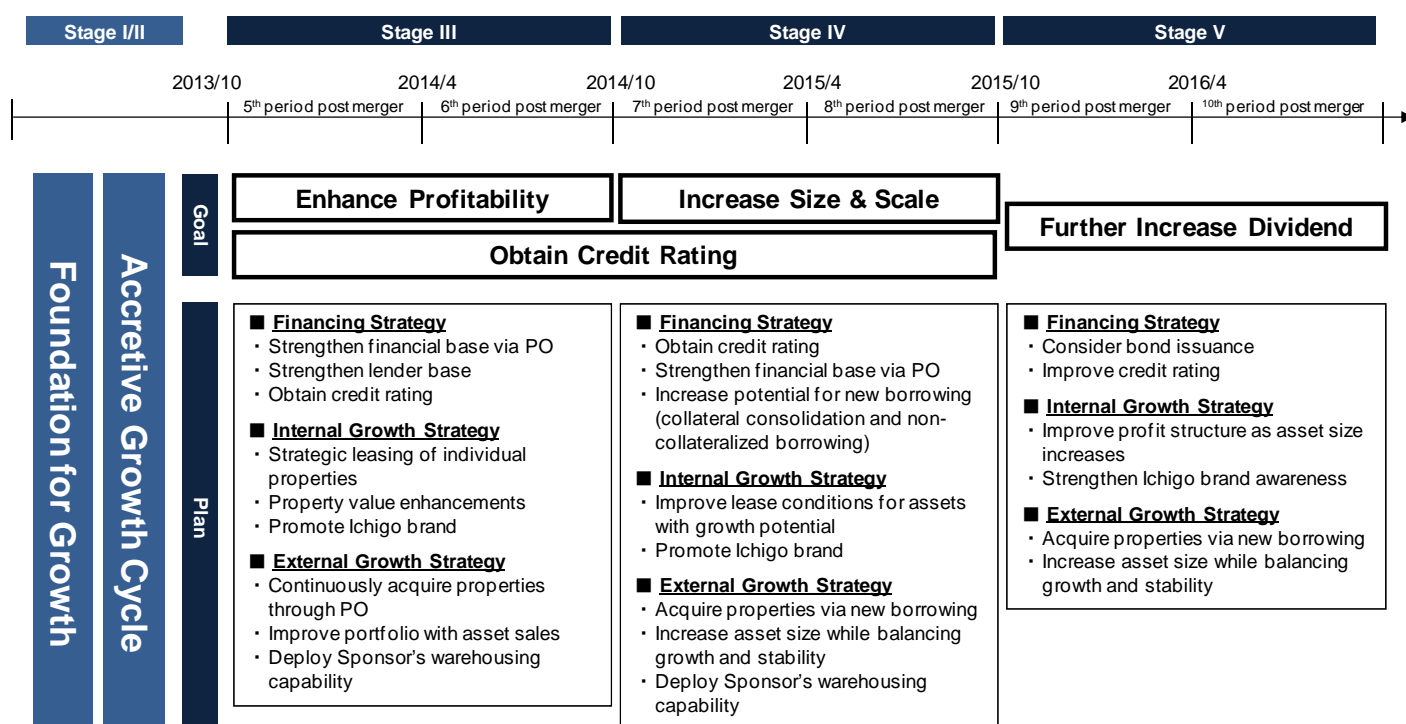
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8. Restrictions on Sale and Additional Issuance of Shares (Lock-Up)

- (1) Ichigo Trust Pte. Ltd., Ichigo Asset Management, Ltd., and Ichigo Real Estate Investment Advisors Co., Ltd., who hold shares amounting to 358,402, 1, and 1,400 shares, respectively, have agreed with the Lead Manager that they will not sell, transfer, pledge as collateral, or lend to any other party or otherwise dispose of the shares they own, except for lending them to support the secondary offering (over-allotment) during the period starting from the pricing date to a date 45 days from the delivery date, without prior written consent from the Lead Manager.
- (2) Ichigo REIT has agreed with the Lead Manager not to engage in the issuance of the shares and certain other transactions without the prior written consent of the Lead Manager during the period starting from the pricing date to the date 90 days from the delivery date (excluding the public offerings, the underwriter third-party allotment, the issuance of shares via stock-split, and certain other exceptions).
- (3) For either (1) or (2) above, the Lead Manager retains the right to terminate a part or all of the aforementioned agreement under its own discretion during the restriction period thereof or to shorten the restriction period thereof.

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

Ichigo REIT Updated Growth Strategy



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