

March 16, 2016

REIT Issuer

Ichigo Hotel REIT Investment Corporation (3463)

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

Representative: Osamu Miyashita, Executive Director

www.ichigo-hotel.co.jp/english

Asset Management Company

Ichigo Real Estate Investment Advisors Co., Ltd.

Representative: Wataru Orii, President & Representative Statutory Executive Officer

Inquiries: Hiroto Tajitsu, Head of Administration & Statutory Executive Officer

Tel: +81-3-3502-4892

**Earnings and Dividend Forecast Revisions
for the July 2016 and January 2017 Fiscal Periods**

Ichigo Hotel REIT is hereby revising its earnings and dividend forecasts for the July 2016 and January 2017 fiscal periods as announced in the November 30, 2015 release “Earnings and Dividend Forecasts for the January 2016, July 2016, and January 2017 Fiscal Periods.”

I. Earnings and Dividend Forecast for July 2016

	Operating Revenue (million yen)	Operating Profit (million yen)	Recurring Profit (million yen)	Net Income (million yen)	Dividend per Share (yen)	Dividend in Excess of Earnings per Share (yen)
Previous Forecast (A)	701	411	324	323	2,336	0
Revised Forecast (B)	730	423	341	340	2,455	0
Change (C) = (B) - (A)	28	11	16	16	119	0
% Change (D) = (C)/(A)	3.9%	2.6%	4.9%	4.9%	5.0%	0

(Reference) Forecast number of shares outstanding at the end of July 2016 fiscal period: 138,500 shares

(Note 1) The forecast presented above for the July 2016 period is based on certain preconditions set out below in “Preconditions for the July 2016 Earnings Forecasts.” The preconditions are subject to change due to such factors as tenant turnover, asset acquisitions and dispositions, unexpected maintenance and repair costs and other expenses, changes in interest rates, and the issuance of additional shares. The actual operating revenue, operating profit, recurring profit, net income, and dividend per share (excluding the dividend in excess of earnings per share) may vary due to changes in circumstances. These forecasts should not be construed as a guarantee of such performance or results.

(Note 2) Ichigo Hotel REIT will make a forecast revision should there be a substantial discrepancy between the forecast and actual operating results.

(Note 3) Fractions are rounded down to the nearest full unit.

II. Reasons for the July 2016 Earnings and Dividend Forecast Revisions

Ichigo Hotel REIT has revised its earnings and dividend forecast to reflect its operating results in the January 2016 fiscal period and in February 2016, current market conditions, and information from the hotel operators. The major revisions are as follows:

(1) Higher Variable Rents

At the seven hotels with variable rents, rental income has increased. Thus, operating revenue is forecast to increase by 17 million yen relative to the previous forecast.

(2) Increased Operating Expenses

Depreciation expenses are forecast to increase by 6 million yen.

(3) Decreased Non-Operating Expenses

Non-operating expenses are forecast to decrease by 5 million yen due to lower interest expenses.

(4) Change in Accounting Presentation of Retail Tenant-Related Rents and Rental Expenses (Full Offset between Rents and Expenses, so No Impact on Operating Profit)

The November 30, 2015 release “Earnings and Dividend Forecasts for the January 2016, July 2016, and January 2017 Fiscal Periods” showed retail tenants’ utilities expenses on a pass-through basis. Going forward, forecasts will show both the revenue received and the expenses paid for this item, which will exactly offset each other. For this period, both revenue and expenses are now forecast to increase 11 million yen. This change in presentation has no impact on operating profit.

III. Earnings and Dividend Forecast for the January 2017 Fiscal Period

	Operating Revenue (million yen)	Operating Profit (million yen)	Recurring Profit (million yen)	Net Income (million yen)	Dividend per Share (yen)	Dividend in Excess of Earnings per Share (yen)
Previous Forecast (A)	687	397	309	308	2,230	0
Revised Forecast (B)	755	444	361	360	2,606	0
Change (C) = (B) – (A)	68	46	52	52	376	0
% Change (D) = (C)/(A)	9.8%	11.5%	16.8%	16.8%	16.8%	0

(Reference) Forecast number of shares outstanding at the end of January 2017 fiscal period: 138,500 shares

(Note 1) The forecast presented above for the January 2017 period is based on certain preconditions set out below in “Preconditions for the January 2017 Earnings Forecast.” The preconditions are subject to change due to such factors as tenant turnover, asset acquisitions and dispositions, unexpected maintenance and repair costs and other expenses, changes in interest rates, and the issuance of additional shares. The actual operating revenue, operating profit, recurring profit, net income, and dividend per share (excluding the dividend in excess of earnings per share) may vary due to changes in circumstances. These forecasts should not be construed as a guarantee of such performance or results.

- (Note 2) Ichigo Hotel REIT will make a forecast revision should there be a substantial discrepancy between the forecast and actual operating results.
- (Note 3) Fractions are rounded down to the nearest full unit.

IV. Reasons for the January 2017 Earnings and Dividend Forecast Revisions

Ichigo Hotel REIT has revised its earnings and dividend forecast to reflect its operating results in the January 2016 fiscal period and in February 2016, current market conditions, and information from the hotel operators. The major revisions are as follows:

(1) Higher Variable Rents

At seven hotels with variable rents, rental income has increased. Thus, operating revenue is forecast to increase by 56 million yen relative to the previous forecast.

(2) Increased Operating Expenses

Depreciation expenses are forecast to increase by 5 million yen.

(3) Decreased Non-Operating Expenses

Non-operating expenses are forecast to decrease by 5 million yen due to lower interest expenses.

(4) Change in Accounting Presentation of Retail Tenant-Related Rents and Rental Expenses (Full Offset between Rents and Expenses, so No Impact on Operating Profit)

The November 30, 2015 release “Earnings and Dividend Forecasts for the January 2016, July 2016, and January 2017 Fiscal Periods” showed retail tenants’ utilities expenses on a pass-through basis. Going forward, forecasts will show both the revenue received and the expenses paid for this item, which will exactly offset each other. For this period, both revenue and expenses are now forecast to increase 11 million yen. This change in presentation has no impact on operating profit.

Preconditions for July 2016 Fiscal Period Earnings Forecast

Item	Preconditions																																														
Period	<ul style="list-style-type: none">February 1, 2016 – July 31, 2016 (182 days)																																														
Portfolio Assets	<ul style="list-style-type: none">9 assets in total. The forecast assumes there will be no additional acquisitions or sales before the end of July 2016.However, the number of assets may change due to acquisitions or sales.																																														
Operating Revenue	<p>Rental revenue is calculated based on current lease contracts taking into consideration such factors as tenant trends and market conditions.</p> <p><u>Assumed Operating Performance</u></p> <table><tr><td></td><td>July 2016</td></tr><tr><td>Occupancy¹</td><td>91.2%</td></tr><tr><td>ADR²</td><td>8,611 yen</td></tr></table> <p>¹ Occupancy is calculated from the following formula: Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms x number of days hotel was in operation during the period)</p> <p>² ADR or Average Daily Rate is calculated from the following formula: ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period</p> <p><u>Details of July 2016 Rental Revenue</u></p> <p style="text-align: right;">(million yen)</p> <table><tr><th>Asset Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr><tr><td>Smile Hotel Kyoto Shijo</td><td>30</td><td>128</td><td>158</td></tr><tr><td>Hotel Vista Premio Kyoto</td><td>75</td><td>—</td><td>75</td></tr><tr><td>Nest Hotel Sapporo Ekimae</td><td>31</td><td>58</td><td>89</td></tr><tr><td>Chisun Inn Osaka Hommachi</td><td>36</td><td>22</td><td>58</td></tr><tr><td>Comfort Hotel Hamamatsu</td><td>55</td><td>—</td><td>55</td></tr><tr><td>Nest Hotel Sapporo Odori</td><td>23</td><td>50</td><td>74</td></tr><tr><td>Valie Hotel Tenjin</td><td>21</td><td>31</td><td>53</td></tr><tr><td>Other (Hotel Wing International Nagoya and Hotel Suave Kobe Asuta)</td><td>114</td><td>17</td><td>131</td></tr><tr><td>Total</td><td>387</td><td>308</td><td>695</td></tr></table> <p>(Note) The data for Hotel Wing International Nagoya and Hotel Suave Kobe Asuta are totaled under “Other,” because the hotel operators did not give consent to disclose hotel-specific data.</p> <p>Other rental revenue: 34 million yen (total rent from retail tenants at Hotel Vista Premio Kyoto and Chisun Inn Osaka Hommachi)</p>		July 2016	Occupancy ¹	91.2%	ADR ²	8,611 yen	Asset Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	30	128	158	Hotel Vista Premio Kyoto	75	—	75	Nest Hotel Sapporo Ekimae	31	58	89	Chisun Inn Osaka Hommachi	36	22	58	Comfort Hotel Hamamatsu	55	—	55	Nest Hotel Sapporo Odori	23	50	74	Valie Hotel Tenjin	21	31	53	Other (Hotel Wing International Nagoya and Hotel Suave Kobe Asuta)	114	17	131	Total	387	308	695
		July 2016																																													
	Occupancy ¹	91.2%																																													
	ADR ²	8,611 yen																																													
	Asset Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total																																											
	Smile Hotel Kyoto Shijo	30	128	158																																											
	Hotel Vista Premio Kyoto	75	—	75																																											
	Nest Hotel Sapporo Ekimae	31	58	89																																											
	Chisun Inn Osaka Hommachi	36	22	58																																											
	Comfort Hotel Hamamatsu	55	—	55																																											
Nest Hotel Sapporo Odori	23	50	74																																												
Valie Hotel Tenjin	21	31	53																																												
Other (Hotel Wing International Nagoya and Hotel Suave Kobe Asuta)	114	17	131																																												
Total	387	308	695																																												

Operating Expenses	<ul style="list-style-type: none"> • Rental expenses, Ichigo Hotel REIT's principal operating expense, are calculated based on historical data adjusted for anticipated expense variations. (Depreciation expenses are treated separately.) • Depreciation has been calculated using the straight-line method. Depreciation of 101 million yen is anticipated for the July 2016 fiscal period. • Property taxes and city planning taxes are anticipated to total 48 million yen for the July 2016 fiscal period. • Building maintenance and repair expenses are based on what Ichigo Real Estate Investment Advisors Co., Ltd., the asset management company of Ichigo Hotel REIT, estimates will be necessary for each asset during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc.
Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses and borrowing-related expenses of 65 million yen are anticipated for the July 2016 fiscal period. • Depreciation of expenses related to the establishment of the REIT and share issuance is anticipated to total 16 million yen for the July 2016 period.
Borrowings	<ul style="list-style-type: none"> • Ichigo Hotel REIT's balance of loans payable stands at 8,500 million yen as of March 16, 2016.
Number of Shares Outstanding	<ul style="list-style-type: none"> • Number of shares outstanding as of today is 138,500. The forecast assumes there will be no change in the number of shares as a result of new share issuance before the end of July 2016.
Dividend per Share	<ul style="list-style-type: none"> • The dividend forecasts assume that distributions will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT's Articles of Incorporation. • The dividend per share is subject to change due to factors such as sales of portfolio assets, changes in rental revenue associated with tenant turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.
Dividend in Excess of Earnings per Share	<ul style="list-style-type: none"> • Ichigo Hotel REIT does not plan on making any dividend distribution in excess of earnings per share or retained earnings.
Other	<ul style="list-style-type: none"> • Performance forecasts are based on the assumption that no material revisions will be made to laws and ordinances, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, etc. • Performance forecasts are also based on the assumption that there will be no unexpected material change in general economic trends and real estate market conditions, etc.

Preconditions for January 2017 Fiscal Period Earnings Forecast

Item	Preconditions																																							
Period	<ul style="list-style-type: none">• August 1, 2016 – January 31, 2017 (184 days)																																							
Portfolio Assets	<ul style="list-style-type: none">• 9 assets in total. The forecast assumes there will be no additional acquisitions or sales before the end of January 2017.• However, the number of assets may change due to acquisitions or sales.																																							
Operating Revenue	Rental revenue is calculated based on current lease contracts taking into consideration such factors as tenant trends and market conditions.																																							
	<u>Assumed Operating Performance</u>																																							
	<table><tr><td></td><td>January 2017</td></tr><tr><td>Occupancy¹</td><td>90.5%</td></tr><tr><td>ADR²</td><td>8,841yen</td></tr></table>		January 2017	Occupancy ¹	90.5%	ADR ²	8,841yen																																	
		January 2017																																						
	Occupancy ¹	90.5%																																						
	ADR ²	8,841yen																																						
	¹ Occupancy is calculated using the following formula: Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms x number of days hotel was in operation during the period)																																							
	² ADR or Average Daily Rate is calculated using the following formula: ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period																																							
	<u>Details of January 2017 Rental Revenue</u>																																							
	(million yen)																																							
<table><tr><th>Asset Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr><tr><td>Smile Hotel Kyoto Shijo</td><td>34</td><td>151</td><td>186</td></tr><tr><td>Hotel Vista Premio Kyoto</td><td>75</td><td>14</td><td>89</td></tr><tr><td>Nest Hotel Sapporo Ekimae</td><td>32</td><td>53</td><td>86</td></tr><tr><td>Chisun Inn Osaka Hommachi</td><td>36</td><td>—</td><td>36</td></tr><tr><td>Comfort Hotel Hamamatsu</td><td>55</td><td>—</td><td>55</td></tr><tr><td>Nest Hotel Sapporo Odori</td><td>23</td><td>49</td><td>72</td></tr><tr><td>Valie Hotel Tenjin</td><td>24</td><td>36</td><td>61</td></tr><tr><td>Other (Hotel Wing International Nagoya and Hotel Suave Kobe Asuta)</td><td>114</td><td>19</td><td>133</td></tr><tr><td>Total</td><td>395</td><td>325</td><td>721</td></tr></table>	Asset Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	151	186	Hotel Vista Premio Kyoto	75	14	89	Nest Hotel Sapporo Ekimae	32	53	86	Chisun Inn Osaka Hommachi	36	—	36	Comfort Hotel Hamamatsu	55	—	55	Nest Hotel Sapporo Odori	23	49	72	Valie Hotel Tenjin	24	36	61	Other (Hotel Wing International Nagoya and Hotel Suave Kobe Asuta)	114	19	133	Total	395	325	721
Asset Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total																																					
Smile Hotel Kyoto Shijo	34	151	186																																					
Hotel Vista Premio Kyoto	75	14	89																																					
Nest Hotel Sapporo Ekimae	32	53	86																																					
Chisun Inn Osaka Hommachi	36	—	36																																					
Comfort Hotel Hamamatsu	55	—	55																																					
Nest Hotel Sapporo Odori	23	49	72																																					
Valie Hotel Tenjin	24	36	61																																					
Other (Hotel Wing International Nagoya and Hotel Suave Kobe Asuta)	114	19	133																																					
Total	395	325	721																																					
(Note) The data for Hotel Wing International Nagoya and Hotel Suave Kobe Asuta are totaled under “Other,” because the hotel operators did not give consent to disclose hotel-specific data.																																								
Other rental revenue: 34 million yen (total rent from retail tenants at Hotel Vista Premio Kyoto and Chisun Inn Osaka Hommachi)																																								

Operating Expenses	<ul style="list-style-type: none"> • Rental expenses, Ichigo Hotel REIT's principal operating expense, are calculated based on historical data adjusted for anticipated expense variations. (Depreciation expenses are treated separately.) • Depreciation has been calculated using the straight-line method. Depreciation of 104 million yen is anticipated for the January 2017 fiscal period. • Property taxes and city planning taxes are anticipated to total 48 million yen for the January 2017 fiscal period. • Building maintenance and repair expenses are based on what Ichigo Real Estate Investment Advisors Co., Ltd., the asset management company of Ichigo Hotel REIT, estimates will be necessary for each asset during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc.
Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses and borrowing-related expenses of 65 million yen are anticipated for the January 2017 fiscal period. • Depreciation of expenses related to the establishment of the REIT and share issuance is anticipated to total 16 million yen for the January 2017 fiscal period.
Borrowings	<ul style="list-style-type: none"> • Ichigo Hotel REIT's balance of loans payable stands at 8,500 million yen as of March 16, 2016.
Number of Shares Outstanding	<ul style="list-style-type: none"> • Number of shares outstanding as of today is 138,500. The forecast assumes there will be no change in the number of shares as a result of new share issuance before the end of January 2017.
Dividend per Share	<ul style="list-style-type: none"> • The dividend forecasts assume that distributions will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT's Articles of Incorporation. • The dividend per share is subject to change due to factors such as sales of portfolio assets, changes in rental revenue associated with tenant turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.
Dividend in Excess of Earnings per Share	<ul style="list-style-type: none"> • Ichigo Hotel REIT does not plan on making any dividend distribution in excess of earnings per share or retained earnings.
Other	<ul style="list-style-type: none"> • Performance forecasts are based on the assumption that no material revisions will be made to laws and ordinances, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, etc. • Performance forecasts are also based on the assumption that there will be no unexpected material change in general economic trends and real estate market conditions, etc.

The forecasts presented above are current figures based on certain preconditions. Accordingly, the actual operating revenue, operating income, recurring profit, net income, and dividend per share may vary due to changes in circumstances.