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REIT Issuer

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Partial Amendment to Basic Investment Policy

Ichigo Real Estate Investment Advisors Co., Ltd. (“IRE”), the asset management company of Ichigo Real Estate Investment Corporation (“Ichigo REIT”), has decided today to partially amend Ichigo REIT’s Basic Investment Policy.

1. Reasons for Change

During the April 2012 fiscal period, Ichigo REIT launched its multi-year and multi-stage growth strategy: Stage I “Foundation for Growth,” Stage II “Accretive Growth Cycle,” and Stage III “Enhance Profitability.” In executing this strategy, Ichigo REIT has steadily expanded its portfolio and earnings. As Stage IV “Increase Size & Scale” begins from the April 2015 fiscal period, Ichigo REIT is seeking to drive further dividend increases and maximize shareholder value through strategically focusing its portfolio on mid-size offices, an asset class that offers both stability of returns and upside potential. In order to achieve this goal, Ichigo REIT has decided to partially amend its Basic Investment Policy.

For details of the aforementioned growth strategy, please refer to today’s release “Asset Acquisitions and Sales.”

2. Details of Amendment to the Basic Investment Policy

This is to amend part of the Annual Report (Yuho) submitted on July 25, 2014. The amended section is “*Basic Investment Policy of the Investment Corporation*” of *Part 1: Fund Information*.

Terms defined in the Annual Report shall also apply to this release.

Amended sections are underlined.

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Before Amendment

Ichigo REIT aims to secure stable mid- to long-term profitability through investment management of mainly specified assets such as real estate. (Article 29)

With this aim, Ichigo REIT will primarily invest in real estate and trust beneficial interests (shintaku juekiken) in real estate in Japan. Ichigo REIT seeks to create a comprehensive portfolio that has a balance of both stability and growth potential from a mid- to long-term perspective, by selecting assets based on its profitability and stability, taking into account the financial and economic climate as well as the industry trend to achieve steady growth of its investment assets and maximize shareholders value.

In order to achieve this aim, Ichigo REIT will entrust its asset management to its asset management company. The asset management company is comprised of directors and employees who have extensive experience and knowledge of acquiring and selling assets, attracting tenants, reduction of management costs, and value-add renovations.

Also, Ichigo REIT will conduct its operations emphasizing on transparent disclosure and a solid compliance system.

(i) Comprehensive portfolio with a balance of stability and growth potential

Generally, office buildings, residences, retail, hotels, and other investment assets tend to show a different profitability trend by asset class based on the demand-supply balance of each market. Moreover, there is submarket within the respective market of each asset class having unique trends. Ichigo REIT aims to ensure a relatively stable, mid- to long-term profitability by focusing on these different profitability trends and diversely investing in assets that generate stable profitability (stable-profitability assets), as well as assets with room for growth in profitability (high-growth assets), to level out the impact of the volatility of a specific market on the profitability of the entire portfolio, with the aim to ensure a relatively stable profitability in the mid- to long-term.

Ichigo REIT considers office buildings to be high-growth assets. Market competitiveness can be maintained regardless of the age of the building, with appropriate repair, maintenance, and renewal of facilities on a regular basis. Value-add renovations to improve tenant satisfaction can contribute to profitability, and profitability could improve even more when the economy takes a favorable turn.

Ichigo REIT considers residences to be stable-profitability assets. Residences are closely related to the lives of residents and used for a relatively long term. Rents are not so influenced by the economic climate, which supports the profitability of Ichigo REIT. However, its profitability does not grow together with the improvement of economic conditions.

Ichigo REIT also considers retail and hotels that generate stable and long-term cash flow, that is, those that have long-term lease contracts with the tenant, have minimum operational risks, and have tenants with high credit, as stable-profitability assets.

(ii) Steady growth of investment assets

Given the characteristics of each asset class, Ichigo REIT will select and invest in assets that have relatively small profitability fluctuation risks and have high profitability. In terms of market size, assets in the Tokyo metropolitan area, especially residences and offices that lead to stable-profitability and high-growth will be the major target asset classes. However, Ichigo REIT will not limit itself to these assets, and will continue to seek assets that will contribute to the stability of profitability, and will continue to expand

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its portfolio.

As for office buildings, efficient building operation is possible due to a relatively standardized building management method. Also, occupancy can be maintained due to a wide variety of replacement tenants. Tenants of mid-size office buildings (total leasable space of 1,000m² to 10,000m² as defined by Ichigo REIT) are mostly small- to medium-sized companies, and as the market size is substantial, stable income can be anticipated. Also, the number of mid-size buildings is much greater than large-size buildings, meaning there are greater acquisition opportunities, which allow for a timely change in portfolio as market conditions require. Therefore, Ichigo REIT will continue to consider acquisitions of mid-size office buildings.

As for residences, population growth in urban areas is expected due to the rise in nuclear households, single-person households, and more retirees wanting to spend the rest of their lives in the urban area. Also, as the number of households is growing despite the dwindling population, and as the number of newly-owned homes is decreasing especially among the younger generation, residence is expected have continued demand and profitability. From this perspective, Ichigo REIT will seek the acquisition of residences convenient in its location.

In addition, Ichigo REIT will seek retail, hotel, and other asset classes to a certain extent from the perspective of maximizing its investment opportunity and strengthening its portfolio.

In this regard, Ichigo REIT will make its decisions on asset acquisitions, taking into account the purpose, region, size of the target assets, as well as the fundamentals such as the location, building age, area, specifications, equipment, legal compliance, earthquake resistance, earthquake PML, asbestos, PCB, soil contamination, etc. These will promote Ichigo REIT's external growth strategy and contribute to the maximization of investor profitability.

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After Amendment

Ichigo REIT aims to secure stable mid-to long-term profitability through investment management of assets such as real estate (as stipulated in Article 105 Item 1 of Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations, No. 129 of the year 2000 by order of the Prime Minister's Office, hereinafter referred to as the "Enforcement Order of Investment Trust Act") (Article 29)

With this aim, Ichigo REIT will invest in Japanese real estate and real estate trust beneficial interests (shintaku juekiken) in real estate. Ichigo REIT seeks to structure a portfolio that focuses on growth potential on a mid- to long-term perspective while maintaining a certain level of stability, by selecting assets based on their profitability and stability, taking into account the financial and economic climate as well as industry trends to achieve steady growth of its investment assets and maximize shareholder value.

In order to achieve this, Ichigo REIT will entrust its asset management to an asset management company. The asset management company is comprised of directors and employees who have extensive experience and knowledge of acquiring and selling assets, attracting tenants, reduction of management costs, and value-add renovations.

Also, Ichigo REIT will conduct its operations emphasizing transparent disclosure and a solid compliance system.

- (i) Portfolio that focuses on mid-size office with growth potential while maintaining a certain level of stability

Ichigo REIT will invest primarily in real estate located in Central Tokyo, and additionally in the Tokyo metropolitan area, cities designated by government ordinance of Japan, and the capital of each prefecture. This real estate includes offices, residences, retail, and hotels. (Article 30)

The Japanese real estate investment market has evolved and has become global with the development of J-REITs. As a result of these changes, real estate profitability is now greatly influenced by macro factors such as the global financial market, market conditions, and real estate industry trends. Also, in the real estate market, individual markets for each different asset class exist, and each market displays a different trend based on the demand-supply balance. Additionally, the real estate market is affected by micro complexities such as the location, grade of assets, and other real estate-specific factors. Under these circumstances, Ichigo REIT will aim to focus on growth when it structures its portfolio, while maintaining a certain level of stability.

In terms of office assets, the target tenant and the rent range differs substantially according to the scale of the asset. Our target assets for investment are mid-size buildings, whose tenants are mostly small- to medium-sized companies, venture businesses, and individual business owners. As the absolute number of tenants is large, demand for such offices is promising, and therefore, Ichigo anticipates steady occupancy. The supply of mid-size offices has been relatively low over time with the exception of the so-called "bubble period" in the 1980s and the period prior to Lehman Brothers' bankruptcy filing. Ichigo believes that competitiveness can be maintained regardless of the age of the building, with appropriate repair, maintenance, and renewal of facilities on a regular basis. Value-add renovations to improve tenant satisfaction can contribute to profitability, and profitability could improve even more according to the economic climate. Large-size office buildings, whose target tenants are large companies, listed companies, and foreign entities, are affected by market conditions in terms of rent. In contrast, mid-size office

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building rents tend to be relatively stable and less affected.

Furthermore, mid-size assets other than offices, such as retail, also have the potential to grow in profitability. Ichigo REIT considers assets that have long-term tenant leases, assets with minimal operational risks, and tenants with high credit ratings attractive for their stable cash flow.

By strategically concentrating investment primarily in mid-size office assets that have these characteristics, Ichigo REIT will build a portfolio that focuses on growth, while maintaining a certain level of stability.

(Note) According to the Policy, residences are also an investment target. However, Ichigo REIT's current plan is to avoid investing in residences (without ruling out serviced apartments), and concentrate its investment in mid-size offices.

(ii) Steady growth of investment assets

As described above, to support both earnings stability and growth Ichigo REIT believes that it is important to expand its portfolio, and will pro-actively seek the acquisition of assets that will contribute to the stability and growth of its earnings.

As for offices, mid-size office buildings are promising in terms of both stability and growth, and the absolute number of assets in the market is greater compared to large-size office buildings. This means that there are greater acquisition opportunities which allow for a timely change in portfolio as market conditions require. For this reason, Ichigo REIT will be focusing on acquisition of mid-size offices.

Furthermore, mid-size assets other than offices, such as retail, also have the potential to grow in profitability. Ichigo REIT considers assets that have long-term tenant leases, assets with minimal operational risks, and tenants with high credit ratings attractive for their stable cash flow.

Ichigo REIT will make its decisions on asset acquisitions taking into account the purpose of use, region, and size of the target assets, as well as the fundamentals such as the location, building age, area, specifications, equipment, legal compliance, earthquake resistance, earthquake PML, asbestos, PCB, soil contamination, etc.

Under this policy, Ichigo REIT will aim to promote its external growth strategy and contribute to the maximization of shareholder value.

3. Future Outlook

For details, please refer to today's release "Earnings and Dividend Forecast Revisions for the October 2014 and April 2015 Fiscal Periods."

4. Other

Ichigo REIT today filed a report to the Kanto Local Finance Bureau under the Financial Instruments and the Exchange Law.

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

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