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**Earnings and Dividend Forecast Revision for the October 2016  
Fiscal Period and Forecast for the April 2017 Fiscal Period**

Ichigo Office REIT has amended its earnings and dividend forecast for the October 2016 fiscal period that was announced in “Financial Report for the Fiscal Period Ending October 2015” on December 16, 2015. It is also announcing its earnings and dividend forecast for the April 2017 fiscal period.

April 2016 fiscal period earnings will be announced on June 16, 2016, and the current forecast is unchanged.

**1. October 2016 Earnings and Dividend Forecast Revision**

	Operating Revenue (million yen)	Operating Profit (million yen)	Recurring Profit (million yen)	Net Income (million yen)	Dividend per Share (yen)
Previous Announced Forecast (A)	6,472	2,944	2,301	2,300	1,760
Current Amended Forecast (B)	6,601	2,946	2,199	2,198	1,850
Difference (B-A)	+129	+1	-101	-101	+90
Change	+2.0%	+0.1%	-4.4%	-4.4%	+5.1%

Forecast number of shares outstanding at the end of the fiscal period: 1,416,323 shares.

The forecasts presented above are based on certain preconditions set forth in “Preconditions for the October 2016 Earnings Forecast” below. The actual operating revenue, operating profit, recurring profit, net income, and dividend per share (excluding dividend distribution in excess of earnings per share) may vary due to changes in circumstances such as asset acquisitions and dispositions, tenant turnover, unexpected maintenance and repair costs and other expenses, changes in interest rates, and the issuance of new shares. These forecasts should not be construed as a guarantee of such

performance or results. Ichigo Office REIT will make a forecast revision should there be a substantial discrepancy between the forecast and actual operating results.

## 2. October 2016 Earnings and Dividend Forecast Revision Rationale

This amended forecast reflects the acquisition of five high-quality, prime location assets as part of a strategic restructuring of Ichigo Office REIT's portfolio, as announced today in the release "Acquisition of Five Office Assets." (See also "Reference: Strategic Portfolio Restructuring" below.)

The sale of four lower-quality assets in the previous fiscal period (Akita Sanno 21 Building, Ichigo Meieki Building, Ichigo Yokohama Nishiguchi Building, and Ichigo Saga Building) will decrease October 2016 operating revenue by 152 million yen and NOI by 85 million yen, but today's five-asset acquisition will generate substantially higher operating revenue and NOI of 315 million yen and 244 million yen, respectively.<sup>1</sup> As a result, October 2016 operating revenue is forecast to increase by 129 million yen. However, due to one-off operating expenses related to the five-asset acquisition, October 2016 operating profit will increase by just 1 million yen. On an annualized basis, the NOI of the four disposed assets is 212 million yen and the NOI of the five acquired assets is 473 million yen, generating a net increase in annual NOI for Ichigo Office REIT of 261 million yen.<sup>2, 3</sup>

The on-going increase in NOI generated by this five-asset acquisition will be reflected in the October 2016 dividend. The October 2016 total dividend is thus forecast to be 2,630 million yen, which includes a dividend reserve reversal offsetting the 139 million yen in one-off operational expenses related to the acquisition, 83 million yen in one-off borrowing costs, and 8 million yen in other one-off operational expenses.

Dividend per share is thus forecast to be 1,850 yen, 90 yen higher than the April 2016 dividend.

<sup>1</sup> For details regarding the four asset sales, please refer to the January 28, 2016 release, "Sale of Portfolio Asset (Akita Sanno 21 Building)," the March 4, 2016 release, "Sale of Portfolio Assets (Ichigo Meieki Building, Ichigo Yokohama Nishiguchi Building)," and the March 16, 2016 release, "Sale of Portfolio Asset (Ichigo Saga Building)."

<sup>2</sup> The NOI of the assets sold is the annualized amount based on the results of October 2015 fiscal period.

<sup>3</sup> The NOI of the assets acquired is the NOI employed in the direct capitalization valuation method in the appraisal report at acquisition.

### 3. April 2017 Earnings and Dividend Forecast Rationale

	Operating Revenue (million yen)	Operating Profit (million yen)	Recurring Profit (million yen)	Net Income (million yen)	Dividend per Share (yen)
April 2017	6,564	2,942	2,288	2,287	1,860

Forecast number of shares outstanding at the end of the fiscal period: 1,416,323 shares.

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

Ichigo Office REIT will make a forecast revision should there be a substantial discrepancy between the forecast and actual operating results.

### 4. April 2017 Earnings and Dividend Forecast Rationale

April 2017 operating revenue is expected to decrease by 36 million yen primarily due to seasonal factors such as lower utilities revenue from tenants. However, due to a forecast 32 million yen decrease in operating expenses, the operating profit decline is expected to be limited to 4 million yen. Recurring profit and net income are each forecast to increase by 88 million yen, because the one-off debt costs associated with today’s five-asset acquisition will not recur.

The April 2017 total dividend is thus forecast to be 2,634 million yen, which includes a dividend reserve reversal of 21 million yen on gains on sale and 126 million yen in one-off operational expenses related to today’s five-asset acquisition.

Dividend per share is thus forecast to be 1,860 yen, 10 yen higher than the October 2016 dividend.

## Preconditions for the October 2016 Earnings Forecasts

Item	Preconditions
Period	October 2016 Fiscal Period: May 1, 2016 – October 31, 2016 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> <li>78 assets, which is the total of 74 assets as of today and 5 newly acquired assets as announced in today's release "Acquisition of Five Office Assets," minus 1 asset as announced in the March 4, 2016 release "Sale of Portfolio Assets (Ichigo Meieki Building, Ichigo Yokohama Nishiguchi Building)" transferred and settled on the scheduled date. The forecast assumes there will be no additional acquisitions or sales until the end of October 2016.</li> <li>The total number of portfolio assets may change due to acquisitions or sales.</li> </ul>
Number of Shares	<ul style="list-style-type: none"> <li>1,416,323 shares issued and outstanding, with no additional new issuance until the end of October 2016.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>Rent revenue is calculated conservatively based on lease contracts that are in effect as of today while taking into consideration such factors as historical rents, the competitiveness of the properties, and market conditions.</li> <li>The forecast of total occupancy for as of October 31, 2016 is 96.5%.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>Among rental activity expenses, Ichigo Office REIT's principal operating expenses other than depreciation are calculated based on historical data while taking into consideration variable expenses.</li> <li>The anticipated amount of property tax and city planning tax is 511 million yen for the October 2016 period. The prorated property tax and city planning tax related to these acquisitions will be included in the acquisition cost and shall be excluded from operating expenses.</li> <li>The amount for building maintenance and repair expenses is estimated to be 91 million yen for the October 2016 period. However, expenses for each period may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, costs due to unexpected building damage, etc.</li> <li>Service provider expenses including property management fees, etc. are estimated to be 609 million yen for the October 2016 period.</li> <li>Depreciation has been calculated using the straight-line method. Depreciation is calculated by including the depreciation for future additional capital expenditures in the amortization amount. Depreciation of 856 million yen has been anticipated for the October 2016 period.</li> <li>Incentive fees as part of asset management fees are estimated to be 139 million yen for the October 2016 period.</li> <li>Actual operating expenses may differ significantly from assumptions due to unforeseeable factors.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>Interest expenses of 499 million yen are anticipated for the October 2016 period.</li> <li>Borrowing-related expenses of 247 million yen are anticipated for the October 2016 period.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>Ichigo Office REIT's balance of loans payable is estimated to be 86,223 million yen as of October 31, 2016.</li> </ul>
Dividend per Share	<ul style="list-style-type: none"> <li>Dividends per share are based on the assumption that distributions will comply with the dividend distribution policy stipulated in Ichigo Office REIT's Articles of Incorporation.</li> <li>Dividends for the October 2016 period are assumed to be 2,630 million yen, which is the total amount of unappropriated retained earnings of 2,199 million yen plus a dividend reserve reversal of 430 million yen. The whole amount of 2,630 million yen will be distributed excluding any fraction of less than 1 yen per share.</li> <li>The dividend per share amount is subject to change due to such factors as tenant turnover, property changes, unexpected maintenance and repair costs and other expenses, fluctuations in interest rates, and the issuance of additional shares.</li> </ul>
Dividend Distribution in Excess of Earnings per Share	<ul style="list-style-type: none"> <li>Ichigo Office REIT does not plan on making any dividend distribution in excess of earnings per share or retained earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>The performance forecast are based on the assumption that revisions impacting the forecast figures will not be mad to laws and ordinances, the tax system, accounting standards, listing rules, rules of the Investment Trust Association, Japan, etc.</li> <li>Performance forecasts are based on the assumption that there will be no unexpected material change in general economic trends, real estate market conditions, etc.</li> </ul>

## Preconditions for the April 2017 Earnings Forecasts

Item	Preconditions
Period	April 2017 Fiscal Period: November 1, 2016 – April 30, 2017 (181 days)
Portfolio Assets	<ul style="list-style-type: none"> <li>• 78 assets, which is the total of 74 assets as of today and 5 newly acquired assets as announced in today's release "Acquisition of Five Office Assets," minus 1 asset as announced in the March 4, 2016 release "Sale of Portfolio Assets (Ichigo Meieki Building, Ichigo Yokohama Nishiguchi Building)" transferred and settled on the scheduled date. The forecast assumes there will be no additional acquisitions or sales until the end of April 2017.</li> <li>• The total number of portfolio assets may change due to acquisitions or sales.</li> </ul>
Number of Shares	<ul style="list-style-type: none"> <li>• 1,416,323 shares issued and outstanding, with no additional new issuance until the end of April 2017.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• Rent revenue is calculated conservatively based on lease contracts that are in effect as of today while taking into consideration such factors as historical rents, the competitiveness of the properties, and market conditions.</li> <li>• The forecast of total occupancy for as of April 30, 2017 is 96.1%.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• Among rental activity expenses, Ichigo Office REIT's principal operating expenses other than depreciation are calculated based on historical data while taking into consideration variable expenses.</li> <li>• The anticipated amount of property tax and city planning tax is 521 million yen for the April 2017 period. The prorated property tax and city planning tax related to these acquisitions will be included in the acquisition cost and shall be excluded from operating expenses.</li> <li>• The amount for building maintenance and repair expenses is estimated to be 110 million yen for the April 2017 period. However, expenses for each period may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, costs due to unexpected building damage, etc.</li> <li>• Service provider expenses including property management fees, etc. are estimated to be 585 million yen for the April 2017 period.</li> <li>• Depreciation has been calculated using the straight-line method. Depreciation is calculated by including the depreciation for future additional capital expenditures in the amortization amount. Depreciation of 858 million yen has been anticipated for the April 2017 period.</li> <li>• Incentive fees as part of asset management fees are estimated to be 126 million yen for the April 2017 period.</li> <li>• Actual operating expenses may differ significantly from assumptions due to unforeseeable factors.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses of 492 million yen are anticipated for the April 2017 period.</li> <li>• Borrowing-related expenses of 162 million yen are anticipated for the April 2017 period.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>• Ichigo Office REIT's balance of loans payable is estimated to be 86,087 million yen as of April 30, 2017.</li> </ul>
Dividend per Share	<ul style="list-style-type: none"> <li>• Dividends per share are based on the assumption that distributions will comply with the dividend distribution policy stipulated in Ichigo Office REIT's Articles of Incorporation.</li> <li>• Dividends for the April 2017 period are assumed to be 2,634 million yen, which is the total amount of unappropriated retained earnings of 2,287 million yen plus a dividend reserve reversal of 347 million yen. The whole amount of 2,634 million yen will be distributed excluding any fraction of less than 1 yen per share.</li> <li>• The dividend per share amount is subject to change due to such factors as tenant turnover, property changes, unexpected maintenance and repair costs and other expenses, fluctuations in interest rates, and the issuance of additional shares.</li> </ul>
Dividend Distribution in Excess of Earnings per Share	<ul style="list-style-type: none"> <li>• Ichigo Office REIT does not plan on making any dividend distribution in excess of earnings per share or retained earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• The performance forecast are based on the assumption that revisions impacting the forecast figures will not be mad to laws and ordinances, the tax system, accounting standards, listing rules, rules of the Investment Trust Association, Japan, etc.</li> <li>• Performance forecasts are based on the assumption that there will be no unexpected material change in general economic trends, real estate market conditions, etc.</li> </ul>

## Reference: Strategic Portfolio Restructuring

### 4 Asset Sales

Sell Low-Upside Assets (Low Value-Add, High Maintenance Costs, Low Occupancy) and Reinvest Proceeds

**Sale Price JPY 3.3B**

**Profits on Sale JPY 300M**

- 1) Akita Sanno 21 Building (Akita)
- 2) Ichigo Meieki Building (Nagoya)
- 3) Ichigo Yokohama Nishiguchi (Yokohama)
- 4) Ichigo Saga Building (Saga)

**Annual NOI JPY 210M**



### 5 Asset Acquisitions

Increase NOI, Dividend, & Portfolio Quality with Prime Location Assets

**Acquisition Price JPY 8.3B**

- 1) Ichigo Shibuya East Building (Central Tokyo)
- 2) Ichigo Ningyocho Building (Central Tokyo)
- 3) Ichigo Nishi Honmachi Building (Osaka)
- 4) Ichigo Hakata Building (Fukuoka)
- 5) Nishiki First Building (Nagoya)

**Annual NOI JPY 470M**



Notes: Profits on sale are calculated as the sales price minus expenses, less the book value as of the sale date. The NOI of the assets sold is the annualized amount based on the results of October 2015 fiscal period. The NOI of the assets acquired is the NOI employed in the direct capitalization valuation method in the appraisal report at acquisition.