

[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

April 19, 2012

Ichigo Group Holdings Co., Ltd. (JASDAQ, 2337)

Representative: Scott Callon, Chairman and Representative Statutory Executive Officer

Inquiries: Minoru Ishihara, Executive Vice President & Statutory Executive Officer

Telephone: +81-3-3502-4818 www.ichigo-holdings.co.jp/english

Merger of Consolidated Subsidiaries

Through improving client satisfaction, Ichigo Group Holdings (“Ichigo”) is striving to become one of the largest full-service real estate asset managers in Japan. In pursuit of this goal, today Ichigo decided to reorganize the real estate and finance functions of the Ichigo Group and merge several key subsidiaries. The merging subsidiaries executed a Memo of Understanding (MOU) on the mergers (“the Mergers”) as follows.

1. Purpose of the Mergers

Ichigo has successfully strengthened its financial foundation and profit base, and is reorganizing its real estate and finance functions to support further growth as a full-service real estate asset manager. Furthermore, Ichigo will transfer its business development functions to its subsidiaries and transform itself into a pure holding company structure.

(1) Strengthen Real Estate Asset Management

Ichigo REIT Management Co., Ltd. (“IRM”) is the asset manager for Ichigo Real Estate Investment Corporation (“Ichigo REIT”) and supports its strategy of being a “Comprehensive J-REIT seeking stable profits and steady portfolio growth” in order to improve the portfolio on behalf of investors. In turn, Ichigo Real Estate Investment Advisors Co., Ltd. (“IRE”) is a private equity real estate manager, and has managed real estate funds cumulatively worth over JPY 1 trillion across a variety of real estate investment products.

The IRM/IRE Merger will strengthen Ichigo’s asset management capabilities by bringing together the human resources and know-how in asset management of both asset managers, while additionally transferring IGH’s finance capabilities to IRM. The merged asset manager will seek to be one of the leading real estate asset management companies in Japan, with strong sourcing and fund raising ability, flexible product development, high-level structured finance skills, and significant architectural expertise to add value to IRE managed assets.

The IRM/IRE Merger will be an absorption-type merger and IRM will be the surviving corporation. The post-merger company name will be Ichigo Real Estate Investment Advisors Co., Ltd. (“New IRE”). Furthermore, the New IRE will be operated under the Japanese “company with committees” corporate structure that delegates management from board-level committees to the operating level in order to support enhanced corporate governance and facilitate prompt decision making.

(2) Accelerate New Business Development (Small-Scale Assets, Ground Leases, etc.)

Ichigo Estate Co., Ltd. (“IES”), which was incorporated in January 2011, focuses on small-scale assets and ground-leases, and successfully closed multiple deals in its first year. IES will merge with Ichigo Solutions Co., Ltd. (“ISL”), Ichigo’s real estate and financial solutions business, in order to enhance its product line-up by developing real estate financial product targeted at individual investors and launching ground lease funds. The New IES will also possess warehousing function for Ichigo REIT by combining ISL’s financial function and IES’s real estate function. Drawing upon these strengths, the New IES is expected to accelerate business expansion and grow to become one of the pillars of Ichigo Group’s profit base. The IES/ISL Merger will be an absorption-type merger, and ISL will be the surviving corporation. The post-merger company name will be Ichigo Estate Co., Ltd.

2. Mergers Overview

(1) Schedule

Approval of Board of Directors of	
Merger MOUs (IRM, IRE, ISL and IES)	April 19, 2012
Execution date of Merger MOUs	April 19, 2012
Execution date of the merger agreements	Mid-May 2012 (subject to change)
Effective date of mergers	July 1, 2012 (subject to change)
Note: The Mergers are conditional upon regulatory authority approval.	

(2) Method

The Mergers will be absorption-type mergers. Between IRM and IRE, IRM will be the surviving corporation, and IRE will be dissolved. Between ISL and IES, ISL will be the surviving corporation, and IES will be dissolved.

(3) Payment and Merger Consideration

There will be no payment or merger consideration, because each subsidiary is 100% subsidiary of Ichigo Group Holdings Co., Ltd.

3. Subsidiaries Overview

(1) Overview of IRM and IRE

	Surviving Corporation	Absorbed Corporation
Company Name	Ichigo REIT Management Co., Ltd.	Ichigo Real Estate Investment Advisors Co., Ltd.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Wataru Orii President & Representative Director	Takumi Naito President & Representative Director
Business	J-REIT Asset Management	Private Equity Real Estate Fund Asset Management
Paid-in Capital	400 million yen	100 million yen
Date of Incorporation	December 15, 2004	April 25, 2007
# of Shares Outstanding	8,000 shares	2,000 shares
Fiscal Year-End	February	February
Shareholder	Ichigo Group Holdings Co., Ltd. 100%	Ichigo Group Holdings Co., Ltd. 100%
Relationship between IRM and IRE	Both corporations are 100% subsidiaries of Ichigo.	

(2) Overview of ISL and IES

	Surviving Corporation	Absorbed Corporation
Company Name	Ichigo Solutions Co., Ltd.	Ichigo Estate Co., Ltd.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Takuma Hasegawa President & Representative Director	Takuma Hasegawa President & Representative Director
Business	Financial Instruments and Exchange Business, Money Lending, Real Estate Business	Real Estate Business Mainly Focusing on Small-Sized Assets and Ground-Lease
Paid-in Capital	500 million yen	30 million yen
Date of Incorporation	November 10, 2005	January 13, 2011
# of Shares Outstanding	62,000 shares	1,000 shares
Fiscal Year-End	February	February
Shareholder	Ichigo Group Holdings Co., Ltd. 100%	Ichigo Group Holdings Co., Ltd. 100%
Relationship between ISL and IES	Both corporations are 100% subsidiaries of Ichigo.	

4. Financial Overview for the Last Three Fiscal Periods

(1) Financial Overview of IRM and IRE

(Million yen)

	Ichigo REIT Management Co., Ltd. (Surviving corporation)			Ichigo Real Estate Investment Advisors Co., Ltd. (Absorbed corporation)		
Fiscal Year End	March 2010	February 2011	February 2012	February 2010	February 2011	February 2012
Revenues	756	659	1,125	1,538	1,038	1,083
Operating profit	354	330	506	-146	-180	8
Recurring profit	363	341	522	-117	-176	12
Net profit	211	177	301	-293	-203	-47
Net Profit per Share (yen)	26,380	22,132	37,719	-146,829	-101,589	-23,913
Dividends per Share (yen)	-	-	-	-	-	-
Total Assets	1,343	1,472	1,711	781	571	461
Net Assets	1,184	1,361	1,421	524	321	273
Net Assets per Share (yen)	148,105	170,237	177,720	262,406	160,816	136,903

(Note) IRM changed the fiscal-year-end from March to February in 2011. In addition, IRM merged with Fund Creation REIT Advisors Co., Ltd. on November 1, 2011.

(2) Financial Overview of ISL and IES

(Million yen)

	Ichigo Solutions Co., Ltd. (Surviving corporation)			Ichigo Estate Co., Ltd. (Absorbed corporation)		
Fiscal Year Ending	February 2010	February 2011	February 2012		February 2011	February 2012
Revenues	57	15	113	-	-	221
Operating profit	-50	-67	-117	-	-10	72
Recurring profit	40	-22	-105	-	-10	68
Net profit	35	-20	-103	-	-9	35
Net Profit per Share (yen)	574	-324	-1,664	-	-9,846	35,844
Dividends per Share (yen)	-	-	-	-	-	-
Total Assets	2,432	988	1,175	-	51	1,499
Net Assets	2,417	979	876	-	40	75
Net Assets per Share (yen)	38,993	15,804	14,139	-	40,153	75,997

5. Overview of Post-Merger Subsidiaries

(1) New IRE Overview

	Surviving Corporation
Company Name	Ichigo Real Estate Investment Advisors Co., Ltd.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Wataru Orii, President & Representative Statutory Executive Officer
Business	Asset Management of J-REIT and Private Equity Real Estate Funds
Paid-in Capital	400 million yen
Fiscal Year-End	February

IRM is the surviving corporation and the post-merger company name is expected to be changed to Ichigo Real Estate Investment Advisors Co., Ltd.

(2) New IES Overview

	Surviving Corporation
Company Name	Ichigo Estate Co., Ltd.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Takuma Hasegawa, President & Representative Director
Business	Real Estate Business Mainly Focusing on Small-Scale Assets and Ground Leases, Investment Advisory and Agency Business, Financial Instruments and Exchange Business and Moneylending Business
Paid-in Capital	500 million yen
Fiscal Year-End	February

IRM is the surviving corporation and the post-merger company name is expected to be changed to Ichigo Estate Co., Ltd.

6. Prevention of Conflicts of Interest

In order to prevent conflicts of interests, the New IRE will enter a “Memorandum of Understanding on Real Estate First Refusal Rights within Ichigo Group,” with IGH and Ichigo Solutions Co., Ltd. (Note: Ichigo Solutions Co., Ltd. is scheduled to merge with Ichigo Estate Co., Ltd. and change its name to Ichigo Estate Co., Ltd. (the “New IES.”))

In addition, the New IRE will adopt a “Structure to Avoid Conflicts of Interest between Ichigo REIT and Private Equity Funds” establishing clear rules on how to handle information related to property acquisitions (“Information”) obtained by the New IRE.

Overview of “Memorandum of Understanding on Real Estate First Refusal Rights within Ichigo Group”

(1) When IGH obtains Information:

1. When IGH obtains Information from its vendors, Ichigo Group, or any other parties who possess Information, IGH will immediately provide this Information to the New IRE. However, if the projected transaction price is less than JPY 500 million, IGH will provide the Information to the New IES.
2. The New IRE, upon the receipt of Information as stipulated in the preceding clause, will immediately consider whether it needs the Information or not, and return the Information to IGH if the Information is considered not necessary.
3. IGH, upon the return of Information from the New IRE as stipulated in the preceding clause, will then immediately provide the information to the New IES.

(2) When either the New IRE or the New IES obtains Information:

1. When either New IRE or New IES obtains Information, it will consider whether it needs the Information or not. However, the New IRE will generally provide the Information to New IES if the projected transaction price is less than JPY 500 million.
2. The New IRE and the New IES will provide Information to the other if the Information is not considered necessary after the receipt of Information as stipulated in the

preceding clause.

Overview of “Structure to Avoid Conflicts of Interest between Ichigo REIT and Private Equity Funds”

- (1) When the New IRE obtains Information, at initial stage, the Acquisition & Sales group, relying upon pre-determined rules, will decide whether it should proceed to investigate the Information and any attendant potential transaction more fully.
- (2) When the Acquisition & Sales group make a determination to proceed, it determines which one of Ichigo REIT or Private Equity Fund has the First Refusal Right and provides Information to the relevant Fund Manager based upon either 1) the calendar year of the building completion date (where multiple properties, using the most recent) or 2) the address of the property in the case of land:
 1. When the completion year or address is an even number:
Ichigo REIT has First Refusal Right
 2. When the completion year or address is an odd number:
Private Equity Funds have First Refusal Right
- (3) Should the Fund Manager of either Ichigo REIT or Private Equity Funds decide not to pursue the acquisition opportunity after gaining First Refusal Right as stipulated in the preceding clause, the other is alternately given the opportunity to consider the acquisition.
- (4) The decision making processes which are stipulated in the proceeding clauses require approval from a Compliance Officer.
- (5) The Fund Manager of Ichigo REIT will also report the results of these considerations of acquisitions opportunities to committees of Ichigo REIT on a regular basis.

7. Earnings Forecast

The Mergers are expected to reduce costs due to the consolidation of management activities, and these cost reductions are already reflected in the “Consolidated Forecast for the Fiscal Year Ending February 2013 (from March 1, 2012 to February 28, 2013)” in the “Summary of Financial and Business Results for the Fiscal Year Ending February 2012” released today.