Ichigo Preserves and Improves Real Estate

*[Provisional Translation Only]*
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# Ichigo Hotel REIT Operating Results – August 2016

Ichigo Hotel REIT hereby announces its August 2016 operating results:

Total RevPAR, Occupancy, ADR, and Revenue

| | August 2016 (A) | August 2015 (B) | Difference (A-B) | YOY Change |
|---|---|---|---|---|
| RevPAR (JPY) | 7,874 | 7,970 | -97 | -1.2 % |
| Occupancy (%) | 91.0 | 93.4 | -2.5 | -2.6 % |
| ADR (JPY) | 8,655 | 8,530 | +125 | +1.5 % |
| Revenue (JPY million) | 812.0 | 819.4 | -7.4 | -0.9 % |

RevPAR, Occupancy, ADR, and Revenue by Hotel

| | | August 2016 (A) | August 2015 (B) | Difference (A-B) | YOY Change |
|---|---|---|---|---|---|
| Smile Hotel Kyoto Shijo | RevPAR (JPY) | 9,403 | 11,213 | -1,810 | -16.1 % |
| | Occupancy (%) | 100.0 | 100.2 | -0.2 | -0.2 % |
| | ADR (JPY) | 9,401 | 11,190 | -1,789 | -16.0 % |
| | Revenue (JPY million) | 42.5 | 50.3 | -7.8 | -15.5 % |
| Hotel Vista Premio Kyoto | RevPAR (JPY) | 12,201 | 11,107 | +1,095 | +9.9 % |
| | Occupancy (%) | 94.0 | 93.8 | +0.2 | +0.2 % |
| | ADR (JPY) | 12,974 | 11,839 | +1,135 | +9.6 % |
| | Revenue (JPY million) | 34.6 | 30.9 | +3.7 | +12.0 % |
| Hotel Wing International Nagoya | RevPAR (JPY) | 4,690 | | | |
| | Occupancy (%) | 79.7 | | | |
| | ADR (JPY) | 5,882 | | | |
| | Revenue (JPY million) | 36.9 | | | |

| | | August 2016 (A) | August 2015 (B) | Difference (A-B) | YOY Change |
|---|---|---|---|---|---|
| Nest Hotel Sapporo Ekimae | RevPAR (JPY) | 11,320 | 10,823 | +497 | +4.6 % |
| | Occupancy (%) | 98.5 | 98.3 | +0.2 | +0.2 % |
| | ADR (JPY) | 11,494 | 11,009 | +484 | +4.4 % |
| | Revenue (JPY million) | 66.9 | 64.3 | +2.7 | +4.1 % |
| Chisun Inn Osaka Hommachi | RevPAR (JPY) | 8,501 | 8,759 | -258 | -2.9 % |
| | Occupancy (%) | 89.9 | 93.5 | -3.6 | -3.9 % |
| | ADR (JPY) | 9,458 | 9,368 | +91 | +1.0 % |
| | Revenue (JPY million) | 34.3 | 35.3 | -1.0 | -2.9 % |
| Comfort Hotel Hamamatsu | RevPAR (JPY) | 5,673 | | | |
| | Occupancy (%) | 85.7 | | | |
| | ADR (JPY) | 6,620 | | | |
| | Revenue (JPY million) | 34.5 | | | |
| Nest Hotel Sapporo Odori | RevPAR (JPY) | 13,808 | 13,919 | -110 | -0.8 % |
| | Occupancy (%) | 98.7 | 96.6 | +2.1 | +2.2 % |
| | ADR (JPY) | 13,986 | 14,403 | -417 | -2.9 % |
| | Revenue (JPY million) | 54.9 | 55.5 | -0.5 | -1.0 % |
| Valie Hotel Tenjin | RevPAR (JPY) | 8,878 | 7,642 | +1,236 | +16.2 % |
| | Occupancy (%) | 85.7 | 93.2 | -7.5 | -8.1 % |
| | ADR (JPY) | 10,363 | 8,191 | +2,171 | +26.5 % |
| | Revenue (JPY million) | 22.8 | 19.4 | +3.4 | +17.3 % |
| Nest Hotel Osaka Shinsaibashi | RevPAR (JPY) | 8,566 | 9,356 | -791 | -8.4 % |
| | Occupancy (%) | 93.8 | 98.7 | -4.9 | -5.0 % |
| | ADR (JPY) | 9,128 | 9,477 | -348 | -3.7 % |
| | Revenue (JPY million) | 87.6 | 96.2 | -8.6 | -9.0 % |
| Comfort Hotel Central International Airport | RevPAR (JPY) | 8,215 | 8,248 | -33 | -0.4 % |
| | Occupancy (%) | 91.6 | 93.0 | -1.4 | -1.5 % |
| | ADR (JPY) | 8,967 | 8,866 | +101 | +1.1 % |
| | Revenue (JPY million) | 98.7 | 99.7 | -1.0 | -1.0 % |
| Smile Hotel Tokyo Asagaya | RevPAR (JPY) | 7,873 | 8,172 | -299 | -3.7 % |
| | Occupancy (%) | 98.7 | 100.0 | -1.3 | -1.3 % |
| | ADR (JPY) | 7,976 | 8,172 | -196 | -2.4 % |
| | Revenue (JPY million) | 28.1 | 29.5 | -1.4 | -4.6 % |
| Nest Hotel Naha | RevPAR (JPY) | 11,308 | 10,299 | +1,009 | +9.8 % |
| | Occupancy (%) | 95.5 | 95.1 | +0.4 | +0.4 % |
| | ADR (JPY) | 11,840 | 10,825 | +1,015 | +9.4 % |
| | Revenue (JPY million) | 86.2 | 80.2 | +6.0 | +7.5 % |

| | | August 2016 (A) | August 2015 (B) | Difference (A-B) | YOY Change |
|---|---|---|---|---|---|
| Smile Hotel Asakusa | RevPAR (JPY) | 6,727 | 6,667 | +60 | +0.9 % |
| | Occupancy (%) | 93.0 | 98.4 | -5.4 | -5.5 % |
| | ADR (JPY) | 7,235 | 6,774 | +461 | +6.8 % |
| | Revenue (JPY million) | 20.7 | 20.7 | -0.1 | -0.3 % |
| Nest Hotel Matsuyama | RevPAR (JPY) | 5,174 | 4,298 | +876 | +20.4 % |
| | Occupancy (%) | 84.4 | 73.7 | +10.7 | +14.6 % |
| | ADR (JPY) | 6,132 | 5,835 | +296 | +5.1 % |
| | Revenue (JPY million) | 43.3 | 39.0 | +4.3 | +11.0 % |
| Comfort Hotel Okayama | RevPAR (JPY) | 6,705 | 5,419 | +1,286 | +23.7 % |
| | Occupancy (%) | 90.6 | 90.1 | +0.4 | +0.5 % |
| | ADR (JPY) | 7,404 | 6,013 | +1,391 | +23.1 % |
| | Revenue (JPY million) | 45.1 | 34.9 | +10.2 | +29.1 % |
| Comfort Hotel Kushiro | RevPAR (JPY) | 5,900 | 5,880 | +21 | +0.4 % |
| | Occupancy (%) | 89.2 | 93.6 | -4.3 | -4.6 % |
| | ADR (JPY) | 6,611 | 6,284 | +328 | +5.2 % |
| | Revenue (JPY million) | 24.4 | 24.3 | +0.1 | +0.5 % |
| Comfort Hotel Suzuka | RevPAR (JPY) | 6,037 | 5,582 | +455 | +8.2 % |
| | Occupancy (%) | 89.5 | 89.1 | +0.4 | +0.4 % |
| | ADR (JPY) | 6,748 | 6,267 | +481 | +7.7 % |
| | Revenue (JPY million) | 20.0 | 18.4 | +1.6 | +8.6 % |
| Other (Hotel Kobe Suave Asuta & Hotel Livemax Nihonbashi Hakozaki) | RevPAR (JPY) | 4,909 | 6,806 | -1,897 | -27.9 % |
| | Occupancy (%) | 86.2 | 92.7 | -6.6 | -7.1 % |
| | ADR (JPY) | 5,698 | 7,338 | -1,640 | -22.4 % |
| | Revenue (JPY million) | 30.6 | 41.6 | -11.0 | -26.4 % |

Notes:

1. The above data is as provided by the hotel operators or as calculated by Ichigo 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 per the following formula:
   RevPAR = Total revenue from accommodations (excluding restaurant charges and other non-accommodation service fees) / number of available guest rooms.
3. Occupancy is calculated per the following formula:
   Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms * number of days 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 per the following formula:
   ADR = Total revenue from accommodations (excluding restaurant charges and other non-accommodation service fees) / number of guest rooms occupied during the period.
5. Revenue is revenue from accommodations and accommodation-related services only. Rent from retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya is not included.
6. Past data for Hotel Wing International Nagoya and Comfort Hotel Hamamatsu are not included above, as the hotel operators have not given consent to disclose the data.
7. Because the Comfort Hotels (Hamamatsu, Central International Airport, Okayama, Kushiro, and Suzuka) pay fixed rents, changes in their operating results (increases/decreases in RevPAR, etc.) do not impact the rent that Ichigo Hotel REIT receives.
8. Data for Hotel Kobe Suave Asuta and Hotel Livemax Nihonbashi Hakozaki are included in "Other," because the hotel operators did not provide consent to disclose hotel-specific data.
9. With regards to the ten assets newly acquired on August 17, 2016, the above data are the operating results for the full month of August.

Explanation of Changes

RevPAR decreased year-on-year for Smile Hotel Kyoto Shijo, 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 that are scheduled to complete this October.

Value-Add Actions

At Hotel Wing International Nagoya, Ichigo Hotel REIT and its hotel operator partner have been jointly renovating and upgrading the guest rooms since May, with Ichigo Hotel REIT covering the expenses for a new modular bathroom in each guest room. The renovated guest rooms have been made available to guests as soon as each renovation is complete.

While Hotel Wing International Nagoya generates stable revenues owing to occupancy in excess of 90%, these guest room upgrades will support the hotel's competitiveness and profitability over the long term. The renovated guest rooms incorporate modern Japanese design elements that are proving attractive both to the hotel's existing guest base and the increasing number of global tourist visitors coming to Japan. Ichigo Hotel REIT expects to complete all of the room upgrades in early October.

Ichigo Hotel REIT will continue to work closely with its hotel operator partners in carrying out value-add capex that increases guest satisfaction and drives higher earnings.