[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.

August 25, 2017

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 – July 2017

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels – excludes Grandpark-Inn Yokohama)

	July 2017 (A)	(Previous) July 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – July 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	802.8	779.5	+23.2	+3.0%	4,422.6	+174.1	+4.1%
RevPAR (JPY)	7,754	7,496	+258	+3.4%	7,258	+344	+5.0%
Occupancy (%)	90.8	87.3	+3.5	+4.0%	89.6	+3.5	+4.0%
ADR (JPY)	8,543	8,590	-47	-0.5%	8,102	+72	+0.9%

Variable Rent Hotels (12 Hotels)

	July 2017 (A)	(Previous) July 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – July 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	570.6	551.8	+18.8	+3.4%	3,129.4	+126.3	+4.2%
RevPAR (JPY)	8,865	8,522	+343	+4.0%	8,237	+433	+5.5%
Occupancy (%)	93.6	89.1	+4.5	+5.0%	93.4	+4.9	+5.6%
ADR (JPY)	9,467	9,559	-92	-1.0%	8,820	-1	–

Fixed Rent Hotels (7 Hotels – excludes Grandpark-Inn Yokohama)

	July 2017 (A)	(Previous) July 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – July 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	232.2	227.8	+4.4	+1.9%	1,293.1	+47.8	+3.8%
RevPAR (JPY)	6,004	5,890	+114	+1.9%	5,719	+198	+3.6%
Occupancy (%)	86.2	84.3	+1.9	+2.3%	83.6	+1.2	+1.5%
ADR (JPY)	6,962	6,984	-22	-0.3%	6,839	+141	+2.1%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		July 2017 (A)	(Previous) July 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – July 2017		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	40.8	44.6	-3.8	-8.5%	280.7	-26.4	-8.6%
	RevPAR (JPY)	8,803	9,908	-1,105	-11.1%	10,544	-1,152	-9.8%
	Occupancy (%)	99.6	100.0	-0.4	-0.4%	99.8	-0.3	-0.3%
	ADR (JPY)	8,840	9,906	-1,066	-10.8%	10,567	-1,116	-9.6%
Hotel Vista Premio Kyoto	Revenue (JPY million)	33.2	31.9	+1.3	+4.0%	213.1	+11.5	+5.7%
	RevPAR (JPY)	11,903	11,365	+538	+4.7%	13,105	+773	+6.3%
	Occupancy (%)	86.1	87.6	-1.6	-1.8%	89.8	-1.2	-1.3%
	ADR (JPY)	13,831	12,969	+863	+6.7%	14,589	+1,041	+7.7%
Hotel Wing International Nagoya	Revenue (JPY million)	47.4	35.2	+12.2	+34.6%	264.3	+21.4	+8.8%
	RevPAR (JPY)	6,188	4,544	+1,644	+36.2%	5,896	+571	+10.7%
	Occupancy (%)	90.6	78.1	+12.4	+15.9%	89.5	-0.6	-0.7%
	ADR (JPY)	6,834	5,817	+1,017	+17.5%	6,591	+679	+11.5%
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	73.0	74.0	-1.0	-1.4%	322.7	+6.4	+2.0%
	RevPAR (JPY)	12,838	12,336	+502	+4.1%	9,145	+716	+8.5%
	Occupancy (%)	97.8	97.9	-0.2	-0.2%	97.7	-0.6	-0.6%
	ADR (JPY)	13,131	12,594	+537	+4.3%	9,366	+788	+9.2%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	30.2	34.5	-4.3	-12.6%	172.7	-32.8	-16.0%
	RevPAR (JPY)	7,483	8,562	-1,079	-12.6%	7,339	-1,347	-15.5%
	Occupancy (%)	93.6	90.9	+2.7	+2.9%	90.9	+1.8	+2.0%
	ADR (JPY)	7,997	9,420	-1,422	-15.1%	8,077	-1,671	-17.1%

		July 2017 (A)	(Previous) July 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – July 2017		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Odori	Revenue (JPY million)	62.4	59.8	+2.6	+4.4%	253.6	+21.8	+9.4%
	RevPAR (JPY)	15,526	15,387	+140	+0.9%	10,556	+820	+8.4%
	Occupancy (%)	97.7	98.1	-0.4	-0.5%	96.6	+1.0	+1.1%
	ADR (JPY)	15,899	15,685	+214	+1.4%	10,931	+743	+7.3%
Valie Hotel Tenjin	Revenue (JPY million)	23.0	22.1	+0.9	+4.1%	127.3	+4.1	+3.4%
	RevPAR (JPY)	8,899	8,596	+304	+3.5%	8,384	+252	+3.1%
	Occupancy (%)	92.0	88.1	+3.9	+4.4%	89.5	+5.4	+6.4%
	ADR (JPY)	9,674	9,756	-83	-0.9%	9,365	-301	-3.1%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	87.8	82.5	+5.3	+6.4%	511.8	+74.9	+17.1%
	RevPAR (JPY)	8,662	8,075	+587	+7.3%	8,599	+1,403	+19.5%
	Occupancy (%)	98.2	86.5	+11.7	+13.5%	98.6	+20.5	+26.2%
	ADR (JPY)	8,824	9,337	-512	-5.5%	8,724	-492	-5.3%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	27.4	24.2	+3.3	+13.5%	170.9	+20.0	+13.3%
	RevPAR (JPY)	7,706	6,763	+943	+13.9%	8,258	+1,068	+14.9%
	Occupancy (%)	93.1	80.0	+13.0	+16.3%	95.2	+13.9	+17.0%
	ADR (JPY)	8,281	8,452	-172	-2.0%	8,673	-165	-1.9%
Nest Hotel Naha	Revenue (JPY million)	77.4	75.4	+2.0	+2.7%	414.4	+2.9	+0.7%
	RevPAR (JPY)	9,445	9,488	-43	-0.5%	8,305	+27	+0.3%
	Occupancy (%)	90.3	93.4	-3.2	-3.4%	87.4	-3.3	-3.6%
	ADR (JPY)	10,462	10,155	+307	+3.0%	9,504	+372	+4.1%
Smile Hotel Asakusa	Revenue (JPY million)	22.0	21.4	+0.6	+2.6%	130.3	+4.5	+3.6%
	RevPAR (JPY)	7,069	6,953	+117	+1.7%	7,183	+238	+3.4%
	Occupancy (%)	96.9	92.8	+4.0	+4.3%	97.2	+2.6	+2.7%
	ADR (JPY)	7,297	7,489	-191	-2.6%	7,390	+49	+0.7%
Nest Hotel Matsuyama	Revenue (JPY million)	46.0	46.2	-0.1	-0.3%	267.8	+18.0	+7.2%
	RevPAR (JPY)	5,273	4,883	+390	+8.0%	5,269	+609	+13.1%
	Occupancy (%)	85.9	84.3	+1.6	+1.9%	87.3	+6.4	+7.9%
	ADR (JPY)	6,141	5,792	+349	+6.0%	6,037	+277	+4.8%

Fixed Rent Hotels (7 Hotels)

		July 2017 (A)	(Previous) July 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – July 2017		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	29.4	30.2	-0.8	-2.6%	174.7	-5.7	-3.1%
	RevPAR (JPY)	4,838	4,967	-129	-2.6%	4,924	-132	-2.6%
	Occupancy (%)	81.3	78.5	+2.7	+3.5%	79.8	-1.5	-1.9%
	ADR (JPY)	5,952	6,325	-373	-5.9%	6,172	-48	-0.8%
Comfort Hotel Central International Airport	Revenue (JPY million)	101.9	94.4	+7.5	+8.0%	559.4	+39.2	+7.5%
	RevPAR (JPY)	8,540	7,879	+661	+8.4%	8,017	+646	+8.8%
	Occupancy (%)	93.7	88.5	+5.2	+5.9%	88.7	+3.0	+3.5%
	ADR (JPY)	9,115	8,902	+213	+2.4%	9,036	+441	+5.1%
Comfort Hotel Okayama	Revenue (JPY million)	33.6	34.8	-1.1	-3.3%	201.1	+11.5	+6.1%
	RevPAR (JPY)	5,013	5,173	-160	-3.1%	5,097	+174	+3.5%
	Occupancy (%)	83.8	83.1	+0.7	+0.8%	85.9	–	–
	ADR (JPY)	5,979	6,221	-243	-3.9%	5,935	+202	+3.5%
Comfort Hotel Kushiro	Revenue (JPY million)	22.2	21.6	+0.7	+3.0%	89.1	+1.5	+1.7%
	RevPAR (JPY)	5,398	5,185	+212	+4.1%	3,647	+86	+2.4%
	Occupancy (%)	89.3	90.8	-1.5	-1.7%	75.7	+0.6	+0.8%
	ADR (JPY)	6,043	5,708	+334	+5.9%	4,816	+75	+1.6%
Comfort Hotel Suzuka	Revenue (JPY million)	17.0	16.7	+0.3	+1.7%	90.4	+8.3	+10.2%
	RevPAR (JPY)	5,168	5,039	+129	+2.6%	4,675	+459	+10.9%
	Occupancy (%)	82.2	78.5	+3.7	+4.7%	81.2	+9.7	+13.5%
	ADR (JPY)	6,289	6,417	-128	-2.0%	5,757	-135	-2.3%
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki)	Revenue (JPY million)	28.0	30.1	-2.1	-7.0%	178.5	-7.1	-3.8%
	RevPAR (JPY)	4,465	4,896	-432	-8.8%	4,948	-345	-6.5%
	Occupancy (%)	80.3	82.8	-2.5	-3.1%	82.3	-2.4	-2.8%
	ADR (JPY)	5,560	5,911	-351	-5.9%	6,013	-239	-3.8%

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 releases.
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.
8. Grandpark-Inn Yokohama, acquired in March 2017, is excluded from the above data because the hotel operator did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons.

Explanation of Changes

Revenue, RevPAR, and Occupancy increased year-on-year at variable rent hotels, fixed rent hotels, and the total portfolio.

At variable rent hotels, which are a more significant contributor to Ichigo Hotel REIT's earnings, revenue and RevPAR increased at seven of the twelve hotels. Although the unavailability of some guest rooms at Smile Hotel Tokyo Asagaya and Nest Hotel Naha because of renovation work in July negatively affected results, this was more than offset by strong year-on-year increases at Hotel Wing International Nagoya, Nest Hotel Osaka Shinsaibashi, and Smile Hotel Tokyo Asagaya, which had fewer available rooms last July because of renovations.

Value-Add Actions

Ichigo Hotel REIT completed the renovation work at Smile Hotel Tokyo Asagaya announced in its May 2017 Operating Results, upgrading and updating 28 guest rooms and increasing their guest capacity by 70% (forecast ROI 34.2%). These renovations will allow the hotel to capture more of Tokyo's increasing leisure demand.

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

Before Renovation

Single Room



Double Room



After Renovation

Single Room



Double Room

