

[Provisional Translation Only]

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Issuer

Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel,” 3463)

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

Representative: Osamu Miyashita, Executive Director

www.ichigo-hotel.co.jp/english

Asset Management Company

Ichigo Investment Advisors Co., Ltd.

Representative: Hiroshi Iwai, President

Inquiries: Hidehito Iwasaka, Head of Ichigo Hotel

Tel: +81-3-3502-4892

Earnings Forecast Revision for the July 2020 Fiscal Period

Ichigo Hotel is revising its July 2020 earnings forecast announced in the March 16, 2020 release “January 2020 Fiscal Period Earnings.”

1. July 2020 Earnings Forecast Revision

(JPY million)

| | Operating Revenue | Operating Profit | Recurring Profit | Net Income | Dividend per Share (JPY) |
|--------------------------------|-------------------|------------------|------------------|------------|--------------------------|
| Previous Forecast (A) | 1,474 | 771 | 565 | 565 | 2,216 |
| New Forecast (B) | 1,038 | 431 | 223 | 223 | 873 |
| Difference (B) - (A) | -435 | -340 | -342 | -342 | -1,343 |
| % Change | -29.5% | -44.1% | -60.5% | -60.6% | -60.6% |
| Reference: July 2019 Actual | 1,789 | 992 | 805 | 804 | 3,154 |

Reference: Net Income per Share: JPY 873

Period-end number of shares outstanding: 254,974 shares

Note: Actual operating revenue, operating profit, recurring profit, net income, and dividend may vary due to changes in circumstances, so these forecasts should not be construed as a guarantee of such results. Ichigo Hotel will make a forecast revision should there be a material discrepancy between the forecast and actual operating results.

2. July 2020 Earnings Forecast Revision Rationale

Covid-19 restrictions on travel and public gatherings and events is resulting in cancellations by both Japanese and inbound guests. February and March RevPAR for Ichigo Hotel's eleven variable rent hotels thus decreased 35.4% and 66.3% year-on-year, respectively.¹ (For details of the March 2020 results, please see today's release "Ichigo Hotel Operating Results – March 2020.")

The nationwide state of emergency declared by the Japanese government in April has further lowered hotel demand, causing some hotels, including five of Ichigo Hotel's, to temporarily close in response.

Given these market conditions and Ichigo Hotel's February and March 2020 results, Ichigo Hotel is revising down its earnings forecast based upon the assumption that it will not receive any variable rent from April through July.

Operating revenue, operating profit, and recurring profit are now forecast to fall to JPY 1,038 million (-29.5%), JPY 431 million (-44.1%), and JPY 223 million (-60.5%), respectively. Given the lower earnings, Ichigo Hotel also is lowering its dividend forecast to JPY 873 (-60.6%). Should an additional earnings forecast revision become necessary, for example due to impacts that emerge with respect to fixed and minimum guaranteed rents, Ichigo Hotel will promptly disclose the details.

Ichigo Hotel is not revising at this time the below January 2021 forecast announced on March 16, 2020. Should an earnings forecast revision become necessary, Ichigo Hotel will promptly disclose the details.

¹ The eleven variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Wing International Nagoya, Nest Hotel Sapporo Ekimae, Chisun Inn Osaka Hommachi, Nest Hotel Sapporo Odori, Valie Hotel Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, Court Hotel Kurashiki, and Nest Hotel Kumamoto.

Reference

Earnings Forecast for the January 2021 Fiscal Period
(Announced in the March 16, 2020 release "January 2020 Fiscal Period Earnings")

(JPY million)

| | Operating Revenue | Operating Profit | Recurring Profit | Net Income | Dividend per Share (JPY) |
|--------------|-------------------|------------------|------------------|------------|--------------------------|
| January 2021 | 1,525 | 797 | 594 | 593 | 2,328 |

Due to the significant forecast uncertainty, Covid-19 impacts have not been reflected in this earnings forecast.

Preconditions for the July 2020 Fiscal Period Earnings Forecast

| | Preconditions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|--|--|--|------------------|-------|-------------------------|----|---|----|---------------------------|----|---|----|---------------------------|----|---|----|-------------------------|----|---|----|--------------------------|----|---|----|--------------------|----|---|----|-------------------------------|----|---|----|---|-----|---|-----|---------------------------|----|---|----|----------------------|----|---|----|-----------------------|----|---|----|-----------------------|----|---|----|----------------------|----|---|----|-----------------------|----|---|----|---------------------|----|---|----|-----------------------|----|---|----|--------------------|----|---|----|--------------------|-----|---|-----|-------|-----|----|-----|
| Period | • February 1, 2020 to July 31, 2020 (182 days) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Hotels | • The forecast assumes 23 hotels | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Revenue | <p>Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as hotel and market conditions.¹</p> <p><u>14 Variable Rent Hotels</u></p> <p>Variable rent was received for February based on actual operating results; None was received in March. Ichigo Hotel assumes no variable rent from April to July 2020.</p> <p>¹ The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.</p> <p><u>Details of July 2020 Rental Income Forecast</u></p> <p style="text-align: right;">(JPY million)</p> <table border="1"> <thead> <tr> <th>Hotel Name</th> <th>Fixed Rent/ Minimum Guaranteed Rent</th> <th>Variable Rent</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Smile Hotel Kyoto Shijo</td> <td>30</td> <td>–</td> <td>30</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>31</td> <td>9</td> <td>40</td> </tr> <tr> <td>Chisun Inn Osaka Hommachi</td> <td>39</td> <td>–</td> <td>39</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>27</td> <td>8</td> <td>35</td> </tr> <tr> <td>Valie Hotel Tenjin</td> <td>21</td> <td>1</td> <td>22</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>66</td> <td>–</td> <td>66</td> </tr> <tr> <td>Comfort Hotel Central International Airport</td> <td>151</td> <td>–</td> <td>151</td> </tr> <tr> <td>Smile Hotel Tokyo Asagaya</td> <td>33</td> <td>6</td> <td>39</td> </tr> <tr> <td>Nest Hotel Matsuyama</td> <td>36</td> <td>6</td> <td>42</td> </tr> <tr> <td>Comfort Hotel Okayama</td> <td>45</td> <td>–</td> <td>45</td> </tr> <tr> <td>Comfort Hotel Kushiro</td> <td>18</td> <td>–</td> <td>18</td> </tr> <tr> <td>Comfort Hotel Suzuka</td> <td>15</td> <td>–</td> <td>15</td> </tr> <tr> <td>Court Hotel Kurashiki</td> <td>31</td> <td>–</td> <td>31</td> </tr> <tr> <td>Nest Hotel Kumamoto</td> <td>25</td> <td>6</td> <td>31</td> </tr> <tr> <td>Valie Hotel Hiroshima</td> <td>17</td> <td>–</td> <td>17</td> </tr> <tr> <td>HOTEL EMIT SHIBUYA</td> <td>22</td> <td>–</td> <td>22</td> </tr> <tr> <td>Other¹</td> <td>283</td> <td>–</td> <td>283</td> </tr> <tr> <td style="text-align: center;">Total</td> <td>953</td> <td>41</td> <td>995</td> </tr> </tbody> </table> | Hotel Name | Fixed Rent/ Minimum Guaranteed Rent | Variable Rent | Total | Smile Hotel Kyoto Shijo | 30 | – | 30 | Nest Hotel Sapporo Ekimae | 31 | 9 | 40 | Chisun Inn Osaka Hommachi | 39 | – | 39 | Comfort Hotel Hamamatsu | 55 | – | 55 | Nest Hotel Sapporo Odori | 27 | 8 | 35 | Valie Hotel Tenjin | 21 | 1 | 22 | Nest Hotel Osaka Shinsaibashi | 66 | – | 66 | Comfort Hotel Central International Airport | 151 | – | 151 | Smile Hotel Tokyo Asagaya | 33 | 6 | 39 | Nest Hotel Matsuyama | 36 | 6 | 42 | Comfort Hotel Okayama | 45 | – | 45 | Comfort Hotel Kushiro | 18 | – | 18 | Comfort Hotel Suzuka | 15 | – | 15 | Court Hotel Kurashiki | 31 | – | 31 | Nest Hotel Kumamoto | 25 | 6 | 31 | Valie Hotel Hiroshima | 17 | – | 17 | HOTEL EMIT SHIBUYA | 22 | – | 22 | Other ¹ | 283 | – | 283 | Total | 953 | 41 | 995 |
| | Hotel Name | Fixed Rent/ Minimum Guaranteed Rent | Variable Rent | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Smile Hotel Kyoto Shijo | 30 | – | 30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nest Hotel Sapporo Ekimae | 31 | 9 | 40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Chisun Inn Osaka Hommachi | 39 | – | 39 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Comfort Hotel Hamamatsu | 55 | – | 55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nest Hotel Sapporo Odori | 27 | 8 | 35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Valie Hotel Tenjin | 21 | 1 | 22 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nest Hotel Osaka Shinsaibashi | 66 | – | 66 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Comfort Hotel Central International Airport | 151 | – | 151 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Smile Hotel Tokyo Asagaya | 33 | 6 | 39 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nest Hotel Matsuyama | 36 | 6 | 42 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Comfort Hotel Okayama | 45 | – | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Comfort Hotel Kushiro | 18 | – | 18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Comfort Hotel Suzuka | 15 | – | 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Court Hotel Kurashiki | 31 | – | 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nest Hotel Kumamoto | 25 | 6 | 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Valie Hotel Hiroshima | 17 | – | 17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HOTEL EMIT SHIBUYA | 22 | – | 22 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other ¹ | 283 | – | 283 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 953 | 41 | 995 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>¹ Figures for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Shimonoseki Eki Nishi are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.</p> <p>Retail: JPY 36 million of rental income from retail tenants at Chisun Inn Osaka Hommachi, Hotel Wing International Shin Kobe Nagata Ekimae, and Smile Hotel Tokyo Asagaya (including utility income), and the banquet hall at Nest Hotel Kumamoto.</p> |
| Operating Expenses | <ul style="list-style-type: none"> • Depreciation: JPY 338 million. Depreciation has been calculated using the straight-line method. • Property and city planning taxes: JPY 106 million • Building maintenance and repair expenses are based on what Ichigo Investment Advisors, the asset management company of Ichigo Hotel, estimates will be necessary for each hotel 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. • Rental expenses, Ichigo Hotel’s principal operating expense (other than depreciation, see above), are calculated based on historical data adjusted for anticipated expense variations. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors. |
| Non-Operating Expenses | <ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses: JPY 203 million • Amortization of expenses related to the establishment of Ichigo Hotel: JPY 5 million |
| Borrowings | <ul style="list-style-type: none"> • Total borrowings: JPY 25.47 billion as of July 31, 2020 |
| Number of Shares | <ul style="list-style-type: none"> • 254,974 shares issued and outstanding as of today. The forecast assumes there will be no additional new issuance of shares through July 31, 2020. |
| Dividend | <ul style="list-style-type: none"> • The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel’s Articles of Incorporation. • The dividend is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with operator turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates. |
| Dividend in Excess of Earnings | <ul style="list-style-type: none"> • Ichigo Hotel does not plan on paying any Dividend in Excess of Earnings. |
| Other | <ul style="list-style-type: none"> • 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. |