September 14, 2016

Financial Report for the July 2016 Fiscal Period

Ichigo Hotel REIT Investment Corporation (Tokyo Stock Exchange, 3463)
Representative: Osamu Miyashita, Executive Director
www.ichigo-hotel.co.jp/english

Ichigo Investment Advisors Co., Ltd. (Ichigo Hotel REIT Asset Management Company)
Representative: Wataru Orii, President
Inquiries: Masanori Kubota, Statutory Executive Officer (Finance, Accounting)
Telephone: +81-3-3502-4892

Submission of Financial Report (*Yuka Shoken Hokokusho*): October 27, 2016 (expected)
Dividend Payment: October 21, 2016 (expected)
Supplemental Material to Financial and Business Results: Yes (Corporate Presentation)
Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. Financial Results for the July 2016 Fiscal Period (February 1, 2016 - July 31, 2016)

(1) Earnings

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2016	774	+291.5%	472	+360.2%	392	+492.4%	391	+499.5%
January 2016	197	—	102	—	66	—	65	—

	Net Income per Share (yen)	Ratio of Net Income to Equity	Ratio of Recurring Profit to Total Assets	Ratio of Recurring Profit to Operating Revenue
July 2016	2,825	2.7%	1.7%	50.6%
January 2016	1,352	0.5%	0.3%	33.4%

(Note 1) Ichigo Hotel REIT's January 2016 fiscal period ran from the day the REIT was founded on July 22, 2015 to January 31, 2016 (194 days). The REIT's actual operating timeframe during this period was November 30, 2015 to January 31, 2016 (63 days).

(Note 2) Net Income per Share is based on the average number of outstanding shares (48,260 shares). Net Income per Share during the actual operating timeframe was 479 yen, which is based on the average number of outstanding shares during that timeframe (136,230 shares).

(Note 3) Ratio of Net Income to Equity and Ratio of Recurring Profit to Total Assets are calculated using weighted averages of Equity and Total Assets with November 30, 2015 as the beginning of the period.

(Note 4) Change in Operating Revenue, Operating Profit, Recurring Profit, and Net Income above refers to period-on-period change. However, since the January 2016 fiscal period is the REIT's first, the period-on-period change is not applicable.

(2) Dividends

	Dividend per Share (yen)	Total Dividends (million yen)	Dividend per Share in Excess of Earnings (yen)	Total Dividends in Excess of Earnings (million yen)	Payout Ratio (%)	Ratio of Dividends to Net Assets (%)
July 2016	2,825	391	0	0	99.9	2.7
January 2016	471	65	0	0	99.9	0.5

(Note) The January 2016 payout ratio reflects a new share issuance during the period and is calculated as follows: Payout Ratio = Total Dividends / Net Income x 100

(3) Assets and Equity

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Share (yen)
July 2016	23,486	14,537	61.9	104,962
January 2016	23,071	14,211	61.6	102,608

(4) Cash Flow

	Cash Flow from Operating Activities (million yen)	Cash Flow from Investment Activities (million yen)	Cash Flow from Financing Activities (million yen)	Cash and Cash Equivalents at End of the Period (million yen)
July 2016	1,091	-61	-65	2,490
January 2016	-571	-20,476	22,575	1,526

2. Earnings Forecasts for the January 2017 Fiscal Period (August 1, 2016 to January 31, 2017) and the July 2017 Fiscal Period (February 1, 2017 to July 31, 2017)

(million yen; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2017	1,547	99.7%	933	97.4%	759	93.7%	758	93.9%
July 2017	1,638	5.9%	909	-2.6%	732	-3.7%	731	-3.7%

(yen)

	Dividend per Share	Dividend per Share in Excess of Earnings
January 2017	2,917	0
July 2017	2,838	0

(Reference) The forecast Net Income per Share for January 2017 is 2,946 yen and for July 2017 is 2,838 yen. Due to seasonal effects, the January fiscal period generally generates higher profitability than the July fiscal period.

(Note)The forecast assumes 260,100 total shares outstanding (138,500 shares outstanding at the end of the July 2016 fiscal period, plus 115,800 shares issued via public offering and a maximum of 5,800 shares through an underwriter new share allotment conducted and completed in August/September 2016).

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

(i)	Changes Accompanying Amendments to Accounting Standards:	None
(ii)	Changes Not Listed in (i):	None
(iii)	Changes in Accounting Estimates:	None
(iv)	Retrospective Restatements:	None

(2) Number of Shares Issued and Outstanding

(i) The number of shares issued and outstanding (including treasury shares) was 138,500 shares as of July 31, 2016.

(ii) There were no treasury shares as of July 31, 2016.

Completion Status of Auditing Procedures

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Law of Japan. The auditing procedures in accordance with those requirements have thus not been completed as of the date of the publication of this document.

Appropriate Use of Performance Forecasts and Other Matters of Special Note

The forecasts presented above are current figures based on certain preconditions. Accordingly, the actual operating revenue, operating profit, recurring profit, net income, dividend per share, and dividend per share in excess of earnings may vary due to changes in circumstances. Moreover, these forecasts should not be construed as a guarantee of such performance or results.

For details on preconditions, please refer to the “Preconditions for January 2017 Fiscal Period Earnings Forecast” on page 4 and “Preconditions for July 2017 Fiscal Period Earnings Forecast” on page 6.

This English version is a translation of the original Japanese document and is provided solely for informational purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Preconditions for January 2017 Fiscal Period Earnings Forecast

<table>
<tr><th>Item</th><th>Preconditions</th></tr>
<tr><td>Period</td><td>• August 1, 2016 – January 31, 2017 (184 days)</td></tr>
<tr><td>Portfolio Assets</td><td>• 19 assets in total. The forecast assumes there will be no additional acquisitions or sales through January 2017.
• The number of assets may change due to acquisitions or sales.</td></tr>
<tr><td>Operating Revenue</td><td>Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as tenant trends and market conditions.[1]

<u>Forecast Operating Performance</u>

<table>
<tr><th></th><th>January 2017 Fiscal Period</th></tr>
<tr><td>Occupancy[2]</td><td>89.1%</td></tr>
<tr><td>ADR[3]</td><td>8,339 yen</td></tr>
</table>
[1] The forecast rental income assumes tenants will fully pay their contractual rents without delays or default.
[2] Occupancy is calculated with the following formula:
Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms x number of days hotel was in operation during the period)
[3] ADR or Average Daily Rate is calculated with the following formula:
ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period

<u>Details of January 2017 Rental Income</u>
(million yen)
<table>
<tr><th>Hotel Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr>
<tr><td>Smile Hotel Kyoto Shijo</td><td>34</td><td>151</td><td>186</td></tr>
<tr><td>Hotel Vista Premio Kyoto</td><td>75</td><td>15</td><td>90</td></tr>
<tr><td>Nest Hotel Sapporo Ekimae</td><td>32</td><td>53</td><td>86</td></tr>
<tr><td>Chisun Inn Osaka Hommachi</td><td>36</td><td>0</td><td>36</td></tr>
<tr><td>Comfort Hotel Hamamatsu</td><td>55</td><td>0</td><td>55</td></tr>
<tr><td>Nest Hotel Sapporo Odori</td><td>23</td><td>49</td><td>72</td></tr>
<tr><td>Valie Hotel Tenjin</td><td>24</td><td>35</td><td>60</td></tr>
<tr><td>Nest Hotel Osaka Shinsaibashi</td><td>57</td><td>144</td><td>202</td></tr>
<tr><td>Comfort Hotel Central International Airport</td><td>138</td><td>0</td><td>138</td></tr>
<tr><td>Smile Hotel Tokyo Asagaya</td><td>25</td><td>59</td><td>85</td></tr>
<tr><td>Nest Hotel Naha</td><td>55</td><td>66</td><td>121</td></tr>
<tr><td>Smile Hotel Asakusa</td><td>14</td><td>34</td><td>48</td></tr>
<tr><td>Nest Hotel Matsuyama</td><td>31</td><td>31</td><td>62</td></tr>
<tr><td>Comfort Hotel Okayama</td><td>41</td><td>0</td><td>41</td></tr>
<tr><td>Comfort Hotel Kushiro</td><td>16</td><td>0</td><td>16</td></tr>
<tr><td>Comfort Hotel Suzuka</td><td>14</td><td>0</td><td>14</td></tr>
</table>
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<table>
<tr><td></td><td>
<table>
<tr><td>Other[1](Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki)</td><td>146</td><td>19</td><td>166</td></tr>
<tr><td>Retail[2] (Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya)</td><td>34</td><td>0</td><td>34</td></tr>
<tr><td>Total</td><td>858</td><td>663</td><td>1,521</td></tr>
</table>
[1] Figures for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.
[2] Figures for retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya are included in “Retail.”
</td></tr>
<tr><td>Operating Expenses</td><td>• Depreciation: 268 million yen. Depreciation has been calculated using the straight-line method.
• Property and city planning taxes: 48 million yen.
• Building maintenance and repair expenses are based on what Ichigo Investment Advisors Co., Ltd., the asset management company of Ichigo Hotel REIT, estimates will be necessary for each asset 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 REIT’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.</td></tr>
<tr><td>Non-Operating Expenses</td><td>• Interest expenses and other borrowing-related expenses: 147 million yen.
• Amortization of expenses related to the establishment of Ichigo Hotel REIT and to new share issuance: 26 million yen.</td></tr>
<tr><td>Borrowings</td><td>• Total borrowings: 19,500 million yen as of January 2017</td></tr>
<tr><td>Number of Shares</td><td>• 260,100 shares. The forecast assumes there will be no additional shares issued during this period.</td></tr>
<tr><td>Dividend per Share</td><td>• The dividend forecast assumes that distributions will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT’s Articles of Incorporation.
• The dividend per share is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with tenant turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.</td></tr>
<tr><td>Dividend in Excess of Earnings per Share</td><td>• Ichigo Hotel REIT does not plan on making any dividend distribution in excess of earnings per share or retained earnings.</td></tr>
<tr><td>Other</td><td>• 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.</td></tr>
</table>

Preconditions for July 2017 Fiscal Period Earnings Forecast

<table>
<tr><th>Item</th><th>Preconditions</th></tr>
<tr><td>Period</td><td>• February 1, 2017 – July 31, 2017 (181 days)</td></tr>
<tr><td>Portfolio Assets</td><td>• 19 assets in total. The forecast assumes there will be no additional acquisitions or sales through July 2017.
• The number of assets may change due to acquisitions or sales.</td></tr>
<tr><td>Operating Revenue</td><td>Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as tenant trends and market conditions.[1]

<u>Forecast Operating Performance</u>

<table>
<tr><th></th><th>July 2017 Fiscal Period</th></tr>
<tr><td>Occupancy[2]</td><td>89.1%</td></tr>
<tr><td>ADR[3]</td><td>8,041 yen</td></tr>
</table>
[1] The forecast rental income assumes tenants will fully pay their contractual rents without delays or default.
[2] Occupancy is calculated with the following formula:
Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms x number of days hotel was in operation during the period)
[3] ADR or Average Daily Rate is calculated with the following formula:
ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period

<u>Details of July 2017 Rental Income</u>
(million yen)
<table>
<tr><th>Hotel Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr>
<tr><td>Smile Hotel Kyoto Shijo</td><td>30</td><td>150</td><td>181</td></tr>
<tr><td>Hotel Vista Premio Kyoto</td><td>75</td><td>0</td><td>75</td></tr>
<tr><td>Nest Hotel Sapporo Ekimae</td><td>31</td><td>68</td><td>99</td></tr>
<tr><td>Chisun Inn Osaka Hommachi</td><td>35</td><td>39</td><td>74</td></tr>
<tr><td>Comfort Hotel Hamamatsu</td><td>55</td><td>0</td><td>55</td></tr>
<tr><td>Nest Hotel Sapporo Odori</td><td>23</td><td>56</td><td>80</td></tr>
<tr><td>Valie Hotel Tenjin</td><td>21</td><td>42</td><td>64</td></tr>
<tr><td>Nest Hotel Osaka Shinsaibashi</td><td>64</td><td>145</td><td>210</td></tr>
<tr><td>Comfort Hotel Central International Airport</td><td>151</td><td>0</td><td>151</td></tr>
<tr><td>Smile Hotel Tokyo Asagaya</td><td>30</td><td>63</td><td>93</td></tr>
<tr><td>Nest Hotel Naha</td><td>41</td><td>69</td><td>111</td></tr>
<tr><td>Smile Hotel Asakusa</td><td>15</td><td>37</td><td>53</td></tr>
<tr><td>Nest Hotel Matsuyama</td><td>35</td><td>43</td><td>79</td></tr>
<tr><td>Comfort Hotel Okayama</td><td>45</td><td>0</td><td>45</td></tr>
<tr><td>Comfort Hotel Kushiro</td><td>18</td><td>0</td><td>18</td></tr>
<tr><td>Comfort Hotel Suzuka</td><td>15</td><td>0</td><td>15</td></tr>
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<tr><td>Other[1](Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki)</td><td>150</td><td>21</td><td>171</td></tr>
<tr><td>Retail[2] (Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya)</td><td>32</td><td>0</td><td>32</td></tr>
<tr><td>Total</td><td>873</td><td>738</td><td>1,612</td></tr>
</table>
[1] Figures for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.
[2] Figures for retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya are included in “Retail.”
</td></tr>
<tr><td>Operating Expenses</td><td>• Depreciation: 280 million yen. Depreciation has been calculated using the straight-line method.
• Property and city planning taxes: 98 million yen.
• Building maintenance and repair expenses are based on what Ichigo Investment Advisors Co., Ltd., the asset management company of Ichigo Hotel REIT, estimates will be necessary for each asset 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 REIT’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.</td></tr>
<tr><td>Non-Operating Expenses</td><td>• Interest expenses and other borrowing-related expenses: 150 million yen.
• Amortization of expenses related to the establishment of Ichigo Hotel REIT and to new share issuance: 26 million yen.</td></tr>
<tr><td>Borrowings</td><td>• Total borrowings: 19,500 million yen as of July 2017</td></tr>
<tr><td>Number of Shares</td><td>• 257,584 shares issued and outstanding as of September 14, 2016. The forecast assumes there will be no additional new issuance of shares through July 2017. (The forecast number of shares outstanding is slightly less for the July 2017 fiscal period than for the January 2017 fiscal period, because the over-allotment issuance to the underwriter (Greenshoe) completed in September 2016 ended up being less than the maximum of 5,800 shares.)</td></tr>
<tr><td>Dividend per Share</td><td>• The dividend forecast assumes that distributions will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT’s Articles of Incorporation.
• The dividend per share is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with tenant turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.</td></tr>
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</table>

Financial Statements

(1) Balance Sheet

(Thousand yen)

	January 2016 (as of January 31, 2016)	July 2016 (as of July 31, 2016)
Assets		
Current assets		
Cash and cash equivalents	992,622	1,688,640
Cash and cash equivalents in trust	533,849	802,331
Accounts receivable	42,432	106,358
Prepaid expenses	57,801	49,207
Consumption taxes receivable	521,086	0
Other	11,922	0
Total current assets	2,159,714	2,646,537
Fixed assets		
Property, plant, and equipment		
Buildings	6,170,044	6,218,644
Accumulated depreciation	-49,963	-150,008
Buildings, net	6,120,081	6,068,636
Structures	0	1,816
Accumulated depreciation	0	-20
Structures, net	0	1,795
Machinery and equipment	2,220	2,220
Accumulated depreciation	-23	-163
Machinery and equipment, net	2,196	2,056
Fixtures	5,275	24,644
Accumulated depreciation	-88	-1,198
Fixtures, net	5,187	23,445
Land	14,515,032	14,515,032
Total property, plant, and equipment	20,642,497	20,610,966
Investments and other assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	147,228	123,552
Investments and other assets, net	157,228	133,552
Total fixed assets	20,799,725	20,744,519
Capitalized expenses		
Expenses related to REIT establishment	45,799	40,710
Share issuance expenses	65,920	54,752
Total deferred assets	111,720	95,463
Total assets	23,071,160	23,486,520

(Thousand yen)

	January 2016 (as of January 31, 2016)	July 2016 (as of July 31, 2016)
Liabilities		
Current liabilities		
Accounts payable	40,555	43,116
Accounts payable – other	24,752	79,730
Accrued expenses	14,111	634
Income taxes payable, etc.	937	903
Consumption taxes payable, etc.	0	44,449
Advances received	28,256	28,989
Other	225	292
Total current liabilities	108,839	198,116
Noncurrent liabilities		
Long-term loans payable	8,500,000	8,500,000
Tenant leasehold and security deposits	251,111	251,111
Total noncurrent liabilities	8,751,111	8,751,111
Total liabilities	8,859,951	8,949,228
Net assets		
Shareholders' equity		
Shareholders' capital	14,145,932	14,145,932
Surplus		
Unappropriated retained earnings	65,276	391,360
Total surplus	65,276	391,360
Total shareholders' equity	14,211,208	14,537,292
Total net assets	14,211,208	14,537,292
Total liabilities and net assets	23,071,160	23,486,520

(2) Income Statement

(Thousand yen)

	January 2016 (July 22, 2015 to January 31, 2016)	July 2016 (February 1, 2016 to July 31, 2016)
Operating revenue		
Rental income	192,936	763,534
Other rental income	5,013	11,424
Total operating revenue	197,950	774,959
Operating expenses		
Rental expenses	67,669	176,559
Asset management fees	16,915	89,977
Asset custody fees	1,119	1,730
Administrative service fees	2,853	5,445
Directors' compensation	4,425	4,200
Other operating expenses	2,225	24,271
Total operating expenses	95,210	302,184
Operating profit	102,740	472,774
Non-operating income		
Interest income	0	93
Interest on tax refund	0	1,104
Miscellaneous income	0	0
Total non-operating income	0	1,198
Non-operating expenses		
Interest expenses	14,111	39,105
Borrowing-related expenses	12,626	25,675
Amortization of expenses related to REIT establishment	5,085	5,088
Amortization of share issuance expenses	4,702	11,867
Miscellaneous loss	0	1
Total non-operating expenses	36,525	81,738
Recurring profit	66,214	392,234
Pre-tax income	66,214	392,234
Income taxes – current	937	917
Total income taxes	937	917
Net income	65,276	391,316
Retained earnings brought forward	0	43
Unappropriated retained earnings	65,276	391,360

(3) Statement of Shareholders' Equity

Previous Period (January 2016)

(Thousand yen)

	Shareholders' equity				Net assets
	Shareholders' capital	Surplus		Total shareholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at start of the period	0	0	0	0	0
Changes during the period					
Issuance of new shares	14,145,932			14,145,932	14,145,932
Dividends		0	0	0	0
Net income		65,276	65,276	65,276	65,276
Total changes during the period	14,145,932	65,276	65,276	14,211,208	14,211,208
Balance at end of the period	14,145,932	65,276	65,276	14,211,208	14,211,208

Current Period (July 2016)

(Thousand yen)

	Shareholders' equity				Net assets
	Shareholders' capital	Surplus		Total shareholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at start of the period	14,145,932	65,276	65,276	14,211,208	14,211,208
Changes during the period					
Dividends		-65,233	-65,233	-65,233	-65,233
Net income		391,316	391,316	391,316	391,316
Total changes during the period	0	326,083	326,083	326,083	326,083
Balance at end of the period	14,145,932	391,360	391,360	14,537,292	14,537,292

(4) Cash Flow Statement

(Thousand yen)

	January 2016 (July 22, 2015 to January 31, 2016)	July 2016 (February 1, 2016 to July 31, 2016)
Cash flows from operating activities		
Pre-tax income	66,214	392,234
Depreciation expense	50,074	101,315
Amortization of expenses related to REIT establishment	5,085	5,088
Amortization of share issuance expenses	4,702	11,867
Interest income	0	-93
Interest expenses	14,111	39,105
Decrease (increase) in accounts receivable – short-term	-42,432	-63,925
Decrease (increase) in consumption taxes receivable	-521,086	521,086
Decrease (increase) in prepaid expenses	-57,801	8,593
Decrease (increase) in long-term prepaid expenses	-147,228	23,675
Increase (decrease) in accrued consumption taxes	0	44,449
Increase (decrease) in accounts payable – short-term	15,118	-6,150
Increase (decrease) in accounts payable	24,752	54,978
Increase (decrease) in advances received	28,256	732
Other, net	-11,696	11,696
Subtotal	-571,928	1,144,655
Interest income received	0	93
Interest expenses paid	0	-52,581
Income taxes paid	0	-951
Net cash generated by (used in) operating activities	-571,928	1,091,215
Cash flows from investment activities		
Purchase of property, plant, and equipment	-20,667,134	-61,074
Increase in tenant leasehold and security deposits	251,111	0
Payments of security deposits	-10,000	0
Expenses related to REIT establishment	-50,885	0
Net cash generated by (used in) investment activities	-20,476,908	-61,074
Cash flows from financing activities		
Increase in long-term borrowings	8,500,000	0
Dividends paid	0	-64,940
Proceeds from share issuance	14,075,308	0
Expenses related to share issuance	0	-700
Net cash generated by (used in) financing activities	22,575,308	-65,640
Net increase (decrease) in cash and cash equivalents	1,526,471	964,500
Cash and cash equivalents at beginning of the period	0	1,526,471
Cash and cash equivalents at end of the period	1,526,471	2,490,972

Material Matters after Closing of the Fiscal Period

1. New Share Issuance

Issuance of New Shares through Public Offering

Number of shares issued	:	115,800 shares
Issue price (offer price)	:	154,537 yen per share
Total issue amount (total offer amount)	:	17,895,384,600 yen
Paid-in amount (issue amount)	:	149,068 yen per share
Total paid-in amount	:	17,262,074,400 yen
Payment date	:	August 16, 2016

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

Number of shares issued	:	3,284 shares
Paid-in amount (issue amount)	:	149,068 yen
Total paid-in amount (total issue amount)	:	489,539,312 yen
Payment date	:	September 13, 2016
Allottee	:	SMBC Nikko Securities Inc.

2. Asset Acquisitions

The following assets were acquired in accordance with the guidelines specified in Ichigo Hotel REIT's Articles of Incorporation.

Nest Hotel Osaka Shinsaibashi

Acquisition Price	7,600,000,000 yen
Location	2-4-10 Minamisenba, Chuo-ku, Osaka City, Osaka
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Nishi Nihon Holdings GK

Comfort Hotel Central International Airport

Acquisition Price	5,308,000,000 yen
Location	4-2-3 Centrair, Tokoname City, Aichi
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Smile Hotel Tokyo Asagaya

Acquisition Price	3,910,000,000 yen
Location	3-37-11 Asagaya-minami, Suginami-ku, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

(Note) Acquisition price is the transaction price of the trust beneficiary interest (juekiken) itself and does not include any fees or applicable property, city planning, and consumption taxes.

Nest Hotel Naha

Acquisition Price	3,750,000,000 yen
Location	1-6-1 Nishi, Naha City, Okinawa
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Smile Hotel Asakusa

Acquisition Price	1,920,000,000 yen
Location	6-35-8 Asakusa, Taito-ku, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Nest Hotel Matsuyama

Acquisition Price	1,610,000,000 yen
Location	1-7-1 Niban-cho, Matsuyama City, Ehime
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Hotel Livemax Nihombashi-Hakozaki

Acquisition Price	1,360,000,000 yen
Location	29-5 Nihombashi-Hakozakicho, Chuo-ku, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Comfort Hotel Okayama

Acquisition Price	1,200,000,000 yen
Location	1-1-13 Marunouchi, Kita-ku, Okayama City, Okayama
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Comfort Hotel Kushiro

Acquisition Price	300,000,000 yen
Location	13-1-1 Kita-odori, Kushiro City, Hokkaido
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

Comfort Hotel Suzuka

Acquisition Price	300,000,000 yen
Location	14-26, Shiroko-Ekimae, Suzuka City, Mie
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 22, 2016
Closing Date	August 17, 2016
Seller	Shinsaibashi Jisho GK

3. New Loans

Ichigo Hotel REIT made the following borrowings to fund the above asset acquisitions.

Loan Date	Lender	Loan Amount (thousand yen)	Interest Rate	Maturity Date	Payment Method	Collateral/ Guarantee
August 17, 2016	SMBC	750,000	1M JPY TIBOR +0.55%	February 29, 2020	Lump sum payment on Maturity	None/ None
	Mizuho Bank	650,000				
	Shinsei Bank	200,000				
	Resona Bank	200,000				
	Bank of Fukuoka	100,000				
	Nishi-Nippon City Bank	100,000				
Total		2,000,000				

Loan Date	Lender	Loan Amount (thousand yen)	Interest Rate	Maturity Date	Payment Method	Collateral/ Guarantee
August 17, 2016	SMBC	1,750,000	1M JPY TIBOR +0.75% (Note)	February 28, 2023	Lump sum payment on Maturity	None/ None
	Mizuho Bank	1,400,000				
	Shinsei Bank	450,000				
	Resona Bank	500,000				
	Bank of Fukuoka	200,000				
	Nishi-Nippon City Bank	200,000				
Total		4,500,000				

(Note) An interest rate swap agreement exists to hedge against a rise in interest rates. As a result, the effective interest rate has been fixed at 0.9075%.

Loan Date	Lender	Loan Amount (thousand yen)	Interest Rate	Maturity Date	Payment Method	Collateral/ Guarantee
August 17, 2016	SMBC	1,750,000	1M JPY TIBOR +0.80% (Note)	August 31, 2023	Lump sum payment on Maturity	None/ None
	Mizuho Bank	1,400,000				
	Shinsei Bank	450,000				
	Resona Bank	500,000				
	Bank of Fukuoka	200,000				
	Nishi-Nippon City Bank	200,000				
Total		4,500,000				

(Note) An interest rate swap agreement exists to hedge against a rise in interest rates. As a result, the effective interest rate has been fixed at 0.985%.

4. Earnings Forecasts

Earnings Forecast for the January 2017 Fiscal Period (August 1, 2016 - January 31, 2017)

For details on preconditions, please refer to the “Preconditions for January 2017 Fiscal Period Earnings Forecast” on page 4.

Major factors of variation are as follows:

Increase in Operating Revenue
Increase in rental income due to newly-acquired assets in August 2016

Increase in Operating Expenses
Increase in rental expenses due to newly-acquired assets in August 2016

Increase in Non-Operating Expense
Increase in interest expenses, borrowing-related expenses, and amortization of share issuance expenses due to asset acquisitions in August 2016 using funds procured via new loans and a public offering.

January 2017 Fiscal Period (August 1, 2016 - January 31, 2017)

Operating Revenue	1,547 mm yen
Operating Profit	933 mm yen
Recurring Profit	759 mm yen
Net Income	758 mm yen
Dividend per Share	2,917 yen
Dividends in excess of earnings	0 yen

(Note) The above forecast is based on the preconditions on pages 4-5.

Earnings Forecast for the July 2017 Fiscal Period (February 1, 2017 - July 31, 2017)

For details on preconditions, please refer to the “Preconditions for July 2017 Fiscal Period Earnings Forecast” on page 6.

Major factors of variation are as follows:

Increase in Operating Revenue
Increase in variable rent due to seasonal trends

Increase in Operating Expenses
Increase in rental expenses (property and city planning taxes for newly-acquired assets in August 2016)

July 2017 Fiscal Period (February 1, 2017 - July 31, 2017)

Operating Revenue	1,638 mm yen
Operating Profit	909 mm yen
Recurring Profit	732 mm yen
Net Income	731 mm yen
Dividend per Share	2,838 yen
Dividends in excess of earnings	0 yen

(Note) The above forecast is based on the preconditions on pages 6-7.

Details of Rental Income

(thousand yen)

		Previous Period July 22, 2015 – January 31, 2016	Current Period February 1, 2016 – July 31, 2016
A	Real Estate Rental Income		
	Real Estate Rental Income	192,936	763,534
	Other Rental Income		
	Utilities Income	5,013	11,173
	Other	0	250
	Total Other Rental Income	5,013	11,424
	Total Income	197,950	774,959
B	Real Estate Rental Expenses		
	Rental Expenses		
	Outsourcing Fees	3,091	6,594
	Utilities	5,013	11,173
	Trust Fees	1,121	3,250
	Depreciation expense	50,074	101,315
	Repair Expenses	1,990	4,197
	Property and City Planning Taxes	0	48,189
	Insurance	385	1,113
	Other Expenses	5,992	723
	Total Expenses	67,669	176,559
C	Net Rental Income (A-B)	130,280	598,399

Notes to Derivative Transactions

1. Non-Hedge Accounting
   N/A

2. Hedge Accounting

Previous Fiscal Period (January 2016)

(thousand yen)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special Treatment of Interest Rate Swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	5,250,000	5,250,000	Note	—

Current Fiscal Period (July 2016)

(thousand yen)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special treatment of interest rate swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	5,250,000	5,250,000	Note	—

(Note) Swaps accounted under the Special Treatment of Interest Rate Swap method are accounted together with the hedging target (in this case, a long-term loan), and therefore their market values are included in balance sheet as part of Long-Term Loans.

Major Tenants (Hotel Operators)

Previous Fiscal Period (January 2016)

(thousand yen)

Name	Ichigo Hotel REIT Operating Revenue
K.K. Hospitality Operations	34,879
Vista Hotel Management Co., Ltd	35,722
Nest Hotel Japan	31,286
Forbes Co., Ltd.	26,341

Current Fiscal Period (July 2016)

(thousand yen)

Name	Ichigo Hotel REIT Operating Revenue
Nest Hotel Japan	179,621
K.K. Hospitality Operations	179,248
Vista Hotel Management Co., Ltd	106,273
Forbes Co., Ltd.	77,999

New Share Issuance

Date	Method	Total Number of Shares		Issue Amount (million yen)	
		Issued	Outstanding	Change	Total
July 22, 2015	REIT Establishment	3,000	3,000	300	300
November 27, 2015	Initial Public Offering	129,000	132,000	13,181	13,481
December 22, 2015	Third-Party Allotment to Underwriter (Greenshoe)	6,500	138,500	664	14,145

(Note 1) Upon establishment of this REIT, shares were issued at a per share price of JPY 100,000.

(Note 2) New shares were issued via public offering at a per share price of JPY 106,000 (issue amount JPY 102,184) to procure funds for asset acquisitions.

(Note 3) New shares were issued via third-party allotment at an issue amount of JPY 102,184 to procure funds to repay debt.

Portfolio Information

Portfolio Composition by Region

	Region	July 2016 Fiscal Period	
		Total Acquisition Price (million yen)	% of Total
Trust beneficiary interest in real estate (juekiken)	Hokkaido & Tohoku	3,660	15.6
	Hokuriku & Tokai	4,242	18.1
	Kinki	11,282	48.0
	Kyushu & Okinawa	1,425	6.1
Subtotal		20,610	87.8
Deposits/Other Assets		2,875	12.2
Total Assets		23,486	100.0

Hokkaido & Tohoku: Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, & Fukushima Prefectures
Hokuriku & Tokai: Toyama, Ishikawa, Fukui, Gifu, Shizuoka, Aichi, and Mie Prefectures
Kinki: Osaka, Hyogo, Kyoto, Shiga, Nara, and Wakayama Prefectures
Kyushu & Okinawa: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa Prefectures

Hotel Acquisition Price, Book Value, Appraisal Value, and Portfolio Weighting

(as of July 31, 2016)

Asset No.	Hotel Name	Acquisition Price (million yen)	Book Value (million yen)	Appraisal Value (million yen)	Portfolio Weighting (%)	Collateralized
001	Smile Hotel Kyoto Shijo	4,480	4,513	4,760	22.0	No
002	Hotel Vista Premio Kyoto	3,600	3,625	3,860	17.6	No
003	Hotel Wing International Nagoya	2,670	2,692	2,810	13.1	No
004	Nest Hotel Sapporo Ekimae	2,160	2,176	2,260	10.6	No
005	Chisun Inn Osaka Hommachi	1,630	1,648	1,780	8.0	No
006	Comfort Hotel Hamamatsu	1,550	1,549	1,670	7.6	No
007	Hotel Suave Kobe Asuta	1,490	1,494	1,620	7.3	No
008	Nest Hotel Sapporo Odori	1,450	1,484	1,510	7.1	No
009	Valie Hotel Tenjin	1,380	1,425	1,900	6.8	No
Total		20,410	20,610	22,170	100.0	

Hotel Location, Rent, Occupancy, and Structural Details

(as of July 31, 2016)

Hotel Type	Asset No.	Hotel Name	Location	Land Area (㎡)	Total Floor Area (㎡)	Construction Date	Fixed Rent p.a. (mm yen)	Total Leased Area (㎡)	Total Leasable Area (㎡)	Occupancy (%)	No. of Tenants	Total No. of Guest Rooms
Stay - Only	001	Smile Hotel Kyoto Shijo	Kyoto	662.83	4,891.84	Jan 1991	61	4,891.84	4,891.84	100.0	1	138
	002	Hotel Vista Premio Kyoto	Kyoto	1,004.91	3,867.66	Jun 2008	150	3,867.66	3,867.66	100.0	3	84
	003	Hotel Wing International Nagoya	Nagoya	603.37	5,255.66	Oct 1984	Not Disclosed	5,255.66	5,255.66	100.0	1	220
	004	Nest Hotel Sapporo Ekimae	Sapporo	897.96	5,734.93	Jun 1984	63	5,734.93	5,734.93	100.0	1	162
	005	Chisun Inn Osaka Hommachi	Osaka	596.21	3,568.32	Oct 1982	72	3,690.00	3,690.00	100.0	2	130
	006	Comfort Hotel Hamamatsu	Hamamatsu, Shizuoka	835.12	4,173.92	Sep 2009	110	4,173.92	4,173.92	100.0	1	196
	007	Hotel Suave Kobe Asuta	Kobe	838.88	4,540.90	Jan 2008	Not Disclosed	4,633.16	4,633.16	100.0	1	133
	008	Nest Hotel Sapporo Odori	Sapporo	811.69	5,634.88	Aug 1992	47	5,638.78	5,638.78	100.0	1	117
	009	Valie Hotel Tenjin	Fukuoka	788.62	1,910.94	Mar 1994	38	1,910.94	1,910.94	100.0	1	77
Total/Average			—	7,039.59	39,579.05	—	771	39,796.89	39,796.89	100.0	12	1,257

Appraisal Data

(as of July 31, 2016)

Hotel Type	Asset No.	Asset Name	Appraiser	Appraisal Value (mm yen)	Value via Cost Approach (mm yen)	Value (mm yen)						Appraisal NOI yield (%)	Post-Depreciation NOI yield (%)
						Value by Direct Capitalization Method	Cap Rate (%)	Value via DCF Method	Discount Rate (%)	Terminal Cap Rate (%)	Appraisal NOI (thousand yen)		
Stay - Only	001	Smile Hotel Kyoto Shijo	The Tanizawa Sogo Appraisal Co., Ltd.	4,760	4,460	4,840	4.9	4,730	5.0	5.1	254,424	5.7	5.0
	002	Hotel Vista Premio Kyoto	Daiwa Real Estate Appraisal Co., Ltd.	3,860	3,350	3,910	4.5	3,840	4.3	4.7	180,263	5.0	4.3
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,810	2,200	2,840	5.1	2,790	4.9	5.3	157,983	5.9	5.3
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,260	958	2,270	5.6	2,260	5.4	5.8	149,048	6.9	5.8
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,780	1,240	1,800	4.6	1,770	4.4	4.8	90,799	5.6	5.1
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,670	1,520	1,670	5.7	1,670	5.7	5.9	98,835	6.4	4.5
	007	Hotel Suave Kobe Asuta	The Tanizawa Sogo Appraisal Co., Ltd.	1,620	1,540	1,650	5.2	1,600	5.1 (1st-2nd year) 5.3 (3rd year on)	5.4	90,697	6.1	4.4
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,510	1,140	1,500	5.5	1,520	5.3	5.7	100,002	6.9	4.8
	009	Valie Hotel Tenjin	Japan Real Estate Institute	1,900	1,120	1,920	4.6	1,870	4.4	4.8	96,341	7.0	5.9
Total/Average				22,170	17,528	22,400	-	22,050	-	-	1,218,396	6.0	5.0

Major Tenant Data (Hotel Operators)

Tenant Name	Industry	Hotel	Fixed Rent in Jul 2016 Fiscal Period		Total Leased Area	
			(mm yen)	Ratio (%)	(m^2)	Ratio (%)
Nest Hotel Japan	Hotel Operation	Nest Hotel Sapporo Ekimae Nest Hotel Sapporo Odori	54	14.2	11,373.71	28.6
Forbes co., Ltd.	Hotel Operation	Hotel Wing International Nagoya	Not Disclosed (Note)	-	5,255.66	13.2
K.K. Hospitality Operations	Hotel Operation	Smile Hotel Kyoto Shijo	30	7.8	4,891.84	12.3
Y.K. Hotel Tetora	Hotel Operation	Hotel Suave Kobe Asuta	Not Disclosed (Note)	-	4,633.16	11.6
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu	55	14.3	4,173.92	10.5

(Note) Covers tenants occupying more than 10% of total leasable area. Two tenants did not provide consent to disclose rent data.

Individual Hotel Financials

(thousand yen)

Asset No.	Total	001	002	004	005	006	008
Hotel		Smile Hotel Kyoto Shijo	Hotel Vista Premio Kyoto	Nest Hotel Sapporo Ekimae	Chisun Inn Osaka Hommachi	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori
(A) Rental Income	774,959	179,248	75,000	99,628	57,787	55,571	79,993
Fixed Rent	387,253	30,331	75,000	31,129	36,000	55,361	23,766
Variable Rent	351,895	148,916	－	68,498	21,787	－	55,776
Other Rent	35,810	－	－	－	－	209	450
(B) Rental Expenses	75,243	6,420	9,536	7,640	4,632	5,526	11,081
Outsourcing Fees	6,594	600	1,475	600	915	600	600
Insurance	1,113	159	107	155	105	101	164
Repair Expenses	4,197	510	661	910	112	200	1,468
Taxes	48,189	4,783	6,875	5,113	3,131	4,362	8,308
Other Expenses	15,147	367	418	861	368	263	540
(C) NOI (A)-(B)	699,715	172,827	65,463	91,987	53,155	50,044	68,911
(D) Depreciation	101,315	15,288	12,337	11,951	4,184	14,298	15,135
(E) Net Rental Income (C)-(D)	598,399	157,539	53,126	80,036	48,970	35,746	53,776

(thousand yen)

Asset No.	009	
Asset Name	Valie Hotel Tenjin	Other
(A) Rental Income	61,227	166,503
Fixed Rent	21,664	114,000
Variable Rent	39,563	17,352
Other Rent	－	35,151
(B) Rental Expenses	4,513	25,891
Outsourcing Fees	600	1,204
Insurance	56	263
Repair Expenses	276	60
Taxes	3,212	12,403
Other Expenses	368	11,960
(C) NOI (A)-(B)	56,713	140,611
(D) Depreciation	7,774	20,345
(E) Net Rental Income (C)-(D)	48,938	120,266

(Note) Hotel operator rents for Hotel Wing International Nagoya and Hotel Suave Kobe Asuta, and retail rents for Hotel Vista Premio Kyoto and Chisun Inn Osaka Hommachi are included in Other, as the tenants did not provide consent to disclose the data. Hotel Wing International Nagoya NOI and depreciation are 70,684 thousand yen and 7,651 thousand yen, respectively. Hotel Suave Kobe Asuta NOI and depreciation are 46,596 thousand yen and 12,693 thousand yen, respectively.

Individual Hotel Operating Results

01 Smile Hotel Kyoto Shijo

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	100.2	100.3	100.1	100.0	100.2	100.0	100.3	100.2	100.1	100.1	100.1	100.0	100.1
ADR (yen)	11,190	11,199	15,014	20,892	9,901	6,604	7,879	13,381	18,178	11,838	8,793	9,906	12,057
RevPAR (yen)	11,213	11,234	15,032	20,902	9,917	6,606	7,898	13,403	18,187	11,849	8,799	9,908	12,072
Revenue (mm yen)	50	49	67	89	45	30	34	60	78	53	39	45	638
GOP (mm yen)	31	30	47	68	25	13	18	42	58	37	22	30	421

002 Hotel Vista Premio Kyoto

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	93.8	93.1	93.2	95.1	85.3	80.1	88.4	94.4	93.8	93.4	88.4	87.6	90.5
ADR (yen)	11,839	11,685	13,809	19,606	12,521	10,487	10,793	15,092	17,500	13,696	10,745	12,969	13,474
RevPAR (yen)	11,107	10,883	12,865	18,649	10,675	8,405	9,544	14,251	16,410	12,786	9,500	11,365	12,200
Revenue (mm yen)	31	29	36	49	29	23	25	39	44	36	26	32	400
GOP (mm yen)	-	-	-	-	-	-	-	-	-	-	-	-	-

(Note) The tenant did not give consent to disclose information on GOP.

003 Hotel Wing International Nagoya

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	93.8	87.1	97.6	100.1	98.2	90.2	76.6	78.1	90.2
ADR (yen)	-	-	-	-	5,839	5,222	5,650	6,230	6,069	6,116	5,451	5,817	5,817
RevPAR (yen)	-	-	-	-	5,475	4,549	5,514	6,236	5,962	5,519	4,175	4,544	5,246
Revenue (mm yen)	45	44	47	44	42	36	41	48	45	42	32	35	501
GOP (mm yen)	-	-	-	-	-	-	-	-	-	-	-	-	-

(Note) The tenant did not give consent to disclose information other than revenue prior to December 2015. In addition, the tenant did not give consent to disclose information on GOP.

004 Nest Hotel Sapporo Ekimae

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	98.3	97.9	84.3	77.5	92.5	86.3	98.0	98.5	98.3	98.6	98.2	97.9	93.9
ADR (yen)	11,009	10,448	8,178	6,117	6,750	5,563	10,144	5,834	5,174	7,552	10,242	12,594	8,369
RevPAR (yen)	10,823	10,229	6,893	4,740	6,244	4,799	9,943	5,748	5,086	7,445	10,061	12,336	7,855
Revenue (mm yen)	64	60	47	34	46	34	57	42	37	48	59	74	601
GOP (mm yen)	31	28	15	2	13	5	25	12	10	20	31	42	233

005 Chisun Inn Osaka Hommachi

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	93.5	89.2	92.4	90.3	87.9	91.2	91.0	94.8	89.3	80.4	88.3	90.9	89.9
ADR (yen)	9,368	8,972	9,209	8,962	9,241	8,806	10,115	9,915	10,783	9,416	8,816	9,420	9,417
RevPAR (yen)	8,759	8,006	8,512	8,095	8,127	8,031	9,203	9,400	9,633	7,568	7,785	8,562	8,470
Revenue (mm yen)	35	31	34	32	33	32	35	38	38	30	30	35	403
GOP (mm yen)	-	-	-	-	-	-	-	-	-	-	-	-	-

(Note) The tenant did not provide consent to disclose information on GOP.

006 Comfort Hotel Hamamatsu

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	-	69.8	81.4	88.2	82.3	77.4	79.8	78.5	79.6
ADR (yen)	-	-	-	-	-	5,817	6,057	6,276	6,266	6,444	5,937	6,325	6,169
RevPAR (yen)	-	-	-	-	-	4,061	4,931	5,538	5,156	4,990	4,739	4,967	4,911
Revenue (mm yen)	-	-	-	-	-	25	28	34	30	30	28	30	205
GOP (mm yen)	-	-	-	-	-	-	-	-	-	-	-	-	-

(Note) The tenant did not provide consent to disclose information on operating results prior to January 2016. In addition, the tenant did not provide consent to disclose information on GOP.

007 Hotel Suave Kobe Asuta

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR (yen)	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR (yen)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (mm yen)	-	-	-	-	-	-	-	-	-	-	-	-	-
GOP (mm yen)	-	-	-	-	-	-	-	-	-	-	-	-	-

(Note) The tenant did not provide consent to disclose information on past operating results.

008 Nest Hotel Sapporo Odori

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	96.6	97.0	94.7	84.4	92.8	95.0	96.9	96.9	88.5	97.7	95.2	98.1	94.5
ADR (yen)	14,403	12,979	10,474	7,372	7,964	6,704	12,228	6,672	6,093	8,656	11,456	15,685	10,124
RevPAR (yen)	13,919	12,583	9,919	6,219	7,391	6,367	11,849	6,462	5,392	8,460	10,901	15,387	9,567
Revenue (mm yen)	55	48	40	25	31	27	44	28	23	35	42	60	459
GOP (mm yen)	32	27	20	6	10	7	23	9	6	16	23	37	216

009 Valie Hotel Tenjin

	2015					2016							Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	93.2	91.6	93.0	90.2	85.8	85.0	90.8	91.1	85.2	71.1	78.7	88.1	87.0
ADR (yen)	8,191	9,073	8,743	10,129	9,556	8,434	10,231	9,500	9,191	10,619	8,757	9,756	9,326
RevPAR (yen)	7,642	8,311	8,131	9,133	8,203	7,173	9,291	8,652	7,827	7,554	6,896	8,596	8,112
Revenue (mm yen)	19	20	21	22	21	18	22	22	20	20	17	22	245
GOP (mm yen)	10	12	10	13	11	10	13	13	11	11	9	12	135

(Note) Certain historic data for Hotel Wing International Nagoya, Comfort Hotel Hamamatsu, and Hotel Suave Kobe Asuta are not included, because the hotel operators have not provided consent to disclose the data for certain periods.
ADR = Average Daily Rate
RevPar = Revenue per Available Room
GOP = Gross Operating Profit

Hotel NOI and Portfolio Weighting by Region

Region	Number of Assets	Acquisition Price (mm yen)	Portfolio Weighting (%)	Average Appraisal NOI Yield (%)
Hokkaido & Tohoku	2	3,610	17.7	6.9
Hokuriku & Tokai	2	4,220	20.7	6.1
Kinki	4	11,200	54.9	5.5
Kyushu & Okinawa	1	1,380	6.8	7.0
Total	9	20,410	100.0	6.0

Major Capital Expenditures (>10 Million Yen)

a. Major Capital Expenditures Planned for January 2017 and July 2017 Fiscal Periods

Hotel	Location	Purpose	Timing	Expenditure (mm yen)		
				Total	Amount Paid in July Fiscal Period	Total Amount Already Paid
Smile Hotel Kyoto Shijo	Kyoto	Increase Guest Rooms	Jan 2017	23	—	—
Nest Hotel Sapporo Odori	Sapporo	Increase Guest Rooms	Jan 2017	22	—	—
Hotel Wing International Nagoya	Nagoya	Renovate Bathrooms in All Guest Rooms	Jun-Oct 2016	20	—	—
Smile Hotel Kyoto Shijo	Kyoto	Renovate Lobby	Dec 2016-Jan 2017	15	—	—
Nest Hotel Sapporo Odori	Sapporo	Renovate Mechanical Parking Station	Mar 2017	15	—	—

b. Major Capital Expenditures during the Current Fiscal Period (July 2016)

Hotel	Location	Purpose	Timing	Expenditure (mm yen)		
				Total	Amount Paid in July Fiscal Period	Total Amount Already Paid
Nest Hotel Sapporo Odori	Sapporo	Renovate Guest Rooms	Apr 2016	16	16	16
Nest Hotel Sapporo Odori	Sapporo	Increase Guest Rooms	Jun-Jul 2016	16	—	—
Valie Hotel Tenjin	Fukuoka	Replace Air Conditioning Units	May 2016	13	13	13