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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 – February 2017

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	February 2017 (A)	(Previous) February 2016 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	683.5	676.4	+7.2	+1.1%
RevPAR (JPY)	7,302	6,979	+323	+4.6%
Occupancy (%)	89.6	88.2	+1.4	+1.6%
ADR (JPY)	8,147	7,915	+232	+2.9%

Variable Rent Hotels (12 Hotels)

	February 2017 (A)	(Previous) February 2016 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	488.4	492.2	-3.7	-0.8%
RevPAR (JPY)	8,410	8,150	+261	+3.2%
Occupancy (%)	94.7	93.3	+1.4	+1.5%
ADR (JPY)	8,878	8,732	+146	+1.7%

Fixed Rent Hotels (7 Hotels)

	February 2017 (A)	(Previous) February 2016 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	195.1	184.2	+10.9	+5.9%
RevPAR (JPY)	5,559	5,145	+414	+8.0%
Occupancy (%)	81.6	80.1	+1.5	+1.9%
ADR (JPY)	6,812	6,423	+389	+6.1%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		February 2017 (A)	(Previous) February 2016 (B)	Difference (A) - (B)	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	30.2	33.6	-3.4	-10.2%
	RevPAR (JPY)	7,283	7,898	-615	-7.8%
	Occupancy (%)	100.1	100.2	-0.1	-0.1%
	ADR (JPY)	7,274	7,879	-604	-7.7%
Hotel Vista Premio Kyoto	Revenue (JPY million)	24.9	24.8	+0.1	+0.5%
	RevPAR (JPY)	9,979	9,544	+435	+4.6%
	Occupancy (%)	89.5	88.4	+1.1	+1.2%
	ADR (JPY)	11,150	10,793	+357	+3.3%
Hotel Wing International Nagoya	Revenue (JPY million)	41.4	40.5	+0.9	+2.1%
	RevPAR (JPY)	5,990	5,514	+476	+8.6%
	Occupancy (%)	92.5	97.6	-5.1	-5.2%
	ADR (JPY)	6,474	5,650	+824	+14.6%
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	57.7	56.6	+1.1	+2.0%
	RevPAR (JPY)	11,233	9,943	+1,290	+13.0%
	Occupancy (%)	96.5	98.0	-1.5	-1.6%
	ADR (JPY)	11,641	10,144	+1,497	+14.8%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	26.6	34.7	-8.1	-23.3%
	RevPAR (JPY)	7,308	9,203	-1,894	-20.6%
	Occupancy (%)	94.1	91.0	+3.2	+3.5%
	ADR (JPY)	7,763	10,115	-2,352	-23.3%

		February 2017 (A)	(Previous) February 2016 (B)	Difference (A) - (B)	YOY Change
Nest Hotel Sapporo Odori	Revenue (JPY million)	47.4	43.8	+3.6	+8.3%
	RevPAR (JPY)	13,125	11,849	+1,275	+10.8%
	Occupancy (%)	94.2	96.9	-2.7	-2.7%
	ADR (JPY)	13,926	12,228	+1,698	+13.9%
Valie Hotel Tenjin	Revenue (JPY million)	21.3	22.1	-0.8	-3.6%
	RevPAR (JPY)	9,103	9,291	-189	-2.0%
	Occupancy (%)	91.8	90.8	+1.0	+1.1%
	ADR (JPY)	9,912	10,231	-319	-3.1%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	79.8	82.0	-2.2	-2.7%
	RevPAR (JPY)	8,532	8,491	+41	+0.5%
	Occupancy (%)	99.2	94.0	+5.2	+5.5%
	ADR (JPY)	8,603	9,033	-430	-4.8%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	28.7	30.1	-1.4	-4.6%
	RevPAR (JPY)	9,011	9,008	+2	–
	Occupancy (%)	98.9	99.1	-0.2	-0.2%
	ADR (JPY)	9,115	9,092	+23	+0.3%
Nest Hotel Naha	Revenue (JPY million)	71.5	70.2	+1.3	+1.8%
	RevPAR (JPY)	9,908	9,171	+737	+8.0%
	Occupancy (%)	96.2	94.4	+1.8	+1.9%
	ADR (JPY)	10,303	9,716	+586	+6.0%
Smile Hotel Asakusa	Revenue (JPY million)	19.8	20.1	-0.3	-1.4%
	RevPAR (JPY)	7,058	6,942	+116	+1.7%
	Occupancy (%)	96.3	98.0	-1.7	-1.8%
	ADR (JPY)	7,331	7,082	+249	+3.5%
Nest Hotel Matsuyama	Revenue (JPY million)	39.0	33.6	+5.5	+16.3%
	RevPAR (JPY)	5,028	4,303	+725	+16.9%
	Occupancy (%)	84.2	74.1	+10.2	+13.7%
	ADR (JPY)	5,970	5,809	+160	+2.8%

Fixed Rent Hotels (7 Hotels)

		February 2017 (A)	(Previous) February 2016 (B)	Difference (A) - (B)	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	25.6	28.0	-2.4	-8.7%
	RevPAR (JPY)	4,662	4,931	-269	-5.5%
	Occupancy (%)	74.8	81.4	-6.6	-8.1%
	ADR (JPY)	6,232	6,057	+175	+2.9%
Comfort Hotel Central International Airport	Revenue (JPY million)	88.7	78.9	+9.7	+12.3%
	RevPAR (JPY)	8,204	7,001	+1,202	+17.2%
	Occupancy (%)	89.9	81.2	+8.7	+10.7%
	ADR (JPY)	9,125	8,620	+505	+5.9%
Comfort Hotel Okayama	Revenue (JPY million)	30.2	27.7	+2.4	+8.8%
	RevPAR (JPY)	4,863	4,600	+264	+5.7%
	Occupancy (%)	86.6	85.1	+1.5	+1.8%
	ADR (JPY)	5,615	5,404	+211	+3.9%
Comfort Hotel Kushiro	Revenue (JPY million)	12.7	12.7	-0.1	-0.6%
	RevPAR (JPY)	3,338	3,256	+82	+2.5%
	Occupancy (%)	73.4	75.0	-1.6	-2.2%
	ADR (JPY)	4,550	4,342	+208	+4.8%
Comfort Hotel Suzuka	Revenue (JPY million)	11.1	10.3	+0.8	+8.2%
	RevPAR (JPY)	3,665	3,318	+347	+10.5%
	Occupancy (%)	71.5	62.6	+8.9	+14.2%
	ADR (JPY)	5,126	5,298	-172	-3.2%
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki)	Revenue (JPY million)	26.8	26.5	+0.4	+1.4%
	RevPAR (JPY)	4,917	4,827	+90	+1.9%
	Occupancy (%)	78.9	84.5	-5.5	-6.5%
	ADR (JPY)	6,230	5,716	+514	+9.0%

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 * 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 revenue from accommodations (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period.
6. 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.
7. 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

RevPAR, Occupancy, and ADR increased year-on-year across-the-board at variable rent hotels, fixed rent hotels, and the entire portfolio. While revenue decreased year-on-year at variable rent hotels because of one less day of operation (2016 had a leap year), it increased at fixed rent hotels and the entire portfolio.

At variable rent hotels, which are the more significant contributor to Ichigo Hotel REIT's earnings, RevPAR increased year-on-year at nine out of twelve hotels, including Nest Hotel Sapporo Ekimae, Nest Hotel Sapporo Odori, and Nest Hotel Matsuyama, resulting in an increase in total variable rent hotel RevPAR.

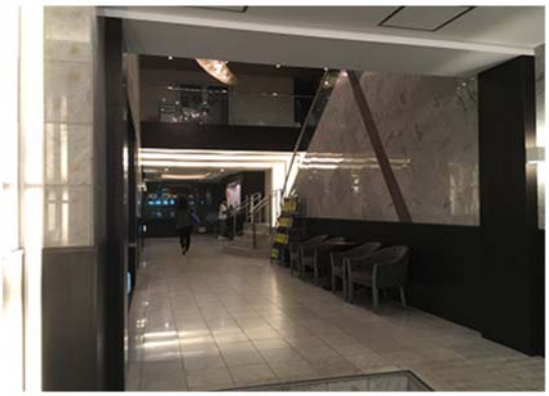
Value-Add Actions

Ichigo Hotel REIT completed renovation of Smile Hotel Kyoto Shijo's entrance in January 2017, brightening the lobby and adding design elements that reflect the hotel's Kyoto location and heritage. Ichigo Hotel REIT also improved the hotel's aesthetic, along with guest access and convenience, by refurbishing the hotel's guest information space and installing hand-railings along the entrance path into the lobby.

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.

Before Renovation

Lobby

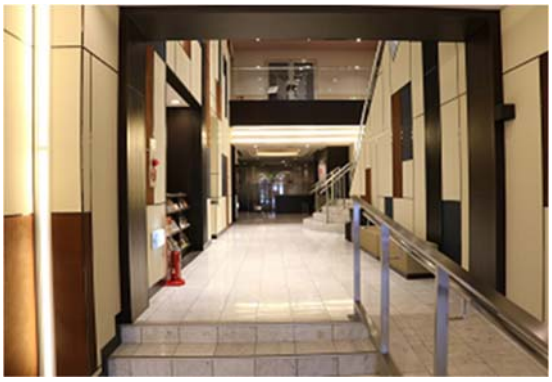


Guest Information Space



After Renovation

Lobby



Guest Information Space

