



Creating peace of mind through honest and committed management



[Provisional Translation Only]

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REIT Issuer

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Merger of FC Residential Investment Corporation and Ichigo Real Estate Investment Corporation

Ichigo Real Estate Investment Corporation and FC Residential Investment Corporation (“FC Residential”) have met all of the requirements specified in their merger agreement, as disclosed in “Notice Regarding Execution of Merger Agreement between FC Residential Investment Corporation and Ichigo Real Estate Investment Corporation” dated August 8, 2011, and their merger thus finalized today. The name of the new REIT is Ichigo Real Estate Investment Corporation (“Ichigo REIT”).

1. Merger Effects

1) Portfolio Diversification

The assets under management of the new Ichigo REIT have expanded to 71 properties and 110 billion yen assets on an acquisition-price basis (based upon the appraisal value of old Ichigo REIT’s assets as of the fiscal period ending April 2011). The merger combines the residential properties of the old FC Residential and the office properties of the old Ichigo REIT, which enables the new Ichigo REIT to construct a portfolio with risks diversified among asset types and regions.

2) Growth in Market Capitalization and Enhancement of Unit Liquidity

In addition to an expansion of Ichigo REIT’s assets under management and market capitalization, as disclosed in “Notice of Unit Split” dated August 8, 2011, Ichigo REIT has implemented a one to seven unit split. The smaller unit price is expected to expand the investor base and improve liquidity. (Please note that per the rules of the Tokyo Stock Exchange, in order to have been registered as an Ichigo REIT unitholder on October 31, 2011, unitholders needed to have acquired their units by October 26, 2011. October 27 was thus the “ex-dividend date” for Ichigo REIT unitholders.)

3) Strategic Use of Negative Goodwill

The merger is expected to generate gains from negative goodwill. In rebalancing the portfolio as part of Ichigo REIT’s growth strategy, this negative goodwill can be used to stabilize the dividend.

2. Post-Merger Asset Management Policy

1) External Growth Strategy

Ichigo REIT will seek to improve portfolio quality via rebalancing the portfolio and the strategic use of the merger-generated negative goodwill. Ichigo REIT will seek to construct the portfolio to secure stable sources of dividends by investing in a wider range of asset types beyond offices and residences. Over the longer term and at the appropriate time, it will also consider more dramatic external growth opportunities that take advantage of new financing options.

2) Internal Growth Strategy

Ichigo REIT is reducing the number of custodians and administrative service providers, which is expected to decrease administrative costs. Going forward, it will further proceed with the concentration of service providers, cost reductions, and more efficient management. In asset management, it will actively pursue measures to enhance the profitability of its properties by deploying the know-how and networks developed by the asset management companies of the two merged investment corporations.

3) Financing Strategy

Ichigo REIT expects to continue to diversify its lenders to further stabilize its financial base and reduce refinancing risk, maintain an appropriate LTV, and reduce financing costs. It will also strengthen relationships with regional banks, taking advantage of its regionally-diversified portfolio.

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