*[Provisional Translation Only]*
*This English translation of the original Japanese document is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*

December 26, 2016

Issuer
**Ichigo Hotel REIT Investment Corporation (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: Wataru Orii, President
Inquiries: Hiroto Tajitsu, Head of Administration
Tel: +81-3-3502-4892

# Ichigo Hotel REIT Operating Results – November 2016

Ichigo Hotel REIT hereby announces its November 2016 operating results.

## Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

| | November 2016 (A) | (Previous) November 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – November 2016 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Cumulative | YOY Difference | YOY Change |
| Revenue (JPY million) | 758.9 | 775.4 | -16.5 | -2.1% | 3,078.9 | -76.0 | -2.4% |
| RevPAR (JPY) | 7,506 | 7,722 | -216 | -2.8% | 7,527 | -206 | -2.7% |
| Occupancy (%) | 88.8 | 89.1 | -0.3 | -0.4% | 89.3 | -2.0 | -2.2% |
| ADR (JPY) | 8,453 | 8,665 | -213 | -2.5% | 8,434 | -40 | -0.5% |

Variable Rent Hotels (12 Hotels)

| | November 2016 (A) | (Previous) November 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – November 2016 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Cumulative | YOY Difference | YOY Change |
| Revenue (JPY million) | 551.9 | 548.6 | +3.3 | +0.6% | 2,180.2 | -8.1 | -0.4% |
| RevPAR (JPY) | 8,754 | 8,733 | +21 | +0.2% | 8,549 | -29 | -0.3% |
| Occupancy (%) | 93.0 | 90.6 | +2.4 | +2.7% | 92.5 | -0.4 | -0.4% |
| ADR (JPY) | 9,412 | 9,642 | -230 | -2.4% | 9,237 | +6 | +0.1% |

Fixed Rent Hotels (7 Hotels)

| | November 2016 (A) | (Previous) November 2015(B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – November 2016 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Cumulative | YOY Difference | YOY Change |
| Revenue (JPY million) | 207.0 | 226.9 | -19.9 | -8.8% | 898.8 | -67.9 | -7.0% |
| RevPAR (JPY) | 5,548 | 6,140 | -591 | -9.6% | 5,926 | -486 | -7.6% |
| Occupancy (%) | 82.2 | 86.8 | -4.6 | -5.3% | 84.1 | -4.6 | -5.2% |
| ADR (JPY) | 6,750 | 7,070 | -320 | -4.5% | 7,048 | -184 | -2.5% |

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

| | | November 2016 (A) | (Previous) November 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – November 2016 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Cumulative | YOY Difference | YOY Change |
| Smile Hotel Kyoto Shijo | Revenue (JPY million) | 77.1 | 89.4 | -12.2 | -13.7% | 218.9 | -36.5 | -14.3% |
| | RevPAR (JPY) | 17,950 | 20,902 | -2,952 | -14.1% | 12,411 | -2,160 | -14.8% |
| | Occupancy (%) | 100.0 | 100.0 | -0.1 | -0.1% | 100.1 | -0.1 | -0.1% |
| | ADR (JPY) | 17,955 | 20,892 | -2,938 | -14.1% | 12,404 | -2,142 | -14.7% |
| Hotel Vista Premio Kyoto | Revenue (JPY million) | 50.8 | 49.3 | +1.6 | +3.2% | 154.5 | +8.9 | +6.1% |
| | RevPAR (JPY) | 19,201 | 18,649 | +551 | +3.0% | 14,058 | +705 | +5.3% |
| | Occupancy (%) | 94.9 | 95.1 | -0.2 | -0.3% | 93.4 | -0.4 | -0.4% |
| | ADR (JPY) | 20,237 | 19,606 | +630 | +3.2% | 15,046 | +811 | +5.7% |
| Hotel Wing International Nagoya | Revenue (JPY million) | 46 | | | | 160.7 | | |
| | RevPAR (JPY) | 6,155 | | | | 5,267 | | |
| | Occupancy (%) | 96.0 | | | | 86.1 | | |
| | ADR (JPY) | 6,415 | | | | 6,117 | | |
| Nest Hotel Sapporo Ekimae | Revenue (JPY million) | 39.9 | 34.3 | +5.6 | +16.2% | 227.1 | +21.9 | +10.6% |
| | RevPAR (JPY) | 6,046 | 4,740 | +1,306 | +27.5% | 9,313 | +1,130 | +13.8% |
| | Occupancy (%) | 96.4 | 77.5 | +18.9 | +24.4% | 97.7 | +8.2 | +9.1% |
| | ADR (JPY) | 6,270 | 6,117 | +153 | +2.5% | 9,531 | +392 | +4.3% |
| Chisun Inn Osaka Hommachi | Revenue (JPY million) | 28.8 | 31.6 | -2.8 | -8.9% | 124.5 | -7.9 | -6.0% |
| | RevPAR (JPY) | 7,372 | 8,095 | -723 | -8.9% | 7,850 | -498 | -6.0% |
| | Occupancy (%) | 85.2 | 90.3 | -5.2 | -5.7% | 88.9 | -2.5 | -2.8% |
| | ADR (JPY) | 8,658 | 8,962 | -304 | -3.4% | 8,834 | -299 | -3.3% |

| | | November 2016 (A) | (Previous) November 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – November 2016 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Cumulative | YOY Difference | YOY Change |
| Nest Hotel Sapporo Odori | Revenue (JPY million) | 30.6 | 25.3 | +5.3 | +20.9% | 181.4 | +12.3 | +7.3% |
| | RevPAR (JPY) | 7,530 | 6,219 | +1,311 | +21.1% | 11,386 | +705 | +6.6% |
| | Occupancy (%) | 97.6 | 84.4 | +13.2 | +15.7% | 98.0 | +4.8 | +5.2% |
| | ADR (JPY) | 7,718 | 7,372 | +346 | +4.7% | 11,612 | +153 | +1.3% |
| Valie Hotel Tenjin | Revenue (JPY million) | 22.2 | 22.3 | -0.1 | -0.5% | 86.6 | +3.9 | +4.7% |
| | RevPAR (JPY) | 8,846 | 9,133 | -287 | -3.1% | 8,503 | +205 | +2.5% |
| | Occupancy (%) | 88.9 | 90.2 | -1.3 | -1.4% | 86.3 | -5.7 | -6.2% |
| | ADR (JPY) | 9,949 | 10,129 | -180 | -1.8% | 9,854 | +839 | +9.3% |
| Nest Hotel Osaka Shinsaibashi | Revenue (JPY million) | 85.6 | 87.6 | -2.0 | -2.3% | 345.3 | -14.1 | -3.9% |
| | RevPAR (JPY) | 8,576 | 8,781 | -205 | -2.3% | 8,552 | -297 | -3.4% |
| | Occupancy (%) | 94.7 | 93.5 | +1.2 | +1.3% | 94.6 | -1.2 | -1.2% |
| | ADR (JPY) | 9,054 | 9,395 | -340 | -3.6% | 9,041 | -199 | -2.2% |
| Smile Hotel Tokyo Asagaya | Revenue (JPY million) | 29.6 | 29.6 | -0.0 | -0.0% | 114.4 | -5.7 | -4.7% |
| | RevPAR (JPY) | 8,515 | 8,552 | -37 | -0.4% | 8,104 | -389 | -4.6% |
| | Occupancy (%) | 97.9 | 99.2 | -1.3 | -1.3% | 98.5 | -1.3 | -1.3% |
| | ADR (JPY) | 8,696 | 8,621 | +75 | +0.9% | 8,229 | -285 | -3.4% |
| Nest Hotel Naha | Revenue (JPY million) | 76.6 | 73.9 | +2.7 | +3.7% | 312.8 | +20.6 | +7.1% |
| | RevPAR (JPY) | 8,840 | 8,619 | +220 | +2.6% | 9,548 | +688 | +7.8% |
| | Occupancy (%) | 84.5 | 87.6 | -3.0 | -3.5% | 91.3 | -0.1 | -0.1% |
| | ADR (JPY) | 10,458 | 9,843 | +615 | +6.2% | 10,455 | +764 | +7.9% |
| Smile Hotel Asakusa | Revenue (JPY million) | 20.9 | 20.3 | +0.6 | +3.0% | 83.3 | -0.9 | -1.0% |
| | RevPAR (JPY) | 6,941 | 6,754 | +186 | +2.8% | 6,841 | -45 | -0.7% |
| | Occupancy (%) | 96.6 | 96.6 | – | – | 95.3 | -2.4 | -2.5% |
| | ADR (JPY) | 7,182 | 6,990 | +193 | +2.8% | 7,179 | +132 | +1.9% |
| Nest Hotel Matsuyama | Revenue (JPY million) | 43.8 | 40.8 | +2.9 | +7.2% | 170.7 | +9.2 | +5.7% |
| | RevPAR (JPY) | 5,699 | 5,071 | +629 | +12.4% | 5,288 | +607 | +13.0% |
| | Occupancy (%) | 86.1 | 79.2 | +6.9 | +8.8% | 84.5 | +8.2 | +10.7% |
| | ADR (JPY) | 6,618 | 6,404 | +214 | +3.3% | 6,258 | +126 | +2.1% |

Fixed Rent Hotels (7 Hotels)

| | | November 2016 (A) | (Previous) November 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – November 2016 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Cumulative | YOY Difference | YOY Change |
| Comfort Hotel Hamamatsu | Revenue (JPY million) | 31.0 | | | | 131.5 | | |
| | RevPAR (JPY) | 5,273 | | | | 5,501 | | |
| | Occupancy (%) | 84.9 | | | | 84.7 | | |
| | ADR (JPY) | 6,213 | | | | 6,495 | | |
| Comfort Hotel Central International Airport | Revenue (JPY million) | 82.7 | 90.3 | -7.7 | -8.5% | 348.8 | -29.4 | -7.8% |
| | RevPAR (JPY) | 7,116 | 7,773 | -658 | -8.5% | 7,367 | -604 | -7.6% |
| | Occupancy (%) | 82.1 | 91.0 | -8.9 | -9.8% | 84.1 | -7.2 | -7.9% |
| | ADR (JPY) | 8,668 | 8,544 | +124 | +1.5% | 8,765 | +34 | +0.4% |
| Comfort Hotel Okayama | Revenue (JPY million) | 35.7 | 33.6 | +2.2 | +6.4% | 154.8 | +16.1 | +11.6% |
| | RevPAR (JPY) | 5,480 | 5,382 | +98 | +1.8% | 5,849 | +382 | +7.0% |
| | Occupancy (%) | 89.0 | 87.4 | +1.6 | +1.9% | 88.3 | -1.2 | -1.4% |
| | ADR (JPY) | 6,155 | 6,157 | -2.0 | -0.0% | 6,626 | +517 | +8.5% |
| Comfort Hotel Kushiro | Revenue (JPY million) | 12.9 | 13.5 | -0.6 | -4.6% | 77.2 | +0.0 | +0.0% |
| | RevPAR (JPY) | 3,130 | 3,312 | -182 | -5.5% | 4,706 | -16 | -0.3% |
| | Occupancy (%) | 72.8 | 73.4 | -0.6 | -0.9% | 82.6 | -0.7 | -0.9% |
| | ADR (JPY) | 4,302 | 4,513 | -211 | -4.7% | 5,695 | +30 | +0.5% |
| Comfort Hotel Suzuka | Revenue (JPY million) | 15.4 | 15.1 | +0.3 | +2.1% | 66.8 | -1.9 | -2.7% |
| | RevPAR (JPY) | 4,775 | 4,724 | +51 | +1.1% | 5,102 | -175 | -3.3% |
| | Occupancy (%) | 79.6 | 82.8 | -3.2 | -3.9% | 79.9 | -4.8 | -5.6% |
| | ADR (JPY) | 6,002 | 5,706 | +296 | +5.2% | 6,389 | +154 | +2.5% |
| Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki) | Revenue (JPY million) | 29.2 | 41.3 | -12.1 | -29.2% | 119.6 | -47.4 | -28.4% |
| | RevPAR (JPY) | 5,061 | 7,231 | -2,170 | -30.0% | 5,044 | -2,049 | -28.9% |
| | Occupancy (%) | 79.8 | 91.4 | -11.6 | -12.7% | 82.2 | -8.9 | -9.8% |
| | ADR (JPY) | 6,345 | 7,915 | -1,570 | -19.8% | 6,139 | -1,651 | -21.2% |

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 (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 (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 Nihombashi-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, it has never been triggered. Because Ichigo Hotel REIT does not anticipate receiving variable rent at this hotel, it has been classified as a fixed rent hotel.

Explanation of Changes

Due to a decrease at fixed rent hotels, total Revenue and Portfolio RevPAR decreased year-on-year. However, Revenue and RevPAR increased at variable rent hotels, which are a more significant contributor to Ichigo Hotel REIT's earnings.

Among fixed rent hotels, RevPAR decreased year-on-year at Hotel Suave Kobe Asuta and Hotel Livemax Nihombashi-Hakozaki. Among variable rent hotels, RevPAR increased at Nest Hotel Sapporo Ekimae, Nest Hotel Sapporo Odori, and Nest Hotel Matsuyama. While RevPAR decreased at Smile Hotel Kyoto Shijo, it continues to maintain high occupancy.

Value-Add Actions

Ichigo Hotel REIT is carrying out renovations from early December through the end of January to add new guest rooms at Smile Hotel Kyoto Shijo and Nest Hotel Sapporo Odori. At Smile Hotel Kyoto Shijo, the renovations will convert storage rooms into two additional guest rooms, thus converting non-revenue-generating spaces into revenue-generating spaces (forecast ROI: 33.1%). At Nest Hotel Sapporo Odori, Ichigo Hotel REIT is renovating an underperforming 100 $m^2$-suite to create three guest rooms of a type that have been consistently generating high occupancy (forecast ROI: 16.9%). With occupancy at both hotels currently over 90%, the new guest rooms are expected to support their earnings growth.

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.