Ichigo Preserves and Improves Real Estate

[Provisional Translation Only]
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Ichigo Hotel REIT Operating Results – July 2016

Ichigo Hotel REIT hereby announces its July 2016 RevPAR, Occupancy, ADR, and Revenues:

Total RevPAR, Occupancy, and ADR of Ichigo Hotel REIT Portfolio Assets

	July 2016 (A)	July 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period Feb 2016－July 2016		
					Cumulative	YOY Difference	YOY Change
RevPAR (yen)	8,308	8,364	-57	-0.7%	7,693	+356	+4.8%
Occupancy (%)	87.9	92.8	-4.9	-5.3%	90.2	-2.5	-2.7%
ADR (yen)	9,448	9,011	+438	+4.9%	8,531	+616	+7.8%

RevPAR, Occupancy, ADR, and Revenues for Individual Assets

		July 2016 (A)	July 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period Feb 2016－July 2016		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	RevPAR (yen)	9,908	9,813	+95	+1.0%	11,696	+812	+7.5%
	Occupancy (%)	100.0	100.3	-0.2	-0.2%	100.1	-0.0	-0.0%
	ADR (yen)	9,906	9,788	+118	+1.2%	11,683	+814	+7.5%
	Revenues (mm yen)	45	45	-0	-0.8%	307	+19	+6.5%
Hotel Vista Premio Kyoto	RevPAR (yen)	11,365	10,388	+977	+9.4%	12,333	+1,246	+11.2%
	Occupancy (%)	87.6	90.9	-3.2	-3.6	91.0	-0.2	-0.2%
	ADR (yen)	12,969	11,432	+1,536	+13.4%	13,548	+1,399	+11.5%
	Revenues (mm yen)	32	29	+3	+9.8%	202	+22	+12.3%

		July 2016 (A)	July 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period Feb 2016－July 2016		
						Cumulative	YOY Difference	YOY Change
Hotel Wing International Nagoya	RevPAR (yen)	4,544				5,326		
	Occupancy (%)	78.1				90.1		
	ADR (yen)	5,817				5,911		
	Revenues (mm yen)	35				243		
Nest Hotel Sapporo Ekimae	RevPAR (yen)	12,336	11,439	+897	+7.8%	8,430	+984	+13.2%
	Occupancy (%)	97.9	98.4	-0.5	-0.5%	98.3	+0.4	+0.4%
	ADR (yen)	12,594	11,624	+970	+8.3%	8,578	+968	+12.7%
	Revenues (mm yen)	74	70	+4	+5.8%	316	+25	+8.5%
Chisun Inn Osaka Hommachi	RevPAR (yen)	8,562	7,901	+661	+8.4%	8,686	+1,809	+26.3%
	Occupancy (%)	90.9	89.9	+1.0	+1.2%	89.1	+0.7	+0.8%
	ADR (yen)	9,420	8,793	+627	+7.1%	9,749	+1,972	+25.4%
	Revenues (mm yen)	35	32	+3	+8.4%	206	+44	+27.0%
Comfort Hotel Hamamatsu	RevPAR (yen)	4,967				5,056		
	Occupancy (%)	78.5				81.3		
	ADR (yen)	6,325				6,220		
	Revenues (mm yen)	30				180		
Nest Hotel Sapporo Odori	RevPAR (yen)	15,387	14,172	+1,215	+8.6%	9,736	+674	+7.4%
	Occupancy (%)	98.1	96.7	+1.4	+1.4%	95.6	-0.8	-0.9%
	ADR (yen)	15,685	14,648	+1,037	+7.1%	10,188	+787	+8.4%
	Revenues (mm yen)	60	56	+4	+6.9%	232	+15	+7.0%
Valie Hotel Tenjin	RevPAR (yen)	8,596	7,665	+931	+12.1%	8,132	+1,247	+18.1%
	Occupancy (%)	88.1	94.0	-5.9	-6.3%	84.1	-7.9	-8.6%
	ADR (yen)	9,756	8,153	+1,603	+19.7%	9,666	+2,184	+29.2%
	Revenues (mm yen)	22	20	+3	+13.1%	123	+35	+40.0%

Notes:

1. The above data is as provided by the hotel operators or as calculated by Ichigo Real Estate Investment Advisors based on information provided by the hotel operators. The data has not been audited and thus its accuracy cannot be guaranteed and may not match data disclosed in future Financial Reports.
2. RevPAR or Revenue Per Available Room is calculated as follows:
   RevPAR = Total revenues from accommodations (excluding restaurant charges and other service fees)/number of available guest rooms.
3. Occupancy is calculated as follows:
   Occupancy = Total number of guest rooms occupied during the period/(number of guest rooms x number of days the hotel was in operation during the period)
   Occupancy may exceed 100% in the following cases: 1) a guest had pre-paid for a guest room but checked out early, allowing the guest room to be occupied by a different guest; or 2) a guest room is occupied for less than one day by different guests.

4. ADR or Average Daily Rate is calculated as follows:
   ADR = Total revenues from accommodations (excluding restaurant charges and other service fees)/ number of guest rooms occupied.
5. Revenues are revenues from accommodations and related services only. Rent from retail tenants at Hotel Vista Premio Kyoto and Chisun Inn Osaka Hommachi is not included.
6. Past data for Hotel Wing International Nagoya and Comfort Hotel Hamamatsu and data for Hotel Suave Kobe Asuta are not included above, as the hotel operators have not given consent to disclose the data.
7. Since the rent for Comfort Hotel Hamamatsu is fixed, operating results have no impact on the rent.

Explanation of Changes

RevPAR decreased year-on-year for Hotel Wing International Nagoya, Comfort Hotel Hamamatsu, and Hotel Suave Kobe Asuta. Occupancy temporarily decreased at Hotel Wing International Nagoya due to unavailability of guest rooms during renovations to be completed this October.

Value-Add Actions

At Smile Hotel Kyoto Shijo, Ichigo Hotel REIT is renovating an open space of 99.5 square meters to create a guest relaxation facility. The space was originally open to guests for their use, but was rarely used. After negotiation with the hotel operator, Ichigo Hotel REIT decided to convert the space, and successfully acquired a massage therapeutic tenant for an opening at the end of August. This will convert non-revenue-generating space into a revenue-generating space while increasing guest satisfaction.

Ichigo Hotel REIT will continue to work closely with its hotel operator partners to carry out strategic value-add capex to increase guest satisfaction and drive higher earnings.