August 31, 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.
Representative: Wataru Orii, President & Representative Statutory Executive Officer
Inquiries: Hiroto Tajitsu, Statutory Executive Officer, Head of Administration
Tel: 03-3502-4891

Asset Acquisition

Ichigo Real Estate Investment Advisors Co., Ltd. ("IRE"), the asset management company of Ichigo Real Estate Investment Corporation ("Ichigo REIT"), has decided to acquire the Ichigo Kawasaki Building.

I. Acquisition Summary

Asset Name[1]	Ichigo Kawasaki Building
Asset Type	Office (O-71)
Date Built	September 1990
Legal Form of Asset	Trust beneficiary interest in real estate (*juekiken*)
Appraisal Value[2]	1,910,000,000 yen
Acquisition Price[3]	1,750,000,000 yen
Seller	Kawasaki Holdings GK
Contract Date	August 31, 2015
Closing Date (expected)	September 30, 2015
Financing Method	Cash-on-hand and borrowing (Expected)
Settlement Method	Lump-sum payment

[1] The building's current name is NKF Kawasaki Building, but the building's name will be changed to Ichigo Kawasaki Building at acquisition.
[2] Appraisal value is as of August 1, 2015.
[3] Acquisition price excludes incidental expenses such as property, city planning, and consumption taxes.

II. Acquisition Rationale

In the current Stage IV Increase Size & Scale (November 2014 – October 2015) of its multi-year growth strategy, Ichigo REIT is increasing dividends and growing its geographically diversified portfolio of mid-size offices, an asset class that offers both stability of returns and upside potential.

Today's acquisition follows Ichigo REIT's July 28, 2015 acquisitions in being earnings accretive for Ichigo REIT shareholders, and will further drive shareholder value by making full

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use of Ichigo REIT's strengths in managing and adding value to office assets.

Ichigo REIT is acquiring a high-quality asset from its sponsor Ichigo Inc. ("Ichigo"), taking advantage of Ichigo's asset sourcing and warehousing capability. The acquisition will be financed by bank borrowings and cash-on-hand, and is expected to generate rental income of 92 million yen per annum.[1] Once the details of the bank financing has been determined, Ichigo will announce both those details and the full earnings per share contribution from the acquisition.

[1] Rental income is the net income calculated via the direct capitalization method by Daiwa Real Estate Appraisal Co., Ltd in its August 1, 2015 appraisal report.

III. Asset Summary

The NOI yield of the Ichigo Kawasaki Building is 6.5%, and the occupancy rate is 100% as of July 31, 2015.

A. Location

The building is located in the city of Kawasaki, just south of Tokyo and north of Yokohama. With a population of 1.4 million people, Kawasaki is one of the National Strategic Economic Zones in Kanagawa Prefecture.

Kawasaki's busiest commercial zone is centered on Kawasaki Station of the JR Line and Keikyu Kawasaki Station of the Keikyu Honsen Line. It is heavily populated in both day and night, with large numbers of commercial and business venues such as shopping malls, banks and financial institutions, and mid-sized retail and restaurants.

B. Features

This mid-size office building is a 9-minute walk from Kawasaki Station of the JR Line and Keikyu Kawasaki Station of the Keikyu Honsen Line. Companies operating nationwide are actively seeking to establish offices in the area due to its convenient access to local businesses operating in the area and to central Tokyo.

Restaurants and a beauty salon occupy the basement and first floors. The office floors are occupied by business and professional services tenants such as telecommunications firms and law offices.

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C. Property Photos and Location







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Asset Overview		
Asset Name		Ichigo Kawasaki Building
Legal Form of Asset		Trust beneficiary interest in real estate (*juekiken*)
Trustee		Mizuho Trust & Banking Co., Ltd.
Period of Trust Contract		May 29, 2012 - September 30, 2025 (Expected)
Location		1-2 Higashi Tamachi, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture
Land	Property Right	Freehold
	Size	670.96 m^2
	Zoning	Commercial
	Coverage Ratio/Floor Area Ratio	80%/800%
Building	Property Right	Freehold
	Zoning	Parking, Office
	Structure	Steel B2F/9F
	Total Floor Area	5,620.96 m^2
	Construction Date	September 27, 1990
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Value		1,910,000,000 yen
Appraisal Date		August 1, 2015
Value by Direct Capitalization Method		1,970,000,000 yen
Architect[1]		Takenaka Corporation
Builder[1]		Takenaka Corporation
Structural Strength Assessor[1]		Takenaka Corporation
Inspection Agency[1]		City of Kawasaki
PML (Assessor)		3.85% (Sompo Japan Nipponkoa Risk Management Inc.)
Collateral		TBD
Rent Overview (as of July 31, 2015)		
Number of Tenants		15
Monthly Rental Income		11,938 thousand yen
Deposit		98,903 thousand yen
Leasable Space		3,665.34 m^2
Leased Space		3,665.34 m^2
Occupancy		100%
Property Management Company		TBD
Master Lease Company		TBD
Assumed NOI (NOI yield)[2]		114 million yen (6.5%)
Special Items		
1. Part of a steel door, a fence, and an exterior board encroach the western neighbor. A memorandum of understanding exists with the neighbor for the two parties to cooperate when these require maintenance and to allow the owner to enter the land owned by the neighbor for such purpose.		

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2. A tenant signboard of a tenant of the building has not been approved of outdoor advertising, but the tenant has been notified to submit an application for approval.

[1] The names of the architect, builder, structural strength assessor, and inspection agency are those of when the building was built.

[2] NOI is the net operating income used by the appraiser in determining direct capitalization. NOI yield is calculated by dividing NOI by Acquisition Price. Amounts less than a million are rounded off.

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Appraisal Overview			
Name		Ichigo Kawasaki Building	
Appraisal Value		1,910,000,000 yen	
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date		August 1, 2015	
		Amount	Note
Appraisal Value		1,910,000,000 yen	Valuation determined via both a direct capitalization valuation and DCF valuation
	Value by Direct Capitalization Method	1,970,000,000 yen	
		Income	179,862,199 yen	
			Maximum Obtainable Rental Income	189,485,128 yen	Based on rental income, common area service income, parking lot income, and other income
			Vacancy Loss	9,622,929 yen	Based on mid- to long-term vacancy rate
		Expenses	65,847,439 yen	
			Administrative and Maintenance Expenses	16,631,600 yen	Based on current contract rent and similar assets
			Utility Expenses	25,945,218 yen	Based on similar assets and past actual amounts
			Repair Expenses	3,358,416 yen	Based on engineering reports and similar assets
			PM Fee	2,976,691 yen	Based on expected PM fee taking past actual amounts of similar assets
			Leasing Brokerage Fees	1,111,598 yen	Based on the expected turnover rate, past actual amount, and tenant acquisition costs for similar assets
			Taxes	14,449,353 yen	Based on FY2015 actual amounts
			Insurance Premiums	295,390 yen	Based on the estimated amount
			Other Expenses	1,079,173 yen	Consumable goods, etc.
		Net Operating Income (NOI)	114,014,760 yen	
			Income on Investment of Deposits Received	2,151,195 yen	Based on 2.0% investment yield
			Capital Expenditure	23,515,500 yen	Based on engineering reports and similar assets
		Net Profit	92,650,455 yen	
		Cap Rate	4.7%	Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, etc.
	Value via DCF Method	1,880,000,000 yen	
		Discount Rate	4.5%	Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account
		Terminal Cap Rate	4.9%	Based upon risk-adjusted NOI as of the appraisal date
Value via Cost Approach		1,730,000,000 yen	
	Land	71.8%	
	Building	28.2%	
Notes			
None			

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IV. Seller Profile

Name	Kawasaki Holdings GK
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Managing Member: Ippan Shadan Hojin Star Holding Manager: Daisuke Hagiwara
Principal Businesses	1. The acquisition, holding, and sale of trust beneficiary interest (*juekiken*) 2. The holding, management, and sale of real estate 3. Other businesses relating to the aforementioned businesses
Capital	100,000 yen
Establishment Date	June 3, 2015
Net Assets	The seller did not consent to disclosure.
Total Assets	The seller did not consent to disclosure.
Equity Holder	Ippan Shadan Hojin Star Holding
Relationship with the Ichigo REIT or Asset Manager	The Seller has no capital, personnel, or business relationship and is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law.[1]

[1] While Kawasaki Holdings GK is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law, the acquisition process has followed the internal rules of IRE vis-à-vis related party transactions for the following reasons: First, Ichigo Inc., the 100% owner of IRE, is a related party according to the internal rules of IRE, and Ichigo Inc. own more than half of the equity of Kawasaki Holdings GK. Second, Ichigo Estate Co., Ltd., a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law, has provided asset management advisory services to IRE.

V. Ownership History

Overview		Current Owner	Previous Owner
	Name	Kawasaki Holdings GK	Unrelated Party
	Relationship to Ichigo REIT	Related Party as defined in the internal rules of IRE. Please see “Seller Profile” in IV.	—
	Acquisition Rationale	Investment	—
	Acquisition Price	1,670,500,000 yen	—
	Acquisition Date	August 31, 2015	—

VI. Broker Profile

N/A

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VII. Acquisition Schedule

Contract Date	August 31, 2015
Settlement and Acquisition Date	September 30, 2015

VIII. Future Outlook

The acquisition's earnings impact in the current fiscal period (May 1, 2015 – October 31, 2015) is minimal. Therefore, there is no revision to the forecast for the period that was announced on June 16, 2015.

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

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Reference: Post-Acquisition Portfolio Summary

	Before acquisition (A)	After Acquisition (B)
Occupancy (As of July 31, 2015)	96.1%	96.1%
Average Building Age[1] (As of August 31, 2015)	21.8 years	21.8 years
Location (Tokyo/Other)[2]	85.4% /14.6%	85.5% /14.5%

[1] The average building age is the weighted average based upon acquisition price.
[2] "Tokyo" refers to "Central Tokyo" and "Tokyo Metropolitan Area." "Other" refers to "Four Major Regional Cities" and "Other Regional Cities." The percentage is based upon acquisition price.

Reference: Post-Acquisition Portfolio Assets

No.	Property	Area[1]	Acquisition Price[2] (mm yen)	% of Portfolio[3]
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	2.0%
O-03	Ichigo Mita Building	Central Tokyo	2,740	1.7%
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	1.2%
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	0.9%
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	0.7%
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	0.9%
O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	735	0.4%
O-09	Ichigo Shibakoen Building	Central Tokyo	1,100	0.7%
O-10	Ichigo Ebisu Nishi Building	Central Tokyo	1,917	1.2%
O-11	Ichigo Ginza 612 Building	Central Tokyo	1,773	1.1%
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.7%
O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	550	0.3%
O-15	Ichigo Tameike Building	Central Tokyo	580	0.4%
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	1.1%
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.7%
O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	763	0.5%
O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	844	0.5%
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	3.1%
O-21	Ichigo Shin Yokohama Building	Tokyo Metropolitan Area	1,816	1.1%
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metropolitan Area	1,460	0.9%
O-23	Ichigo Nakano North Building	Tokyo Metropolitan Area	764	0.5%
O-24	Ichigo Eitai Building	Tokyo Metropolitan Area	1,490	0.9%
O-25	Ichigo Yokosuka Building	Tokyo Metropolitan Area	971	0.6%

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No.	Property	Area[1]	Acquisition Price[2] (mm yen)	% of Portfolio[3]
O-26	Ichigo Ikejiri Building	Tokyo Metropolitan Area	2,030	1.2%
O-27	Route Ikebukuro Building	Tokyo Metropolitan Area	639	0.4%
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.5%
O-29	Ichigo Kichijoji Building	Tokyo Metropolitan Area	2,160	1.3%
O-33	Ichigo Meieki Building	Four Major Regional Cities	837	0.5%
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.8%
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	4.1%
O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	1,650	1.0%
O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	1,158	0.7%
O-40	Ichigo Saga Building	Other Regional Cities	659	0.4%
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	1.8%
O-44	Akita Sanno 21 Building	Other Regional Cities	560	0.3%
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.3%
O-47	Ichigo Akiharaba North Building	Central Tokyo	5,500	3.3%
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	1.2%
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.3%
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	1.1%
O-51	Ebisu Green Glass	Central Tokyo	5,900	3.6%
O-52	Ichigo Omori Building	Central Tokyo	3,850	2.3%
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	1.0%
O-54	Ichigo Omiya Building	Tokyo Metropolitan Area	3,430	2.1%
O-55	Ichigo Sagamihara Building	Tokyo Metropolitan Area	1,174	0.7%
O-56	Ichigo Ofuna Building	Tokyo Metropolitan Area	2,000	1.2%
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	1.1%
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	0.9%
O-59	Ichigo Jingumae Building	Central Tokyo	7,200	4.3%
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	2.2%
O-61	Ichigo Hiroo Building	Central Tokyo	3,960	2.4%
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.9%
O-63	Ichigo Nihonbashi Building	Central Tokyo	4,700	2.8%
O-64	Shuwa Dai 2 Building	Central Tokyo	2,500	1.5%
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.4%
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.9%
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	2.2%
O-68	Axior Mita	Central Tokyo	1,800	1.1%
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metropolitan Area	4,570	2.8%

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No.	Property	Area[1]	Acquisition Price[2] (mm yen)	% of Portfolio[3]
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	1.0%
O-71	Ichigo Kawasaki Building	Tokyo Metropolitan Area	1,750	1.1%
		Subtotal - Office (61 Properties)	141,674	85.5%
R-04	Bureau Takanawadai	Central Tokyo	1,360	0.8%
R-06	B-SITE Hamamatsucho	Central Tokyo	701	0.4%
R-09	Ichigo Serviced Apartments Ginza	Central Tokyo	946	0.6%
Z-02	Fiesta Shibuya	Central Tokyo	1,970	1.2%
Z-03	Burg Omori	Tokyo Metropolitan Area	3,218	1.9%
Z-04	Pagoda Asakusa	Tokyo Metropolitan Area	1,640	1.0%
Z-05	Regalo Building	Tokyo Metropolitan Area	1,310	0.8%
Z-06	Ichigo Yokohama Nishiguchi Building	Tokyo Metropolitan Area	903	0.5%
Z-07	El Centro Sapporo	Four Major Regional Cities	558	0.3%
Z-08	Daimyo Balcony	Four Major Regional Cities	638	0.4%
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	0.7%
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.4%
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metropolitan Area	1,620	1.0%
Z-12	Lions Square Kawaguchi	Tokyo Metropolitan Area	2,430	1.5%
Z-13	Ichigo Shin Yokohama Arena Dori Building	Tokyo Metropolitan Area	1,700	1.0%
Z-14	Ichigo Kamata Building	Tokyo Metropolitan Area	1,400	0.8%
		Subtotal - Others (16 Properties)	24,004	14.5%
		Total (77 Properties)	163,928	100.0%

Investments in Securities	Motoazabu Holdings GK TK Equity Interest	1,000	—
	Ikenohata Holdings GK TK Equity Interest	1,000	—
	Total	2,000	—

[1] "Central Tokyo" refers to Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa Wards. "Tokyo Metropolitan Area" refers to Tokyo (excluding the six wards above), Kanagawa, Chiba, and Saitama Prefectures. "Four Major Regional Cities" refers to Osaka, Nagoya, Fukuoka, and Sapporo.

[2] Acquisition Price is the acquisition price (excluding consumption tax). For the 42 assets (O-02 to O-44 and Z-02 to Z-08) acquired via the REIT merger on November 1, 2011, the appraisal value as of October 31, 2011 is shown.

[3] % of Portfolio is based upon acquisition price.

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