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Ichigo Hotel REIT Operating Results – September 2016

Ichigo Hotel REIT hereby announces its September 2016 operating results.

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	September 2016 (A)	(Previous) September 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period August 2016－September 2016		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	716.6	764.6	-48.0	-6.3%	1,528.6	-58.3	-3.7%
RevPAR (JPY)	7,133	7,660	-527	-6.9%	7,509	-308	-3.9%
Occupancy (%)	87.3	91.3	-4.0	-4.4%	89.2	-3.2	-3.5%
ADR (JPY)	8,171	8,388	-218	-2.6%	8,422	-40	-0.5%

Hotels with Variable Rents (12 Hotels)

	September 2016 (A)	(Previous) September 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period August 2016－September 2016		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	506.6	519.0	-12.4	-2.4%	1,065.5	-20.5	-1.9%
RevPAR (JPY)	8,088	8,314	-226	-2.7%	8,407	-163	-1.9%
Occupancy (%)	91.5	93.5	-2.0	-2.2%	91.8	-2.4	-2.5%
ADR (JPY)	8,840	8,889	-48	-0.5%	9,155	+58	+0.6%

Hotels with Fixed Rents (7 Hotels)

	September 2016 (A)	(Previous) September 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period August 2016－September 2016		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	210.0	245.5	-35.6	-14.5%	463.2	-37.8	-7.5%
RevPAR (JPY)	5,637	6,636	-999	-15.1%	6,103	-537	-8.1%
Occupancy (%)	80.7	87.8	-7.1	-8.1%	85.0	-4.6	-5.1%
ADR (JPY)	6,982	7,555	-573	-7.6%	7,180	-233	-3.1%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Hotels with Variable Rents (12 Hotels)

		September 2016 (A)	(Previous) September 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period August 2016－September 2016		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	40.8	48.6	-7.8	-16.1%	83.3	-15.6	-15.8%
	RevPAR (JPY)	9,341	11,234	-1,893	-16.8%	9,373	-1,851	-16.5%
	Occupancy (%)	100.1	100.3	-0.2	-0.2%	100.1	-0.2	-0.2%
	ADR (JPY)	9,328	11,199	-1,871	-16.7%	9,365	-1,829	-16.3%
Hotel Vista Premio Kyoto	Revenue (JPY million)	28.7	29.3	-0.5	-1.9%	63.3	+3.2	+5.3%
	RevPAR (JPY)	10,588	10,883	-295	-2.7%	11,408	+411	+3.7%
	Occupancy (%)	91.3	93.1	-1.9	-2.0%	92.7	-0.8	-0.9%
	ADR (JPY)	11,601	11,685	-85	-0.7%	12,309	+545	+4.6%
Hotel Wing International Nagoya	Revenue (JPY million)	32.3				69.1		
	RevPAR (JPY)	4,264				4,481		
	Occupancy (%)	77.2				78.5		
	ADR (JPY)	5,522				5,708		
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	66.7	60.0	+6.7	+11.1%	133.6	+9.3	+7.5%
	RevPAR (JPY)	11,271	10,229	+1,042	+10.2%	11,296	+765	+7.3%
	Occupancy (%)	98.2	97.9	+0.3	+0.3%	98.4	+0.3	+0.3%
	ADR (JPY)	11,474	10,448	+1,026	+9.8%	11,484	+750	+7.0%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	29.5	31.2	-1.7	-5.5%	63.8	-2.7	-4.1%
	RevPAR (JPY)	7,567	8,006	-438	-5.5%	8,042	-347	-4.1%
	Occupancy (%)	89.2	89.2	-0.1	-0.1%	89.5	-1.9	-2.1%
	ADR (JPY)	8,488	8,972	-484	-5.4%	8,983	-195	-2.1%

		September 2016(A)	(Previous) September 2015(B)	Difference (A-B)	YOY Change	Current Fiscal Period August 2016－September 2016		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Odori	Revenue (JPY million)	53.8	48.2	+5.6	+11.5%	108.7	+5.0	+4.8%
	RevPAR (JPY)	13,888	12,583	+1,305	+10.4%	13,848	+586	+4.4%
	Occupancy (%)	98.0	97.0	+1.1	+1.1%	98.4	+1.6	+1.6%
	ADR (JPY)	14,170	12,979	+1,191	+9.2%	14,077	+375	+2.7%
Valie Hotel Tenjin	Revenue (JPY million)	19.5	20.4	-0.9	-4.4%	42.3	+2.5	+6.2%
	RevPAR (JPY)	7,746	8,311	-565	-6.8%	8,321	+350	+4.4%
	Occupancy (%)	84.7	91.6	-6.9	-7.6%	85.2	-7.3	-7.9%
	ADR (JPY)	9,148	9,073	+75	+0.8%	9,769	+1,148	+13.3%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	79.3	81.7	-2.4	-2.9%	166.9	-11.0	-6.2%
	RevPAR (JPY)	7,958	8,166	-208	-2.6%	8,267	-504	-5.7%
	Occupancy (%)	93.3	94.0	-0.8	-0.8%	93.6	-2.9	-3.0%
	ADR (JPY)	8,533	8,686	-152	-1.8%	8,837	-261	-2.9%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	26.2	28.5	-2.3	-8.1%	54.3	-3.7	-6.4%
	RevPAR (JPY)	7,544	8,203	-658	-8.0%	7,711	-476	-5.8%
	Occupancy (%)	98.9	100.0	-1.1	-1.1%	98.8	-1.2	-1.2%
	ADR (JPY)	7,630	8,203	-572	-7.0%	7,806	-381	-4.7%
Nest Hotel Naha	Revenue (JPY million)	69.5	64.7	+4.7	+7.3%	155.7	+10.7	+7.4%
	RevPAR (JPY)	8,982	8,266	+715	+8.7%	10,164	+865	+9.3%
	Occupancy (%)	93.9	91.3	+2.6	+2.9%	94.7	+1.5	+1.6%
	ADR (JPY)	9,567	9,056	+510	+5.6%	10,732	+758	+7.6%
Smile Hotel Asakusa	Revenue (JPY million)	19.6	21.1	-1.5	-6.9%	40.3	-1.5	-3.6%
	RevPAR (JPY)	6,573	7,044	-471	-6.7%	6,651	-201	-2.9%
	Occupancy (%)	95.5	97.2	-1.8	-1.8%	94.2	-3.6	-3.7%
	ADR (JPY)	6,886	7,245	-359	-5.0%	7,061	+57	+0.8%
Nest Hotel Matsuyama	Revenue (JPY million)	40.8	41.6	-0.8	-1.8%	84.2	+3.6	+4.4%
	RevPAR (JPY)	5,030	4,925	+105	+2.1%	5,103	+497	+10.8%
	Occupancy (%)	84.7	77.2	+7.5	+9.7%	84.5	+9.1	+12.1%
	ADR (JPY)	5,938	6,377	-438	-6.9%	6,036	-72	-1.2%

Hotels with Fixed Rents (7 Hotels)

		September 2016 (A)	(Previous) September 2015 (B)	Difference (A-B)	YOY Change	Current Fiscal Period August 2016－September 2016		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	33.2				67.6		
	RevPAR (JPY)	5,638				5,656		
	Occupancy (%)	83.3				84.5		
	ADR (JPY)	6,772				6,693		
Comfort Hotel Central International Airport	Revenue (JPY million)	80.4	93.0	-12.6	-13.5%	179.1	-13.6	-7.1%
	RevPAR (JPY)	6,908	7,959	-1,051	-13.2%	7,572	-534	-6.6%
	Occupancy (%)	80.3	90.5	-10.2	-11.3%	86.0	-5.7	-6.2%
	ADR (JPY)	8,603	8,797	-194	-2.2%	8,800	-32	-0.4%
Comfort Hotel Okayama	Revenue (JPY million)	34.5	35.8	-1.3	-3.7%	79.6	+8.8	+12.5%
	RevPAR (JPY)	5,254	5,736	-482	-8.4%	5,991	+416	+7.5%
	Occupancy (%)	84.2	88.6	-4.4	-5.0%	87.4	-1.9	-2.2%
	ADR (JPY)	6,241	6,474	-233	-3.6%	6,853	+615	+9.9%
Comfort Hotel Kushiro	Revenue (JPY million)	21.8	22.2	-0.4	-1.8%	46.1	-0.3	-0.6%
	RevPAR (JPY)	5,418	5,561	-142	-2.6%	5,663	-60	-1.0%
	Occupancy (%)	87.8	88.3	-0.5	-0.5%	88.5	-2.4	-2.7%
	ADR (JPY)	6,172	6,301	-128	-2.0%	6,397	+106	+1.7%
Comfort Hotel Suzuka	Revenue (JPY million)	12.6	19.4	-6.8	-35.2%	32.5	-5.2	-13.9%
	RevPAR (JPY)	3,863	6,053	-2,190	-36.2%	4,967	-846	-14.5%
	Occupancy (%)	67.5	83.4	-15.8	-19.0%	78.7	-7.6	-8.8%
	ADR (JPY)	5,721	7,260	-1,540	-21.2%	6,314	-425	-6.3%
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihonbashi Hakozaki)	Revenue (JPY million)	27.6	41.1	-13.4	-32.7%	58.2	-24.4	-29.5%
	RevPAR (JPY)	4,822	7,117	-2,295	-32.2%	4,866	-2,093	-30.1%
	Occupancy (%)	77.7	86.4	-8.7	-10.0%	82.0	-7.6	-8.5%
	ADR (JPY)	6,207	8,240	-2,033	-24.7%	5,935	-1,831	-23.6%

Notes:

1. The above data are as provided by the hotel operators or as calculated by Ichigo Investment Advisors based on information provided by the hotel operators. The data have not been audited and thus its accuracy cannot be guaranteed and may not match data disclosed in future Financial Reports.
2. Revenue is revenue from accommodations and related services only. Rent from retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya is not included.

3. RevPAR or Revenue Per Available Room is calculated with the following formula:
   RevPAR = Total Revenue from accommodations (excluding restaurant charges and other service fees) / number of available guest rooms.
4. 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)
   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.
5. 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.
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. Data for two hotels, Hotel Suave Kobe Asuta and Hotel Livemax Nihonbashi Hakozaki, are consolidated under Other, because the hotel operators did not provide consent to disclose hotel-specific data.
8. While Hotel Suave Kobe Asuta's lease contract includes a variable rent clause, such variable rent has never been triggered. Because Ichigo Hotel REIT does not anticipate receiving variable rent at this hotel, it has been classified above as a Fixed Rent hotel.

Explanation of Changes

RevPAR decreased year-on-year for Smile Hotel Kyoto Shijo, Hotel Wing International Nagoya, Comfort Hotel Central International Airport, Comfort Hotel Suzuka, Hotel Suave Kobe Asuta, and Hotel Livemax Nihonbashi Hakozaki. Occupancy temporarily decreased at Hotel Wing International Nagoya due to the unavailability of guest rooms during renovations that completed this month.

Value-Add Actions

Ichigo Hotel REIT completed renovations of the lobby and guest rooms at Hotel Wing International Nagoya, as announced in the September 26, 2016 release "Ichigo Hotel REIT Operating Results - August 2016."

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.

Hotel Wing International Nagoya Renovations

Before	After
Single Room	
	
Twin Room	
	
After	**After**
Hotel Lobby	Modular Bathroom
	