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Issuance of New Shares and Secondary Share Offering

The Board of Directors of Ichigo Hotel REIT Investment Corporation ("Ichigo Hotel REIT") decided today to issue new shares via a public offering and conduct an over-allotment secondary share offering ("Greenshoe") with the underwriters in support of this new share issuance.

1. Issuance of New Shares through Public Offering

(1) Number of shares to be offered:	115,800 shares
(2) Paid-in amount (issue amount):	The amount will be determined at a Board of Directors meeting held between August 8, 2016 and August 12, 2016 (the "Pricing Date").
(3) Total paid-in amount (total issue amount):	To be determined
(4) Offering method:	The shares will be offered as a public offering and underwritten by SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd. ("Joint Lead Managers") together with Nomura Securities Co., Ltd. and SBI Securities Co., Ltd ("Underwriters" collectively with Joint Lead Managers). The issue price of the public offering will be calculated by multiplying the closing price of Ichigo Hotel REIT's shares on the Tokyo Stock Exchange ("TSE") on the Pricing Date (or the closing price on the day preceding the Pricing Date in the event there is no closing price) by a factor of 0.90~1.00 (rounded off to the nearest one yen), and will be determined in consideration of demand and other factors.
(5) Underwriting agreement:	The Underwriters will pay Ichigo Hotel REIT the total paid-in amount on the "Payment date" below. The difference between the issue price total and the paid-in

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	total shall be the Underwriters' proceeds. Ichigo Hotel REIT will pay no commission to the Underwriters.
(6) Subscription period:	August 9, 2016 and August 10, 2016. Subject to demand and other factors, the subscription period may be postponed in which case the latest subscription period will be August 15, 2016 to August 16, 2016.
(7) Subscription units:	One share or more in single share multiples
(8) Payment date:	A date between August 16, 2016 and August 19, 2016, which shall be five business days after the Pricing Date.
(9) Delivery date:	The business day following the Payment Date.

(10) The issue price, the paid-in amount, and other necessary items relating to the issuance of new shares will be decided at a future Board of Directors meeting. Amendments prior to the determination will be delegated to the Statutory Executive Officers.

(11) The aforementioned items will be subject to the effectiveness of the procedures in accordance with the Financial Instruments and Exchange Act of Japan.

2. Over-Allotment Secondary Share Offering by Underwriter ("Greenshoe")

(1) Seller:	SMBC Nikko Securities Inc.
(2) Number of shares to be offered:	5,800 shares This is the maximum number of shares that may be issued through the over-allotment secondary offering. Depending on demand and other factors, there may be cases where this number is reduced or the secondary offering itself is not held at all. The number of shares to be offered through the secondary offering will be determined at a Board of Directors meeting on the Pricing Date.
(3) Offer price:	To be determined (The offer price will be determined on the Pricing Date and shall be the same as the issue price for the public offering.)
(4) Total offer price:	To be determined
(5) Offering method:	SMBC Nikko Securities Inc. will offer the shares (maximum: 5,800 shares) borrowed from the shareholders of Ichigo Inc., depending on demand and other factors.
(6) Subscription period:	Same as the subscription period for the public offering as described in section 1 (6).

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(7) Subscription units: One share or more in single share multiples

(8) Delivery date: Same as the delivery date for the public offering as described in section 1 (9).

(9) The offer price and other items necessary for the Over-Allotment will be determined at a future Board of Directors meeting. Amendments prior to the determination will be delegated to the Statutory Executive Officers.

(10) Each of the aforementioned items shall be subject to the effectiveness of the procedures in accordance with the Financial Instruments and Exchange Act of Japan.

3. New Share Allotment to Underwriter to Replace Shares Offered in Over-Allotment Secondary Share Offering ("Greenshoe")

(1) Number of shares to be offered: 5,800 shares

(2) Allottee and number of shares to be issued to the allottee: SMBC Nikko Securities Inc. 5,800 shares

(3) Paid-in amount (issue amount): To be determined (The paid-in amount will be determined on the Pricing Date at the Board of Directors meeting and will be same as the paid-in amount for the public offering.)

(4) Total paid-in amount (total issue amount): To be determined

(5) Subscription period (Subscription date): September 12, 2016

(6) Subscription units: One share or more in single share multiples

(7) Payment date: September 13, 2016

(8) The paid-in amount and other items necessary for the underwriter new share allotment will be determined at a future Board of Directors meeting. Amendments prior to the determination will be delegated to the Statutory Executive Officers.

(9) If there are no subscriptions for all or a part of the shares on or before the subscription period described in (5), the issuance of such shares will be canceled.

(10) If the public offering is suspended, the issuance of new shares by way of underwriter new share allotment will also be suspended.

(11) Each of the aforementioned items will be subject to the effectiveness of procedures in accordance with the Financial Instruments and Exchange Act of Japan.

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Reference Information

1. Details of the Over-Allotment Secondary Offering ("Greenshoe")

Taking into account demand and other factors, SMBC Nikko Securities Inc. (Lead Manager) may implement a secondary offering of shares (up to a maximum of 5,800 shares) borrowed from Ichigo Inc.'s shareholders. Depending on demand as well as other factors, the number may decrease or the secondary offering through over-allotment itself may not be held at all.

In order for SMBC Nikko Securities Inc. to acquire the shares needed to return the borrowed shares, Ichigo Hotel REIT's Board of Directors has resolved to issue 5,800 new shares to the underwriter, with SMBC Nikko Securities Inc. as the allottee. The payment date is designated as September 13, 2016.

In order to return the borrowed shares used in the over-allotment secondary offering ("Greenshoe"), SMBC Nikko Securities Inc. may also purchase shares up to the number in the secondary offering (over-allotment) in the market at the TSE (the "syndicate cover transaction") from the day following the close of the subscription period until September 8, 2016 (the "syndicate cover transaction period"). All of the shares purchased by SMBC Nikko Securities Inc. through the syndicate cover transaction will be used to return the borrowed shares. At its own discretion, SMBC Nikko Securities Inc. may choose not to conduct the syndicate cover transaction or choose to end the syndicate cover transaction with a total of shares that is smaller than the number offered through the secondary offering (over-allotment).

Moreover, SMBC Nikko Securities Inc. may conduct stabilizing transactions in relation to the public offering and the secondary offering (over-allotment). The shares purchased through such stabilizing transactions may be used, in whole or in part, to return the borrowed shares.

SMBC Nikko Securities Inc. intends to agree to the underwriter new share allotment for the following number of shares: the shares in the over-allotment secondary offering ("Greenshoe") minus the shares purchased by SMBC Nikko Securities Inc. through the stabilizing transactions and the syndicated cover transaction. As a result, there may be cases in which there will be no subscription either in whole or in part to the shares offered by the underwriter new share allotment and, accordingly, the final number of shares issued by way of the underwriter new share allotment will decrease due to forfeiture of rights or such issuance itself will not take place at all.

Whether or not the secondary offering through over-allotment will be conducted as well as the number of shares to be offered will be decided on the Pricing Date. In case there is no secondary offering through over-allotment, SMBC Nikko Securities Inc. will not borrow the shares from the shareholders. Subsequently, there will be no subscription by the underwriter to the shares offered in the underwriter new share allotment and, accordingly, the shares shall not be issued in the underwriter new share allotment due to forfeiture of rights. Further, there will be no syndicate cover transaction at the TSE.

SMBC Nikko Securities Inc. will conduct these aforementioned transactions in accordance with consultations with Mizuho Securities Co., Ltd.

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2. Change in Number of Shares Outstanding After New Issuance

Total number of shares outstanding at present:	138,500 shares
Increase in shares from public offering:	115,800 shares
Total number of shares outstanding after public offering:	254,300 shares
Increase in shares from the underwriter new share allotment:	5,800 shares[1]
Total number of shares after the underwriter new share allotment:	260,100 shares[1]

[1] Assumes that SMBC Nikko Securities Inc. subscribes to all the shares issued in the underwriter new share allotment and that all such shares are issued.

3. Purpose of New Issuance

By taking full advantage of its sponsor Ichigo's deep value-add capabilities and executing upon Ichigo Hotel REIT's growth-driving action plans, Ichigo Hotel REIT is committed to maximizing shareholder value for Ichigo hotel REIT shareholders.[1]

As announced in today's release "Acquisition of Ten Hotel Assets," with today's ten hotel acquisitions Ichigo Hotel REIT is more than doubling its portfolio size from JPY 20.4 billion to JPY 47.6 billion.[2] The acquisitions will be financed by the public-offering net proceeds, bank borrowing, and cash-on-hand. The growth in Ichigo Hotel REIT's market capitalization and shares outstanding via this public offering is expected to significantly improve Ichigo Hotel REIT's share liquidity.

Of the ten hotels, five have variable rent leases with the hotel operators (in which Ichigo Hotel REIT shareholders share in the upside/downside of higher/lower hotel rates) and five are fixed rent leases. The forecast average NOI yield of the acquired assets is 5.5% and the average post-depreciation NOI yield is 4.3%.[3, 4]

Ichigo Hotel REIT believes that today's acquisitions will contribute both to Ichigo Hotel REIT's earnings stability via geographic and asset diversification and its ongoing earnings growth. The acquisitions of these ten stay-only hotels[5] will also support the generation of core earnings stability for Ichigo Hotel REIT shareholders via fixed rent leases, while providing earnings upside via variable rent leases at hotels benefiting from overseas tourist demand and rising hotel rates in Tokyo, Osaka, Hokkaido, and Okinawa.

Ichigo Hotel REIT will continue to work to maximize shareholder value via the execution of its external and organic growth strategies and by leveraging Ichigo Group's strengths.[6]

[1] Ichigo Hotel REIT's action plans merely represent future plans, and their actual implementation is not necessarily guaranteed. Moreover, the action plans are subject to change.

[2] The total acquisition price of the assets is the sum of the amounts set forth in the contract for each trust beneficiary interest in real estate. It does not include consumption tax or other expenses related to the acquisition (brokerage fees, taxes and public charges).

[3] The average appraisal NOI (net operating income) is calculated as total appraisal NOI (as stated in the real estate appraisal reports) divided by the total acquisition price of the assets.

Although the average appraisal NOI yield is calculated by Ichigo Real Estate Investment Advisors in accordance with the real estate appraisal reports, this calculation is not directly taken from the real estate appraisal reports and may differ from any such calculation in the reports and the actual post-acquisition NOI yield.

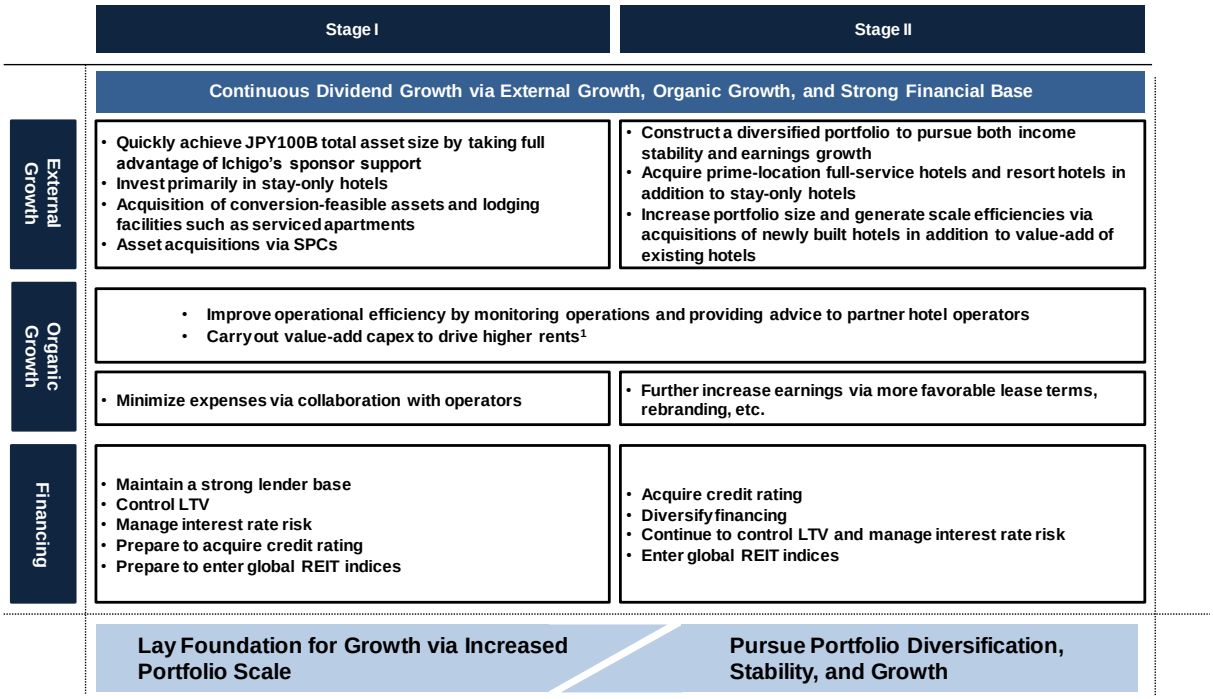
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[4] Average post-depreciation NOI (net operating income) yield is calculated by dividing the sum of the appraisal NOI and depreciation by the total acquisition price of the assets. Depreciation is an estimated value calculated by Ichigo Real Estate Investment Advisors using the straight-line method. Although the average post-depreciation NOI yield is calculated by Ichigo Real Estate Investment Advisors in accordance with the real estate appraisal reports, this calculation is not directly taken from the real estate appraisal reports and may differ from any such calculation in the reports and the actual post-acquisition NOI yield.

[5] Stay-only hotels are located near train stations, airports, business centers, major thoroughfares, shopping centers, and other areas of high customer traffic. These hotels service travelers primarily as places to stay at very attractive rates, without extraneous banquet facilities, etc.

[6] Ichigo Group is comprised of Ichigo Inc. and its consolidated subsidiaries (including the asset management company that manages Ichigo Hotel REIT, Ichigo Real Estate Investment Advisors).

Ichigo Hotel REIT Growth Strategy Roadmap



[1] Ichigo Hotel REIT seeks to be strategic and cost-effective in its capex (capital expenditures), and its capex is thus generally expected to be less than or equal to depreciation in each period.

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New Share Offering and Asset Acquisition Objectives

1	**Quickly Achieve Portfolio Scale by Taking Full Advantage of Ichigo's Sponsor Support** ■ Grow portfolio size 2.3X from JPY 20B at IPO to JPY 48B ■ Increase market capitalization and improve share liquidity via public offering of new shares
2	**Increase Portfolio Quality** ■ Secure stable cash flows via geographic and asset diversification ■ Generate core earnings stability with fixed rent leases, while driving earnings upside with variable rent leases at hotels benefitting from global tourist demand and rising hotel rates such as in Tokyo, Osaka, Hokkaido, and Okinawa
3	**Execute Growth Strategy Leveraging Ichigo Group's Strengths** ■ Increase asset profitability via value-add capex, drawing upon Ichigo's extensive real estate value-add capabilities ■ Leverage Ichigo Group's proprietary sourcing network to generate value-accretive portfolio growth

4. Amount to be Procured & Use of Proceeds and Timing

(1) Amount to be procured (net proceeds): 16,747,000,000 yen (maximum)

This amount represents the sum of 15,949,000,000 yen in net proceeds Ichigo Hotel REIT will receive from the public offering and the maximum amount of 798,000,000 yen Ichigo Hotel REIT will receive from the underwriter new share allotment, estimated based on the closing price of Ichigo Hotel REIT shares in regular trading at the TSE on July 14, 2016.

(2) Use of proceeds and timing

Ichigo Hotel REIT plans to use the net proceeds from the public offering to acquire the assets specified in today's release "Acquisition of 10 Hotel Assets." The proceeds from the underwriter new share allotment will be used to fund miscellaneous expenses incidental to the acquisitions. Any remaining funds will be kept as cash-on-hand in the form of bank deposits and used for future asset acquisitions and loan repayments.

Note 1. Each of the aforementioned proceeds is calculated based on the closing price of regular trading at the TSE on July 14, 2016.
Note 2. The procured funds will be kept at financial institutions until disbursement.

5. Designated Allocation to Counterparties

N/A

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6. Earnings Outlook

Please refer to today's release "Earnings and Dividend Forecast Revisions for the January 2017 Fiscal Period and Earnings and Dividend for the July 2017 Fiscal Period."

7. Financial Results for the Past Three Fiscal Periods and Equity Financing History

(1) Financial results for the past three fiscal periods[1]

	January 2016 (1st Fiscal Period)[2]
Net Income per Share[3]	1,352 yen
Dividend per Share	471 yen
Payout Ratio[4]	99.9%
Net Assets per Share	102,608 yen

[1] Ichigo Hotel REIT was established on July 22, 2015. There is no data on financial results prior to that time.

[2] Ichigo Hotel REIT's fiscal periods are February – July and August – January. Ichigo Hotel REIT's first fiscal period ran from the day the REIT was founded on July 22, 2015 and lasted for 194 days to January 31, 2016. The REIT's actual operating timeframe during the first period was 63 days from November 30, 2015 to January 31, 2016.

[3] Net income per share = Net income/weighted average shares for the number of days (48,260 shares). With November 30, 2015 as the beginning of the period, net income per share is 479 yen based on the weighted average shares being 136,230.

[4] Payout Ratio is rounded off to the nearest whole number.
Payout Ratio = Total dividend (excluding dividend in excess of earnings)/Net Income×100

(2) Recent share price

(i) Share price in the last three fiscal periods[1]

	January 2016 (1st Fiscal Period)
Opening Price[2]	109,200 yen
Highest Price[2]	142,000 yen
Lowest Price[2]	109,200 yen
Closing Price	136,700 yen

[1] Ichigo Hotel REIT was listed on the TSE REIT Market on November 30, 2015. There is no data on the share price prior to that time.

[2] The opening price, highest price, and lowest price are based on the closing price of the shares in regular trading at the TSE.

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(ii) Share price in the last six months

(yen)

	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016	July 2016
Opening Price	137,500	135,200	178,900	173,900	195,000	174,800
Highest Price	137,500	177,600	186,200	199,000	195,000	174,800
Lowest Price	117,300	131,300	154,700	173,900	170,500	147,000
Closing Price	132,800	177,600	177,500	199,000	179,900	149,300

[1] The opening price, the highest price, and the lowest price are based upon the closing price of the shares in regular trading at the TSE.
[2] The share price for July 2016 represents that as of July 21, 2016.

(iii) Share price on the day previous to issuance resolution

	July 21, 2016
Opening Price	148,000 yen
Highest Price	152,400 yen
Lowest Price	148,000 yen
Closing Price	149,300 yen

(3) Equity financing conducted in the past three fiscal periods

Public Offering

Issuance Date	November 27, 2015
Amount Procured	13,181,736,000 yen (Estimated net proceeds)
Paid-in Amount (Issue Amount)	102,184 yen
Number of shares issued and outstanding before the offering	3,000 shares
Number of shares issued in the offering	129,000 shares
Number of shares issued and outstanding after the offering	132,000 shares
Intended use of proceeds at the time of the issue	Asset acquisition and loan repayment
Scheduled timing of use of proceeds at the time of the issue	November 2015 onward
Current status	Completed use of proceeds per above timing

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Underwriter New Share Allotment

Issuance Date	December 22, 2015
Amount Procured	664,196,000 yen (Estimated net proceeds)
Paid-in Amount (Issue Amount)	102,184 yen
Number of shares issued and outstanding before the offering	132,000 shares
Number of shares issued in the offering	6,500 shares
Number of shares issued and outstanding after the offering	138,500 shares
Allottee	SMBC Nikko Securities Inc.
Intended use of proceeds at the time of the issue	Loan repayment or cash-on-hand for future loan repayment
Scheduled timing of use of proceeds at the time of the issue	December 2015 onward
Current status	Use of proceeds per above pending

8. Restrictions on Sale and Additional Issuance of Shares (Lock-Up)

(1) Ichigo Inc. has agreed with the Joint Lead Managers that it will not sell, transfer, pledge as collateral, or lend to any other party or otherwise dispose of the shares it owns during the period starting from the pricing date to a date 180 days from the delivery date, without prior written consent from the Joint Lead Managers (excluding Ichigo Hotel REIT lending shares to the underwriter in support of the over-allotment secondary offering). The Joint Lead Managers retain the right to terminate a part or all of the aforementioned agreement under its own discretion during the restriction period thereof or to shorten the restriction period thereof.

(2) Ichigo Trust Pte. Ltd. has agreed with the Joint Lead Managers that it will not sell, transfer, pledge as collateral, or lend to any other party or otherwise dispose of the shares it owns during the period starting from the pricing date to a date 45 days from the delivery date, without prior written consent from the Joint Lead Managers (excluding Ichigo Hotel REIT lending shares to the underwriter in support of the over-allotment secondary offering). The Joint Lead Managers retain the right to terminate a part or all of the aforementioned agreement under its own discretion during the restriction period thereof or to shorten the restriction period thereof.

(3) Ichigo Hotel REIT has agreed with the Joint Lead Managers not to engage in the issuance of the shares and certain other transactions without the prior written consent of the Joint Lead Managers during the period starting from the pricing date to the date 90 days from the delivery date (excluding public offerings, underwriter new share allotment, issuance of shares via stock-splits, and certain other exceptions). The Joint Lead Managers retain the right to terminate a part or all of the aforementioned agreement under its own discretion during the restriction period thereof or to shorten the restriction period thereof.

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