Ichigo Preserves and Improves Real Estate

[Provisional Translation Only]
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Earnings and Dividend Forecast Revisions for the July 2016 Fiscal Period

Ichigo Hotel REIT has revised up its July 2016 earnings and dividend forecast announced in the March 16, 2016 release "Earnings and Dividend Forecast Revisions for the July 2016 and January 2017 Fiscal Periods."

I. July 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)	730	423	341	340	2,455
Current Amended Forecast (B)	774	472	392	391	2,825
Difference (B-A)	+44	+49	+51	+51	+370
% Change	+6.0%	+11.5%	+14.9%	+15.0%	+15.0%
Reference: January 2016 Actual	197	102	66	65	471

Number of shares outstanding at the end of the July 2016 fiscal period: 138,500 shares

The forecast presented above is based on certain preconditions set out below in "Preconditions for the July 2016 Earnings Forecast."

Amounts are rounded off to the nearest whole number. Percentages are rounded to the nearest tenth of a percent.

II. July 2016 Earnings and Dividend Forecast Revision Rationale

Ichigo Hotel REIT has revised its forecast to reflect operating results that are higher than forecast. Major factors underlying the revisions are as follows:

(1) Higher Variable Rents
Four hotels with variable rents are generating higher rental income than forecast on strong operating results. As such, operating revenue is expected to increase by 44 million yen relative to the previous forecast.

(2) Lower Operating Expenses
Ichigo Hotel REIT's actions to control and reduce expenses are expected to decrease operating expenses by 5 million yen relative to the previous forecast.

III. Earnings and Dividend Forecasts for the January 2017 and July 2017 Fiscal Periods

The forecasts are currently unchanged.

Preconditions for the July 2016 Earnings Forecast

Item	Preconditions
Period	July 2016 Fiscal Period: February 1, 2016 –July 31, 2016 (182 days)
Portfolio Assets	9 assets acquired on November 30, 2015
Operating Revenue	Within operating revenue, rental income is calculated based on actual operating results for the February 2016 - July 2016 period (unaudited), and assumes that tenants will fully pay their contractual rents without delay or default. • Fixed rent/minimum guaranteed rent: 387 million yen • Variable rent: 351 million yen • Other rent: 35 million yen (rental income from retail tenants at Hotel Vista Premio Kyoto and Chisun Inn Osaka Hommachi) • Total rental income: 774 million yen
Operating Expenses	Within operating expenses, rental expenses are anticipated as follows: • Building maintenance and repair expenses: 71 million yen (of which 48 million yen is property and city planning taxes and 4 million yen is repair expenses) • Depreciation: 101 million yen • Other expenses: 3 million yen • Total rental expenses: 176 million yen • Total operating expenses other than rental expenses: 125 million yen (of which 89 million yen is asset management fees)
Non-Operating Expenses	Anticipated non-operating expenses are as follows: • Interest expenses: 39 million yen • Borrowing-related expenses: 25 million yen • Expenses related to the new share issuance: 11 million yen • Expenses related to the establishment of Ichigo Hotel REIT: 5 million yen
Borrowings	Total borrowings: 8,500 million yen as of July 31, 2016
Dividend per Share	The dividend forecast assumes that distributions will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT's Articles of Incorporation.
Dividend in Excess of Earnings per Share	Ichigo Hotel REIT does not plan on making any dividend distribution in excess of earnings per share or retained earnings.
Other	This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions.

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.