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March 20, 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

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**Sale of Portfolio Asset**

Ichigo Real Estate Investment Corporation (“Ichigo REIT”) today contracted to sell the Ichigo Sendai Chuo Building.

1. Sale Overview

Property No./ Name	O-35 Ichigo Sendai Chuo Building
Asset Type	Office
Building Completion Date	October 9, 1981
Legal Form of Asset	Real estate
Acquisition Date (Original acquisition date)	November 1, 2011 (Ichigo REIT merger) (June 30, 2006)
Sale Price	560,000,000 yen (excluding fixed asset tax, city planning tax, consumption tax, etc.)
Forecast Book Value <sup>1</sup>	521,040,969 yen
Difference between Sale Price and Forecast Book Value	38,959,031 yen
Appraisal Value	427,000,000 yen (as of October 31, 2014)
Contract Date	March 20, 2015
Transfer Date	March 26, 2015
Settlement Date	March 26, 2015
Transfer Method	Real estate sale

<sup>1</sup> Forecast Book Value is an estimate for book value based upon the most recent book value (October 2014 fiscal period) adjusted for any and all capital expenditure and depreciation between the most recent book value and the Settlement Date.

## 2. Sale Rationale

Ichigo REIT regularly reviews its portfolio for profitability and makes a determination whether it is in the best interest of shareholders to continue to own each asset based upon its age, maintenance needs, and competitiveness with nearby assets. In this case, Ichigo REIT concluded that selling the asset and using the sale proceeds to repay an existing loan would increase shareholder value.

## 3. Asset Overview

### O-35 Ichigo Sendai Chuo Building

Legal Form of Asset		Real estate
Location		3-4-12, Chuo, Aoba-ku, Sendai City, Miyagi
Land	Property Right	Ownership
	Size	568.73 m <sup>2</sup>
	Zoning	Commercial
	Coverage Ratio / Floor Area Ratio	80%/600%
Building	Property Right	Ownership
	Use	Office, Retail
	Structure	SRC/RC B2F/8F
	Total Floor Area	3,696.53 m <sup>2</sup>
	Construction Date	October 9, 1981
Number of Tenants		15 (as of March 26, 2015)
Monthly Rent <sup>2</sup>		5,892,000 yen (as of March 26, 2015)
Tenant Security Deposits <sup>2</sup>		56,591,000 yen (as of March 26, 2015)
Leasable Space		2,378.07 m <sup>2</sup> (as of March 26, 2015)
Leased Space		2,259.46 m <sup>2</sup> (as of March 26, 2015)
Occupancy		95.0% (as of March 26, 2015)
Acquisition Price		510 million yen
Appraisal	Appraiser	Rich Appraisal Institute Co., Ltd.
	Date	October 31, 2014
	Value	427 million yen

<sup>2</sup> Monthly Rent and Tenant Security Deposits refer to those stated in the monthly rental contract. Monthly Rent includes cost of utilities.

#### 4. Appraisal Overview

Appraisal Overview		
Name	Ichigo Sendai Chuo Building	
Appraisal Value	427,000,000 yen	
Appraiser	Rich Appraisal Institute Co., Ltd.	
Appraisal Date	October 31, 2014	
	Amount	Note
Appraisal Value	427,000,000 yen	Valuation determined via integrating a direct capitalization valuation and DCF valuation
Value by Direct Capitalization Method	420,000,000 yen	
Income	74,462,719 yen	
Maximum Obtainable Rental Income	82,625,720 yen	Based on rental income, common area service income, parking lot income, and other income
Vacancy Loss	8,163,001 yen	Based on mid- to long-term vacancy rate
Expenses	38,941,139 yen	
Administrative and Maintenance Expenses	13,006,260 yen	Based on similar assets and past actual amounts
Utility Expenses	9,495,000 yen	Based on similar assets and past actual amounts
Repair Expenses	4,748,000 yen	Based on engineering reports and similar assets
PM Fees	1,936,248 yen	Based on similar assets and past actual amounts
Leasing Brokerage Fees	591,721 yen	Based on the expected turnover rate and tenant acquisition costs for similar assets
Taxes	9,030,100 yen	Based on FY2014 actual amounts
Insurance Premiums	133,810 yen	Based on the standard of similar assets and past actual amounts
Other Expenses	0 yen	Not applicable
Net Operating Income (NOI)	35,521,580 yen	
Income on Investment of Deposits Received	762,614 yen	Based on 2.0% investment yield
Capital Expenditure	11,079,000 yen	Based on engineering reports and similar assets
Net Profit	25,205,194 yen	
Cap Rate	6.0 %	Based on transactions of similar assets and comprehensive assessment of the asset's location, its individual characteristics, market trends, etc.
Value via DCF Method	430,000,000 yen	
Discount Rate	5.9%	Based on transactions of similar assets and the yields of financial assets with the asset's individual characteristics taken into account
Terminal Cap Rate	6.4%	Based upon risk-adjusted NOI
Value via Cost Approach	719,000,000 yen	
Land	78.7%	
Property	21.3%	
Notes		
The appraisal value was determined using the income approach, which recognizes the income value that would be reflected in the pricing of typical buyers of such an asset.		

## 5. Buyer Profile

Name	The buyer is a domestic operating company, but did not give consent to disclosure of its name.
Relationship with Ichigo REIT or IRE	The buyer does not have any capital, personnel, or business relationship of note with Ichigo REIT or IRE. In addition, the seller is not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal regulations of the Asset Management Company.

## 6. Broker Profile

Name	Mizuho Trust & Banking Co., Ltd.
Address	1-2-1, Yaesu, Chuo-ku, Tokyo
Representative	Takeo Nakano, President & CEO
Principal Businesses	Trust banking
Capital	247,300 million yen
Relationship with Ichigo REIT or IRE	The broker does not have any capital, personnel, or business relationship of note with Ichigo REIT/IRE. In addition, the seller is not an interested party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal regulations of the Asset Management Company.
Brokerage Fee	The broker did not give consent to disclosure of the fee.

## 7. Use of Sale Proceeds

Ichigo REIT will allocate part of the sale proceeds towards prepayment of existing loans. Details of the loan prepayment will be announced as soon as they have been decided.

## 8. Future Outlook

The impact of the sale on Ichigo REIT's April 2015 fiscal period earnings forecast is minimal and therefore the forecast is unchanged.

Website of Ichigo REIT: [www.ichigo-reit.co.jp/english](http://www.ichigo-reit.co.jp/english)

## Portfolio Reference Information

### 1. Post-Sale Portfolio Summary

	Before Sale (A)	After Sale (B)	Difference (B-A)
Occupancy	96.0% <sup>3</sup>	96.0%	N/A
Average Building Age	20.8 years <sup>4</sup>	20.7 years	-0.1 years
Diversification by Area – Tokyo Metropolitan Area/Other Areas <sup>5</sup> (as of September 30, 2014)	75.1% / 24.9%	75.4% / 24.6%	0.3% / -0.3%

<sup>3</sup> As of February 28, 2015

<sup>4</sup> As of March 20, 2015

<sup>5</sup> “Tokyo Metropolitan Area” refers to “Central Tokyo” and “Tokyo Metropolitan Area.” “Other Areas” refers to “Four Major Regional Cities” and “Other Regional Cities.”

### 2. Post-Sale Portfolio Assets

No.	Property	Area	Acquisition Price (mm yen)	% of Portfolio
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	2.6%
O-03	Ichigo Mita Building	Central Tokyo	2,740	2.2%
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	1.6%
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	1.3%
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	1.0%
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	1.2%
O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	735	0.6%
O-09	Ichigo Shibakoen Building	Central Tokyo	1,100	0.9%
O-10	Ichigo Ebisu Nishi Building	Central Tokyo	1,917	1.6%
O-11	Ichigo Ginza 612 Building	Central Tokyo	1,773	1.4%
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.9%
O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	550	0.4%
O-15	Ichigo Tameike Building	Central Tokyo	580	0.5%
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	1.5%
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.9%
O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	763	0.6%
O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	844	0.7%
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	4.1%
O-21	Ichigo Shin-Yokohama Building	Tokyo Metropolitan Area	1,816	1.5%
O-22	Ichigo Minami-Ikebukuro Building	Tokyo Metropolitan Area	1,460	1.2%
O-23	Ichigo Nakano North Building	Tokyo Metropolitan Area	764	0.6%
O-24	Ichigo Eitai Building	Tokyo Metropolitan Area	1,490	1.2%
O-25	Ichigo Yokosuka Building	Tokyo Metropolitan Area	971	0.8%
O-26	Ichigo Ikejiri Building	Tokyo Metropolitan Area	2,030	1.6%
O-27	Route Ikebukuro Building	Tokyo Metropolitan Area	639	0.5%
O-28	Ichigo Nishi-Gotanda Building	Central Tokyo	765	0.6%
O-29	Ichigo Kichijoji Building	Tokyo Metropolitan Area	2,160	1.8%
O-33	Ichigo Meieki Building	Four Major Regional Cities	837	0.7%

No.	Property	Area	Acquisition Price (mm yen)	% of Portfolio
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	3.8%
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	5.4%
O-38	Ichigo Toyamaeki-Nishi Building	Other Regional Cities	1,650	1.3%
O-39	Ichigo Mirai-Shinkin Building	Other Regional Cities	1,158	0.9%
O-40	Ichigo Saga Building	Other Regional Cities	659	0.5%
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	2.4%
O-44	Akita Sanno 21 Building	Other Regional Cities	560	0.5%
O-46	Ichigo Kanda-Nishikicho Building	Central Tokyo	2,130	1.7%
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	4.5%
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	1.6%
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.8%
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	1.5%
O-51	Ebisu Green Glass	Central Tokyo	5,900	4.8%
O-52	Ichigo Omori Building	Central Tokyo	3,850	3.1%
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	1.3%
O-54	Ichigo Omiya Building	Tokyo Metropolitan Area	3,430	2.8%
O-55	Ichigo Sagamihara Building	Tokyo Metropolitan Area	1,174	1.0%
O-56	Ichigo Ofuna Building	Tokyo Metropolitan Area	2,000	1.6%
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	1.5%
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	1.2%
Subtotal - Office (48 Properties)			95,894	77.8%
Z-01	Falcon Shinsaibashi Building	Four Major Regional Cities	3,410	2.8%
Z-02	Fiesta Shibuya	Central Tokyo	1,970	1.6%
Z-03	Burc Omori	Tokyo Metropolitan Area	3,218	2.6%
Z-04	Pagoda Asakusa	Tokyo Metropolitan Area	1,640	1.3%
Z-05	Regalo Building	Tokyo Metropolitan Area	1,310	1.1%
Z-06	Ichigo Yokohama-Nishiguchi Building	Tokyo Metropolitan Area	903	0.7%
Z-07	El Centro Sapporo	Four Major Regional Cities	558	0.5%
Z-08	Daimyo Balcony	Four Major Regional Cities	638	0.5%
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	1.0%
Z-10	Ichigo Shibuya Bunkamura-Dori Building	Central Tokyo	2,400	1.9%
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metropolitan Area	1,620	1.3%
Z-12	Lions Square Kawaguchi	Tokyo Metropolitan Area	2,430	2.0%
Z-13	Ichigo Shin Yokohama Arena-Dori Building	Tokyo Metropolitan Area	1,700	1.4%
Z-14	Ichigo Kamata Building	Tokyo Metropolitan Area	1,400	1.1%
R-04	Bureau Takanawadai	Central Tokyo	1,360	1.1%
R-06	B-Site Hamamatsucho	Central Tokyo	701	0.6%
R-09	Ichigo Serviced Apartments Ginza	Central Tokyo	946	0.8%
Subtotal - Others (17 Properties)			27,414	22.2%
Total (65 Properties)			123,308	100.00%