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July 14, 2015

REIT Issuer

Ichigo Real Estate Investment Corporation (8975)

1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo

Representative: Yoshihiro Takatsuka, Executive Director

Asset Management Company

Ichigo Real Estate Investment Advisors Co., Ltd.

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**Ichigo Hotel REIT Establishment and
Filing of Report for Changes in Operational Procedures**

Ichigo Real Estate Investment Advisors Co., Ltd. (“IRE”), the asset management company of Ichigo Real Estate Investment Corporation (“Ichigo REIT”), has decided to start preparation for the establishment of a new hotel J-REIT (“Ichigo Hotel REIT”) and file a report as the REIT establisher to the Commissioner of the Financial Services Agency (FSA) based on Article 3 Paragraph 3 of the Financial Instruments and Exchange Law and Article 21 of the Cabinet Office Ordinance Concerning Financial Instrument Services Business.

1. Objective

On the back of significant support from its sponsor, Ichigo Group Holdings (2337), Ichigo REIT completed accretive public offerings in November 2014 and April 2015 to acquire high-quality assets and strategically refocus its portfolio on mid-size offices. Ichigo REIT is continuing to accelerate its growth strategy to maximize shareholder value.

IRE’s decision to establish Ichigo Hotel REIT reflects the viability of hotels for deployment of the Ichigo Group’s extensive real estate value-add capabilities and the continued strengthening of its hotel asset management business. Japan’s hotel industry is growing due to the expansion of inbound tourism, with the number of foreign visitors to Japan rapidly increasing.

In listing a J-REIT focused on Japanese hotels, an asset class offering very attractive returns to investors, Ichigo is working to not only expand investment opportunities on behalf of shareholders, but also to support the vitality of the J-REIT market and contribute to the government’s objective to promote Japanese tourism.¹

As announced in its Extraordinary Report filed on April 9, 2015, Ichigo REIT has been undergoing a strategic restructuring of its portfolio to focus on mid-size offices with the basic principle of not acquiring any new residential or hotel assets going forward. Consistent with this strategy, Ichigo REIT is transitioning to become a specialized office REIT (“Ichigo Office REIT”) that focuses on offices.²

Disclaimer: This translation is for informational purpose only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail. This document is an English translation of a press release for public announcement regarding the issuance of new shares through underwriter third-party allotment, and has not been prepared for the purpose of solicitation of investment.

Ichigo Office REIT and Ichigo Hotel REIT have different investment targets and investment criteria. Nonetheless, to manage and prevent any and all potential conflicts of interest between the two REITs and also Ichigo's private funds, IRE will amend its internal regulations related to the handling of real estate-related information effective as of today.

¹ The listing of Ichigo Hotel REIT is subject to Tokyo Stock Exchange and regulatory approval.

² Please refer to the release "Partial Amendment to Articles of Incorporation" announced today.

2. Details of Ichigo Hotel REIT

Name	Ichigo Hotel REIT Investment Corporation (Expected)
Location	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo (Expected)
Representative	Osamu Miyashita (Expected)
Organizer	Ichigo Real Estate Investment Advisors Co., Ltd.

3. Schedule

Establishment Filing	July 17, 2015 (Expected)
Establishment Date	July 22, 2015 (Expected)
Registration Application	Mid-August 2015 (Expected)
Registration Completion	Mid-September 2015 (Expected)

Note: The above schedule is subject to change, depending on the progress of IRE internal procedures and relevant regulatory approvals.

4. Overview of the Report of Changes in Operational Procedures

(a) Details of Changes

In establishing Ichigo Hotel REIT, IRE will make the following changes:

(i) Subject to shareholder approval, IRE will revise the managed asset types (i.e., Office, Hotel, etc.) in its statements of operational procedures

(ii) Reorganization and segregation of operations related to Ichigo Hotel REIT

A Hotel REIT Division will be newly established, and the REIT Division currently in charge of Ichigo REIT will be renamed the Office REIT Division. For details, please refer to today's release, "Changes in Corporate Directors, Key Personnel, and Organization of the Asset Management Company."

(b) Report Date

July 28, 2015 (Expected)

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5. Management and Prevention of Potential Conflicts of Interest

IRE will manage the Ichigo Office REIT, Ichigo Hotel REIT, and private equity real estate funds. To manage and prevent any and all potential conflicts of interest, IRE has in place internal regulations that set out how to handle all real estate asset acquisition-related information to prevent arbitrary or unequal allotment of attractive acquisition opportunities.

The details of IRE's information handling rules are as follows:

- (a) Should IRE obtain asset acquisition-related information ("Lead"), the Administration Division shall conduct a preliminary assessment of the acquisition to determine whether to proceed with the Lead.
- (b) (i) A Lead that passes the preliminary assessment shall be shared with the Chairman, President, Office REIT Division Head, Hotel REIT Division Head, Private Fund Division Head, and Administration Division Head at the Pipeline Committee. Should the members agree to proceed with the Lead, the Lead shall be passed on to the relevant Division according to the rotation rule below, where First Look is the primary acquisition right and Second Look is the secondary acquisition right:

Asset Type ¹	Year Built ²	First Look	Second Look
Office	Even	Office REIT	Private Fund/IGH ⁴
	Odd	Private Fund/IGH	Office REIT
Hotel ³	Even	Hotel REIT	Private Fund/IGH
	Odd	Private Fund/IGH	Hotel REIT
Other	—	Private Fund/IGH	Hotel REIT

¹ For mixed-use assets, Asset Type is based on area, e.g., for a office/hotel complex, if more space is occupied by offices, it is classified as a Hotel asset.

² If the acquisition is a building with an addition, Year Built refers to the year the addition was completed. If the acquisition is a company, Year Built refers to company's incorporation date.

³ Hotel refers to accommodation facilities, annexes, and ancillaries, e.g., swimming pools, meeting rooms, banquet rooms, retail stores, amusement facilities. It also includes furnished and serviced residential assets and accommodations.

⁴ Private Fund Division acquisition priorities refer to both private fund and Ichigo Group Holdings (IGH) acquisitions.

- (ii) Regardless of the aforementioned in (i), if the seller is Ichigo Group Holdings, its subsidiary, or a company that is owned fully or in part by Ichigo Group Holdings or its subsidiary, and the seller designates Ichigo REIT or Ichigo Hotel REIT as the acquirer, Ichigo REIT or Ichigo Hotel REIT shall have the First Look and the private fund shall have the Second Look.
- (c) If the Division Head with the First Look decides not to pursue the Lead, then the Lead is given to the Division with the Second Look. If the Division with the Second Look decides to withdraw, then the Division having neither the First Look nor the Second Look will have the right to work on the Lead.
- (d) All decision in (b) and (c) are subject to approval of the Compliance Officer.
- (e) The Office REIT Division shall regularly report to the Ichigo Office REIT board the results of these acquisition information-handling procedures.

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6. Future Outlook

The impact on Ichigo REIT of the establishment of Ichigo Hotel REIT and the filing of the report for changes in operational procedures is minimal. Therefore, no revisions will be made to Ichigo REIT's Financial Report for the Fiscal Period Ending April 2015 (November 1, 2014 – April 30, 2015.)

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

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