[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.

September 13, 2017

July 2017 Fiscal Period Earnings

Ichigo Hotel REIT Investment Corporation (Tokyo Stock Exchange, 3463)
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www.ichigo-hotel.co.jp/english

Ichigo Investment Advisors Co., Ltd. (Ichigo Hotel REIT Asset Management Company)
Representative: Wataru Orii, President
Inquiries: Masanori Kubota, Statutory Executive Officer (Finance)
Telephone: +81-3-3502-4892

Submission of Financial Report (*Yuka Shoken Hokokusho*): October 27, 2017 (expected)
Dividend Payment: October 20, 2017 (expected)
Supplemental Material to Financial and Business Results: Yes (Corporate Presentation)
Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. Financial Results for the July 2017 Fiscal Period (February 1, 2017 to July 31, 2017)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2017	1,687	+8.2%	973	-0.5%	799	-1.2%	798	-1.2%
January 2017	1,560	+101.4%	978	+107.1%	809	+106.3%	808	+106.5%

	Net Income per Share (JPY)	Return on Equity	Return on Assets (Recurring Profit)	Operating Profit Margin (Recurring Profit)
July 2017	3,100	2.4%	1.5%	47.4%
January 2017	3,267	3.4%	2.1%	51.8%

Note: Net Income per Share is based on the average number of outstanding shares.

(2) Dividends

	Dividend per Share (JPY)	Total Dividends (JPY million)	Dividend in Excess of Earnings (per Share) (JPY)	Total Dividends in Excess of Earnings (JPY million)	Payout Ratio	Ratio of Dividends to Net Assets
July 2017	3,101	798	–	–	100.0%	2.4%
January 2017	3,137	808	–	–	99.9%	2.7%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio (%)	Net Assets per Share (JPY)
July 2017	53,760	32,696	60.8	126,935
January 2017	53,331	32,705	61.3	126,971

(4) Cash Flow

	Cash Flows from Operations (JPY million)	Cash Flows from Investments (JPY million)	Cash Flows from Financing (JPY million)	Cash and Cash Equivalents at End of the Period (JPY million)
July 2017	1,837	-1,790	-355	3,317
January 2017	158	-27,333	28,309	3,625

2. Earnings Forecasts for the January 2018 Fiscal Period (August 1, 2017 to January 31, 2018) and the July 2018 Fiscal Period (February 1, 2018 to July 31, 2018)

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2018	1,770	+4.9%	1,012	+4.0%	821	+2.8%	821	+2.8%
July 2018	1,805	+2.0%	1,020	+0.8%	831	+1.2%	830	+1.2%

(JPY)

	Dividend per Share	Dividend in Excess of Earnings (per Share)
January 2018	3,187	–
July 2018	3,224	–

Note: Forecast Net Income per Share for January 2018 is JPY 3,187 and for July 2018 is JPY 3,224.

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

(i) Changes Accompanying Amendments to Accounting Standards: None
(ii) Changes Not Listed in (i): None
(iii) Changes in Accounting Estimates: None
(iv) Retrospective Restatements: None

(2) Number of Shares Issued and Outstanding

The number of shares issued and outstanding (including treasury shares) was 257,584 shares as of January 31, 2017 and 257,584 shares as of July 31, 2017.

Completion Status of Auditing Procedures

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Law of Japan. The auditing procedures in accordance with those requirements have thus not been completed as of the date of the publication of this document.

Appropriate Use of Performance Forecasts and Other Matters of Special Note

The forecasts presented above are current figures based on certain preconditions. Accordingly, the actual operating results may vary due to changes in circumstances, and these forecasts should not be construed as a guarantee of such results.

For details on the preconditions, please refer to the "Preconditions for January 2018 Fiscal Period Earnings Forecast" on page 4 and "Preconditions for July 2018 Fiscal Period Earnings Forecast" on page 6.

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Preconditions for January 2018 Fiscal Period Earnings Forecast

<table>
<tr><td></td><td>Preconditions</td></tr>
<tr><td>Period</td><td>• August 1, 2017 to January 31, 2018 (184 days)</td></tr>
<tr><td>Number of Hotels</td><td>• 21 hotels</td></tr>
<tr><td>Operating Revenue</td><td>Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as hotel and market conditions.[1]

<u>Forecast Operating Performance[2]</u>

<table>
<tr><td></td><td>January 2018 Fiscal Period</td></tr>
<tr><td>Occupancy[3]</td><td>93.1%</td></tr>
<tr><td>ADR[4]</td><td>JPY 8,830</td></tr>
</table>
[1] The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.
[2] The 12 variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Vista Premio Kyoto, Nest Hotel Sapporo Ekimae, Chisun Inn Osaka Hommachi, Nest Hotel Sapporo Odori, Valie Hotel Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Naha, Smile Hotel Asakusa, Nest Hotel Matsuyama, and Hotel Wing International Nagoya
[3] 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)
[4] 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

<u>Details of January 2018 Rental Income Forecast</u>
(JPY million)
<table>
<tr><th>Hotel Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr>
<tr><td>Smile Hotel Kyoto Shijo</td><td>34</td><td>104</td><td>139</td></tr>
<tr><td>Hotel Vista Premio Kyoto</td><td>75</td><td>19</td><td>94</td></tr>
<tr><td>Nest Hotel Sapporo Ekimae</td><td>32</td><td>69</td><td>102</td></tr>
<tr><td>Chisun Inn Osaka Hommachi</td><td>39</td><td>–</td><td>39</td></tr>
<tr><td>Comfort Hotel Hamamatsu</td><td>55</td><td>–</td><td>55</td></tr>
<tr><td>Nest Hotel Sapporo Odori</td><td>23</td><td>61</td><td>85</td></tr>
<tr><td>Valie Hotel Tenjin</td><td>24</td><td>36</td><td>60</td></tr>
<tr><td>Nest Hotel Osaka Shinsaibashi</td><td>63</td><td>156</td><td>220</td></tr>
<tr><td>Comfort Hotel Central International Airport</td><td>151</td><td>–</td><td>151</td></tr>
<tr><td>Smile Hotel Tokyo Asagaya</td><td>28</td><td>58</td><td>87</td></tr>
<tr><td>Nest Hotel Naha</td><td>59</td><td>95</td><td>154</td></tr>
<tr><td>Smile Hotel Asakusa</td><td>15</td><td>45</td><td>61</td></tr>
<tr><td>Nest Hotel Matsuyama</td><td>35</td><td>66</td><td>102</td></tr>
</table>
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<tr><td></td><td>
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<tr><td>Comfort Hotel Okayama</td><td>45</td><td>–</td><td>45</td></tr>
<tr><td>Comfort Hotel Kushiro</td><td>18</td><td>–</td><td>18</td></tr>
<tr><td>Comfort Hotel Suzuka</td><td>15</td><td>–</td><td>15</td></tr>
<tr><td>Other[1] (Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive)</td><td>256</td><td>21</td><td>277</td></tr>
<tr><td>Total</td><td>974</td><td>736</td><td>1,711</td></tr>
</table>
[1] Figures for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.

Retail: JPY 58 million of rental income from retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya.
</td></tr>
<tr><td>Operating Expenses</td><td>• Depreciation: JPY 301 million. Depreciation has been calculated using the straight-line method.
• Property and city planning taxes: JPY 97 million
• Building maintenance and repair expenses are based on what Ichigo Investment Advisors, the asset management company of Ichigo Hotel REIT, estimates will be necessary for each hotel during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc.
• Rental expenses, Ichigo Hotel REIT’s principal operating expense (other than depreciation, see above), are calculated based on historical data adjusted for anticipated expense variations.
• Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.</td></tr>
<tr><td>Non-Operating Expenses</td><td>• Interest expenses and other borrowing-related expenses: JPY 164 million
• Amortization of expenses related to the establishment of Ichigo Hotel REIT and to new share issuance: JPY 25 million</td></tr>
<tr><td>Borrowings</td><td>• Total borrowings: JPY 21.75 billion as of January 31, 2018</td></tr>
<tr><td>Number of Shares</td><td>• 257,584 shares and outstanding as of September 13, 2017. The forecast assumes there will be no additional shares issued during this period.</td></tr>
<tr><td>Dividend</td><td>• The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT’s Articles of Incorporation.
• The dividend is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with operator turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.</td></tr>
<tr><td>Dividend in Excess of Earnings</td><td>• Ichigo Hotel REIT does not plan on paying any dividend in excess of earnings.</td></tr>
<tr><td>Other</td><td>• This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions.</td></tr>
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Preconditions for July 2018 Fiscal Period Earnings Forecast

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<tr><th></th><th>Preconditions</th></tr>
<tr><td>Period</td><td>• February 1, 2018 to July 31, 2018 (181 days)</td></tr>
<tr><td>Number of Hotels</td><td>• 21 hotels</td></tr>
<tr><td>Operating Revenue</td><td>Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as hotel and market conditions.[1]

<u>Forecast Operating Performance[2]</u>

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<tr><th></th><th>July 2018 Fiscal Period</th></tr>
<tr><td>Occupancy[3]</td><td>93.7%</td></tr>
<tr><td>ADR[4]</td><td>JPY 9,016</td></tr>
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[1] The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.
[2] The 12 variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Vista Premio Kyoto, Nest Hotel Sapporo Ekimae, Chisun Inn Osaka Hommachi, Nest Hotel Sapporo Odori, Valie Hotel Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Naha, Smile Hotel Asakusa, Nest Hotel Matsuyama, and Hotel Wing International Nagoya
[3] 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)
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<u>Details of July 2018 Rental Income Forecast</u>
(JPY million)
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<tr><th>Hotel Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr>
<tr><td>Smile Hotel Kyoto Shijo</td><td>30</td><td>113</td><td>143</td></tr>
<tr><td>Hotel Vista Premio Kyoto</td><td>75</td><td>–</td><td>75</td></tr>
<tr><td>Nest Hotel Sapporo Ekimae</td><td>31</td><td>85</td><td>117</td></tr>
<tr><td>Chisun Inn Osaka Hommachi</td><td>39</td><td>36</td><td>75</td></tr>
<tr><td>Comfort Hotel Hamamatsu</td><td>55</td><td>–</td><td>55</td></tr>
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<tr><td>Nest Hotel Naha</td><td>41</td><td>83</td><td>125</td></tr>
<tr><td>Smile Hotel Asakusa</td><td>15</td><td>43</td><td>59</td></tr>
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<tr><td>Total</td><td>952</td><td>795</td><td>1,747</td></tr>
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[1] Figures for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.
Retail: JPY 57 million of rental income from retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya.
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<tr><td>Operating Expenses</td><td>• Depreciation: JPY 309 million. Depreciation has been calculated using the straight-line method.
• Property and city planning taxes: JPY 107 million, which includes JPY 7 million for the 2 hotels acquired on March 27, 2017 and August 1, 2017, respectively.
• Building maintenance and repair expenses are based on what Ichigo Investment Advisors, the asset management company of Ichigo Hotel REIT, estimates will be necessary for each hotel during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc.
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<tr><td>Number of Shares</td><td>• 257,584 shares issued and outstanding as of September 13, 2017. The forecast assumes there will be no additional new issuance of shares through July 31, 2018.</td></tr>
<tr><td>Dividend</td><td>• The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel REIT’s Articles of Incorporation.
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</table>

Financial Statements

(1) Balance Sheet

(JPY thousand)

	January 2017 (January 31, 2017)	July 2017 (July 31, 2017)
Assets		
Current Assets		
Cash and cash equivalents	1,765,918	1,402,808
Cash and cash equivalents in trust	1,860,008	1,915,148
Accounts receivable	102,190	198,659
Prepaid expenses	125,113	120,227
Consumption taxes receivable	718,442	–
Total Current Assets	4,571,673	3,636,844
Fixed Assets		
Property, Plant, and Equipment		
Buildings	15,247,894	15,542,646
Depreciation	-415,620	-689,707
Buildings (net)	14,832,274	14,852,939
Structures	2,606	4,986
Depreciation	-91	-198
Structures (net)	2,514	4,787
Machinery and equipment	11,721	18,757
Depreciation	-480	-1,355
Machinery and equipment (net)	11,240	17,402
Fixtures	39,721	67,583
Depreciation	-3,402	-8,589
Fixtures (net)	36,318	58,994
Land	33,322,504	34,715,089
Total Property, Plant, and Equipment	48,204,852	49,649,212
Investments and Other Assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	424,105	369,040
Total Investments and Other Assets	434,105	379,040
Total Fixed Assets	48,638,957	50,028,253
Deferred Assets		
Expenses related to REIT establishment	35,622	30,533
Share issuance expenses	85,696	65,343
Total Deferred Assets	121,319	95,877
Total Assets	53,331,950	53,760,975

(JPY thousand)

	January 2017 (January 31, 2017)	July 2017 (July 31, 2017)
Liabilities		
Current Liabilities		
Accounts payable	274,908	126,618
Accounts payable – other	182,302	190,880
Accrued expenses	476	483
Income taxes payable	954	844
Consumption taxes payable	–	73,193
Advances received	77,378	80,753
Other	2,463	3,596
Total Current Liabilities	538,484	476,369
Long-Term Liabilities		
Long-term loans	19,500,000	19,950,000
Tenant leasehold and security deposits	587,635	638,115
Total Long-Term Liabilities	20,087,635	20,588,115
Total Liabilities	20,626,120	21,064,484
Net Assets		
Shareholders' Equity		
Shareholders' capital	31,897,545	31,897,545
Surplus		
Unappropriated retained earnings	808,284	798,944
Total Surplus	808,284	798,944
Total Shareholders' Equity	32,705,830	32,696,490
Total Net Assets	32,705,830	32,696,490
Total Liabilities and Net Assets	53,331,950	53,760,975

(2) Income Statement

(JPY thousand)

	January 2017 (August 1, 2016 to January 31, 2017)	July 2017 (February 1, 2017 to July 31, 2017)
Operating Revenue		
Rental income	1,540,030	1,662,619
Other rental income	20,704	25,365
Total Operating Revenue	1,560,734	1,687,985
Operating Expenses		
Rental expenses	370,771	444,931
Asset management fee	177,943	214,543
Custodian fee	1,761	3,999
Other administrative expenses	5,011	18,292
Directors' compensation	4,200	4,200
Other	22,120	28,153
Total Operating Expenses	581,807	714,120
Operating Profit	978,927	973,864
Non-Operating Income		
Interest income	10	15
Interest on tax refund	–	379
Total Non-Operating Income	10	395
Non-Operating Expenses		
Interest expenses	83,445	87,083
Borrowing-related expenses	61,409	62,184
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	19,849	20,352
Miscellaneous loss	–	2
Total Non-Operating Expenses	169,794	174,711
Recurring Profit	809,143	799,547
Pre-Tax Income	809,143	799,547
Income Taxes – Current	956	846
Total Income Taxes	956	846
Net Income	808,186	798,701
Retained Earnings Brought Forward	97	243
Unappropriated Retained Earnings	808,284	798,944

(3) Statement of Shareholders' Equity

Previous Period (January 2017 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				Total Net Assets
	Paid-In Capital	Surplus		Total Shareholders' Equity	
		Unappropriated Retained Earnings	Total Surplus		
Balance as of August 1, 2016	14,145,932	391,360	391,360	14,537,292	14,537,292
Changes during the Period					
Issuance of New Shares	17,751,613			17,751,613	17,751,613
Dividends		-391,262	-391,262	-391,262	-391,262
Net Income		808,186	808,186	808,186	808,186
Total Changes	17,751,613	416,924	416,924	18,168,538	18,168,538
Balance as of January 31, 2017	31,897,545	808,284	808,284	32,705,830	32,705,830

Current Period (July 2017 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				Total Net assets
	Paid-In Capital	Surplus		Total Shareholders' Equity	
		Unappropriated Retained Earnings	Total Surplus		
Balance as of February 1, 2017	31,897,545	808,284	808,284	32,705,830	32,705,830
Changes during the Period					
Dividends		-808,041	-808,041	-808,041	-808,041
Net Income		798,701	798,701	798,701	798,701
Total Changes	–	-9,339	-9,339	-9,339	-9,339
Balance as of July 31, 2017	31,897,545	798,944	798,944	32,696,490	32,696,490

(4) Cash Flow Statement

(JPY thousand)

	January 2017 (August 1, 2016 to January 31, 2017)	July 2017 (February 1, 2017 to July 31, 2017)
Cash Flows from Operations:		
Pre-tax income	809,143	799,547
Depreciation	268,204	280,255
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	19,849	20,352
Interest income	-10	-15
Interest expense	83,445	87,083
Decrease (increase) in accounts receivable	4,167	-96,469
Decrease (increase) in consumption taxes receivable	-718,442	718,442
Decrease (increase) in prepaid expenses	-7,387	6,698
Decrease (increase) in long-term prepaid expenses	-369,071	53,251
Increase (decrease) in accrued consumption taxes	-44,449	73,193
Increase (decrease) in accounts payable	39,586	-31,845
Increase (decrease) in accounts payable – other	102,572	8,577
Increase (decrease) in advances received	48,389	3,374
Other	1,728	-1,620
Sub-total	242,815	1,925,916
Interest income received	10	15
Interest expense paid	-83,603	-87,077
Income taxes paid	-905	-957
Net Cash from (Used for) Operations	158,317	1,837,897
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-27,669,885	-1,841,059
Decrease in tenant leasehold and security deposits in trust	–	-4,240
Increase in tenant leasehold and security deposits in trust	336,523	54,720
Net Cash from (Used for) Investments	-27,333,361	-1,790,579
Cash Flows from Financing:		
Proceeds from long-term loans	11,000,000	450,000
Dividends paid	-390,819	-805,287
Proceeds from share issuance	17,751,613	–
Share-issuance expenses	-50,793	–
Net Cash from (Used for) Financing	28,309,999	-355,287
Net Decrease (Increase) in Cash and Cash Equivalents	1,134,955	-307,969
Cash and Cash Equivalents at Beginning of Period	2,490,972	3,625,927
Cash and Cash Equivalents at End of Period	3,625,927	3,317,957

Material Matters after Closing of the Fiscal Period

1. Asset Acquisition

The following hotel was acquired in accordance with the guidelines specified in Ichigo Hotel REIT's Articles of Incorporation.

Urbain Hiroshima Executive	
Acquisition Price	JPY 1,800,000,000
Location	16-13 Wakakusacho, Higashi-ku, Hiroshima City, Hiroshima
Legal Form of Asset	Trust beneficiary interest in real estate (juekiken)
Contract Date	July 25, 2017
Closing Date	August 1, 2017
Seller	Yuki Corporation

Note: Acquisition price is the transaction price of the trust beneficiary interest (juekiken) itself and does not include any fees or applicable property, city planning, and consumption taxes.

2. New Loans and Interest Rate Swaps

Term Loan VII-1 & Swap

Lender	SMBC
Loan Amount	JPY 400 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-2 & Swap

Lender	Mizuho Bank
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-3 & Swap

Lender	Shinsei Bank
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-4 & Swap

Lender	Resona Bank
Loan Amount	JPY 200 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-5 & Swap

Lender	Bank of Fukuoka
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-6 & Swap

Lender	Nishi-Nippon City Bank
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

[1] Interest rates for above term loans are fixed at 0.78750%.

2. Earnings Forecasts

Earnings Forecast for the January 2018 Fiscal Period (August 1, 2017 to January 31, 2018)

For details on preconditions, please refer to the "Preconditions for January 2018 Fiscal Period Earnings Forecast" on page 4.

Major factors of variation are as follows:

Increase in Operating Revenue
Increase in rental income from a hotel acquired in August 2017

Increase in Operating Expenses
Increase in rental expenses from a hotel acquired in August 2017

Increase in Non-Operating Expenses
Increase in interest expenses and borrowing-related expenses from a hotel acquired in August 2017 using funds procured via new loans

January 2018 Fiscal Period (August 1, 2017 to January 31, 2018)

Operating Revenue	JPY 1,770 million
Operating Profit	JPY 1,012 million
Recurring Profit	JPY 821 million
Net Income	JPY 821 million
Dividend per Share	JPY 3,187
Dividends in Excess of Earnings	–

Note: The above forecast is based on the preconditions on page 4.

Earnings Forecast for the July 2018 Fiscal Period (February 1, 2018 to July 31, 2018)

For details on preconditions, please refer to the "Preconditions for July 2018 Fiscal Period Earnings Forecast" on page 6.

Major factors of variation are as follows:

Increase in Operating Revenue
Increase in variable rent due to seasonal trends

July 2018 Fiscal Period (February 1, 2018 to July 31, 2018)

Operating Revenue	JPY 1,805 million
Operating Profit	JPY 1,020 million
Recurring Profit	JPY 831 million
Net Income	JPY 830 million
Dividend per Share	JPY 3,224
Dividends in Excess of Earnings	–

Note: The above forecast is based on the preconditions on page 6.

Details of Rental Income

(JPY thousand)

		Previous Period (August 1, 2016 to January 31, 2017)		Current Period (February 1, 2017 to July 31, 2017)	
A	Real Estate Rental Income				
	Real Estate Rental Income	1,540,030	1,540,030	1,662,619	1,662,619
	Other Rental Income				
	Utilities Income	18,184		19,217	
	Other	2,519	20,704	6,148	25,365
	Total Income		1,560,734		1,687,985
B	Real Estate Rental Expenses				
	Rental Expenses				
	Outsourcing Fees	16,346		16,472	
	Utilities	18,208		19,539	
	Trust Fees	6,869		7,478	
	Depreciation Expense	268,204		280,255	
	Repair Expenses	8,727		19,432	
	Property and City Planning Taxes	48,325		98,347	
	Insurance	2,438		2,502	
	Other Expenses	1,650		903	
	Total Expenses		370,771		444,931
C	Net Rental Income (A) – (B)		1,189,963		1,243,053

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (January 2017)

(JPY thousand)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special Treatment of Interest Rate Swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	14,250,000	14,250,000	Note 1	–

Note 1: Interest rate swaps accounted under the Special Treatment of Interest Rate Swap method are accounted together with the hedging target (in this case, a long-term loan), and therefore their market values are included in the balance sheet as part of Long-Term Loans.

Current Fiscal Period (July 2017)

(JPY thousand)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special Treatment of Interest Rate Swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	16,050,000 Note 1	16,050,000 Note 1	-2,363 Note 2	Note 3

Note 1: Includes interest rate swaps entered into on July 28, 2017 for a notional principal of JPY 1.8 billion to cover new loans executed on August 1, 2017.

Note 2: Shows the market value of the interest rate swaps entered into on July 28, 2017, because their associated hedging target loans, under the Special Treatment of Interest Rate Swap Method, were not accounted for as of July 31, 2017. When excluding the new interest rate swaps entered into on July 28, 2017, interest rate swaps accounted under the Special Treatment of Interest Rate Swap method are accounted together with the hedging target (in this case, a long-term loan), and therefore their market values are included in the balance sheet as part of Long-Term Loans.

Note 3: Market value is the price provided by financial institution counterparty.

Major Tenants (Hotel Operators)

Previous Fiscal Period (January 2017)

(JPY thousand)

Name	Ichigo Hotel REIT Operating Revenue
Nest Hotel Japan Corporation	589,002
K.K. Hospitality Operations	298,366
Greens Co., Ltd.	266,677

Current Fiscal Period (July 2017)

(JPY thousand)

Name	Ichigo Hotel REIT Operating Revenue
Nest Hotel Japan Corporation	631,906
K.K. Hospitality Operations	306,673
Greens Co., Ltd.	286,566

New Share Issuances

Date	Method	Total Number of Shares		Issue Amount (JPY million)	
		Issued	Outstanding	Change	Total
July 22, 2015	REIT Establishment[1]	3,000	3,000	300	300
November 27, 2015	IPO[2]	129,000	132,000	13,181	13,481
December 22, 2015	Third-Party Allotment to Underwriter (Greenshoe)[3]	6,500	138,500	664	14,145
August 16, 2016	Public Offering[4]	115,800	254,300	17,262	31,408
September 13, 2016	Third-Party Allotment to Underwriter (Greenshoe)[5]	3,284	257,584	489	31,897

[1] Upon establishment of this REIT, new shares were issued at JPY 100,000 per share.
[2] New shares were issued via public offering at JPY 106,000 per share (proceeds to Ichigo Hotel REIT of JPY 102,184 per share) to procure funds for asset acquisitions.
[3] New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 102,184 per share to procure funds to repay debt.
[4] New shares were issued via public offering at JPY 154,537 (proceeds to Ichigo Hotel REIT of JPY 149,068 per share) to procure funds for asset acquisitions.
[5] New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 149,068 per share to procure funds to repay debt.

Portfolio Information

Portfolio Composition by Region (Book Value)

	Region	July 2017 Fiscal Period	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (juekiken)	Hokkaido	3,952	7.4
	Kanto	1,512	2.8
	Tokyo	7,231	13.5
	Hokuriku & Tokai	9,864	18.3
	Kinki	18,994	35.3
	Chugoku & Shikoku	2,863	5.3
	Kyushu & Okinawa	5,230	9.7
Sub-total		49,649	92.4
Deposits & Other Assets		4,111	7.6
Total Assets		53,760	100.0

Regions are defined as follows:

Hokkaido & Tohoku:	Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima Prefectures
Kanto:	Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, Yamanashi, Niigata, and Nagano Prefectures
Tokyo:	Tokyo
Hokuriku & Tokai:	Toyama, Ishikawa, Fukui, Gifu, Shizuoka, Aichi, and Mie Prefectures
Kinki:	Osaka, Hyogo, Kyoto, Shiga, Nara, and Wakayama Prefectures
Chugoku & Shikoku:	Tottori, Shimane, Okayama, Hiroshima, Yamaguchi, Kagawa, Tokushima, Kochi, and Ehime Prefectures
Kyushu & Okinawa:	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa Prefectures

Hotel Acquisition Price, Book Value, Appraisal Value, and Portfolio Weighting

(as of July 31, 2017)

Hotel No.	Hotel Name	Acquisition Price (JPY million)	Book Value (JPY million)	Appraisal Value (JPY million)	Portfolio Weighting (%)	Collateralized
001	Smile Hotel Kyoto Shijo	4,480	4,527	4,960	9.1	No
002	Hotel Vista Premio Kyoto	3,600	3,603	3,980	7.3	No
003	Hotel Wing International Nagoya	2,670	2,710	2,850	5.4	No
004	Nest Hotel Sapporo Ekimae	2,160	2,161	2,380	4.4	No
005	Chisun Inn Osaka Hommachi	1,630	1,657	1,990	3.3	No
006	Comfort Hotel Hamamatsu	1,550	1,521	1,780	3.2	No
007	Hotel Suave Kobe Asuta	1,490	1,469	1,670	3.0	No
008	Nest Hotel Sapporo Odori	1,450	1,489	1,650	2.9	No
009	Valie Hotel Tenjin	1,380	1,415	2,060	2.8	No
010	Nest Hotel Osaka Shinsaibashi	7,600	7,736	7,690	15.5	No
011	Comfort Hotel Central International Airport	5,308	5,329	5,880	10.8	No
012	Smile Hotel Tokyo Asagaya	3,910	3,950	4,030	8.0	No
013	Nest Hotel Naha	3,750	3,814	4,040	7.6	No
014	Smile Hotel Asakusa	1,920	1,921	2,130	3.9	No
015	Nest Hotel Matsuyama	1,610	1,656	1,670	3.3	No
016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,360	1,440	2.8	No
017	Comfort Hotel Okayama	1,200	1,206	1,240	2.4	No
018	Comfort Hotel Kushiro	300	301	421	0.6	No
019	Comfort Hotel Suzuka	300	302	377	0.6	No
020	Grandpark-Inn Yokohama	1,490	1,512	1,560	3.0	No
Total		49,158	49,649	53,798	100.0	

Hotel Location, Rent, Occupancy, and Structural Details

(as of July 31, 2017)

Hotel Type	Hotel No.	Hotel Name	Location	Land Area (m^2)	Total Floor Area (m^2)	Construction Date	Fixed Rent p.a. (JPY million)	Total Leased Area (m^2)	Total Leasable Area (m^2)	Occupancy (%)	No. of Operators/ Tenants	Total No. of Guest Rooms
Stay-Only	001	Smile Hotel Kyoto Shijo	Kyoto	662.83	4,891.84	Jan 1991	65	4,891.84	4,891.84	100.0	1	140
	002	Hotel Vista Premio Kyoto	Kyoto	1,004.91	3,867.66	Jun 2008	150	3,867.66	3,867.66	100.0	3	84
	003	Hotel Wing International Nagoya	Nagoya	603.37	5,255.66	Oct 1984	Not Disclosed	5,255.66	5,255.66	100.0	1	220
	004	Nest Hotel Sapporo Ekimae	Sapporo	897.96	5,734.93	Jun 1984	63	5,734.93	5,734.93	100.0	1	162
	005	Chisun Inn Osaka Hommachi	Osaka	596.21	3,568.32	Oct 1982	72	3,690.00	3,690.00	100.0	2	130
	006	Comfort Hotel Hamamatsu	Hamamatsu, Shizuoka	835.12	4,173.92	Sep 2009	110	4,173.92	4,173.92	100.0	1	196
	007	Hotel Suave Kobe Asuta	Kobe	838.88	4,540.90	Jan 2008	Not Disclosed	4,633.16	4,633.16	100.0	1	133
	008	Nest Hotel Sapporo Odori	Sapporo	811.69	5,634.88	Aug 1992	47	5,638.78	5,638.78	100.0	1	121
	009	Valie Hotel Tenjin	Fukuoka	788.62	1,910.94	Mar 1994	46	1,910.94	1,910.94	100.0	1	77
	010	Nest Hotel Osaka Shinsaibashi	Osaka	1,072.78	7,968.49	Aug 1984	122	8,057.26	8,057.26	100.0	1	302
	011	Comfort Hotel Central International Airport	Tokoname, Aichi	6,637.11	11,599.63	Nov 2004 Jun 2006	289	11,599.63	11,599.63	100.0	1	346
	012	Smile Hotel Tokyo Asagaya	Tokyo	919.72	2,732.47	Jan 1993	55	2,721.70	2,721.70	100.0	8	112
	013	Nest Hotel Naha	Naha, Okinawa	2,322.62	9,240.20	Feb 1975	96	9,240.20	9,240.20	100.0	1	198
	014	Smile Hotel Asakusa	Tokyo	361.38	1,793.43	Sept 1992	29	1,793.43	1,793.43	100.0	1	96
	015	Nest Hotel Matsuyama	Matsuyama, Ehime	1,692.01	6,671.94	Nov 1988	66	6,671.94	6,671.94	100.0	1	190
	016	Hotel Livemax Nihombashi-Hakozaki	Tokyo	123.54	853.00	Feb 2015	Not Disclosed	853.00	853.00	100.0	1	48
	017	Comfort Hotel Okayama	Okayama	986.26	5,543.70	Nov 1983	87	5,543.70	5,543.70	100.0	1	208
	018	Comfort Hotel Kushiro	Kushiro, Hokkaido	895.05	3,180.58	Aug 2009	35	3,180.58	3,180.58	100.0	1	126
	019	Comfort Hotel Suzuka	Suzuka, Mie	553.26	2,186.65	Jul 2007	29	2,186.65	2,186.65	100.0	1	105
	020	Grandpark-Inn Yokohama	Yokohama	516.22	1,183.26	Dec 1993	Not Disclosed	1,183.26	1,183.26	100.0	1	182
Total/Average			—	23,119.54	92,532.40	—	1,369	92,828.24	92,828.24	100.0	30	3,176

Appraisal Data

(as of July 31, 2017)

Hotel Type	Hotel No.	Hotel Name	Appraiser	Appraisal Value (JPY million)	Value via Cost Approach (JPY million)	Value (JPY million)						Appraisal NOI yield (%)	Post-Depreciation NOI yield (%)
						Value by Direct Capitalization Method	Cap Rate (%)	Value via DCF Method	Discount Rate (%)	Terminal Cap Rate (%)	Appraisal NOI (JPY thousand)		
Stay-Only	001	Smile Hotel Kyoto Shijo	The Tanizawa Sogo Appraisal Co., Ltd.	4,960	4,800	5,050	4.7	4,920	4.8	4.9	254,395	5.7	4.9
	002	Hotel Vista Premio Kyoto	Daiwa Real Estate Appraisal Co., Ltd.	3,980	3,650	4,030	4.4	3,960	4.2	4.6	182,193	5.1	4.4
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,850	2,320	2,880	5.0	2,830	4.8	5.2	157,637	5.9	5.3
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,380	1,100	2,380	5.5	2,380	5.3	5.7	153,402	7.1	6.0
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,990	1,350	2,020	4.5	1,980	4.3	4.7	98,957	6.1	5.5
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,780	1,670	1,790	5.5	1,780	5.5	5.7	102,501	6.6	4.8
	007	Hotel Suave Kobe Asuta	The Tanizawa Sogo Appraisal Co., Ltd.	1,670	1,600	1,700	5.0	1,660	4.9 (1st year) 5.1 (2nd year on)	5.2	90,737	6.1	4.4
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,650	1,260	1,630	5.4	1,660	5.2	5.6	105,659	7.3	4.9
	009	Valie Hotel Tenjin	Japan Real Estate Institute	2,060	1,220	2,080	4.5	2,030	4.3	4.7	101,734	7.4	6.2
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	7,690	2,490	7,750	4.5	7,660	4.3	4.7	398,454	5.2	4.4
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,880	6,120	5,960	4.0	5,850	3.8	4.2	266,234	5.0	3.9
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,030	1,100	4,080	4.4	4,010	4.2	4.6	196,553	5.0	3.9
	013	Nest Hotel Naha	Daiwa Real Estate Appraisal Co., Ltd.	4,040	1,300	4,070	5.3	4,020	5.1	5.5	241,241	6.4	4.9
	014	Smile Hotel Asakusa	Daiwa Real Estate Appraisal Co., Ltd.	2,130	548	2,160	4.1	2,120	3.9	4.3	99,516	5.2	3.8
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,670	1,100	1,660	5.7	1,680	5.5	5.9	119,928	7.4	5.3
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,440	606	1,460	4.5	1,430	4.3	4.7	66,178	4.9	3.5
	017	Comfort Hotel Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,240	540	1,230	5.3	1,250	5.1	5.5	79,301	6.6	4.7
	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	421	815	417	5.5	422	5.3	5.7	23,215	7.7	4.8
	019	Comfort Hotel Suzuka	Daiwa Real Estate Appraisal Co., Ltd.	377	429	375	5.0	378	4.8	5.2	23,021	7.7	5.0
	020	Grandpark-Inn Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,560	1,700	1,600	4.6	1,540	4.4	4.9	73,636	4.9	4.7
Total/Average				53,798	35,718	54,322	–	53,560	–	–	2,834,500	5.8	4.6

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in July 2017 Fiscal Period		Total Leased Area	
			(JPY million)	Ratio (%)[1]	(m^2)	Ratio (%)
Nest Hotel Japan Corporation	Hotel Operation	Nest Hotel Sapporo Ekimae Nest Hotel Sapporo Odori Nest Hotel Osaka Shinsaibashi Nest Hotel Naha Nest Hotel Matsuyama	196	22.6	35,343.11	38.1
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Okayama Comfort Hotel Kushiro Comfort Hotel Suzuka	286	32.9	26,684.48	28.7

Note: Covers operators occupying more than 10% of total leasable area.

[1] Expressed as a ratio to total fixed rent for the portfolio as of July 31, 2017.

Individual Hotel Financials

(JPY thousand)

Hotel No.	Total	001	002	004	005	006	008
Hotel Name		Smile Hotel Kyoto Shijo	Hotel Vista Premio Kyoto	Nest Hotel Sapporo Ekimae	Chisun Inn Osaka Hommachi	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori
(A) Rental Income	1,687,985	154,639	75,000	112,142	66,891	55,361	89,149
Fixed Rent	870,228	30,744	75,000	31,129	36,600	55,361	23,766
Variable Rent	757,077	123,894	–	81,012	30,291	–	65,382
Other Rent	60,678	–	–	–	–	–	–
(B) Rental Expenses	164,676	7,137	9,482	8,137	5,290	3,454	10,685
Outsourcing Fees	16,472	600	1,475	600	870	600	600
Insurance	2,502	156	101	148	101	95	157
Repair Expenses	19,432	1,214	608	1,860	812	8	1,183
Taxes	98,347	4,800	6,879	5,103	3,140	2,479	8,304
Other Expenses	27,921	365	418	424	367	271	441
(C) NOI (A) - (B)	1,523,308	147,502	65,517	104,004	61,600	51,906	78,463
(D) Depreciation	280,255	16,953	12,633	12,355	4,471	14,339	17,460
(E) Net Rental Income (C) - (D)	1,243,053	130,548	52,884	91,649	57,129	37,567	61,002

(JPY thousand)

Hotel No.	009	010	011	012	013	014	015
Hotel Name	Valie Hotel Tenjin	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Central International Airport	Smile Hotel Tokyo Asagaya	Nest Hotel Naha	Smile Hotel Asakusa	Nest Hotel Matsuyama
(A) Rental Income	58,562	223,789	151,441	92,731	116,740	59,303	91,585
Fixed Rent	21,664	64,581	151,441	30,041	41,531	15,839	35,402
Variable Rent	36,898	159,208	–	62,689	75,208	43,463	54,682
Other Rent	–	–	–	–	–	–	1,500
(B) Rental Expenses	4,960	15,241	14,305	12,993	8,067	4,105	8,245
Outsourcing Fees	600	1,200	570	2,145	1,080	600	1,080
Insurance	56	246	280	86	237	56	198
Repair Expenses	715	1,016	385	6,909	1,653	675	1,817
Taxes	3,221	12,362	12,604	3,435	4,673	2,357	4,708
Other Expenses	367	417	465	417	422	416	440
(C) NOI (A) - (B)	53,602	208,548	137,136	79,737	108,672	55,198	83,339
(D) Depreciation	8,238	31,813	28,820	21,262	29,604	12,995	17,056
(E) Net Rental Income (C) - (D)	45,363	176,734	108,315	58,475	79,068	42,202	66,283

(JPY thousand)

Hotel No.	017	018	019	
Hotel Name	Comfort Hotel Okayama	Comfort Hotel Kushiro	Comfort Hotel Suzuka	Other
(A) Rental Income	45,958	18,419	15,442	260,825
Fixed Rent	45,900	18,419	15,442	177,360
Variable Rent	–	–	–	24,345
Other Rent	58	–	–	59,120
(B) Rental Expenses	5,705	5,567	3,156	38,138
Outsourcing Fees	900	900	540	2,112
Insurance	141	83	48	305
Repair Expenses	86	98	330	60
Taxes	4,101	4,071	1,821	14,283
Other Expenses	476	415	417	21,377
(C) NOI (A) - (B)	40,253	12,851	12,286	222,686
(D) Depreciation	11,731	4,445	4,072	32,000
(E) Net Rental Income (C) - (D)	28,522	8,405	8,213	190,686

Note: Hotel operator rental income for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, and Grandpark-Inn Yokohama, and retail tenant rental income for Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya are included in Other, as the operators did not provide consent to disclose the data. Hotel Wing International Nagoya NOI and depreciation are JPY 77,071 thousand and JPY 8,333 thousand, respectively. Hotel Suave Kobe Asuta NOI and depreciation are JPY 46,619 thousand and JPY 12,693 thousand, respectively. Hotel Livemax Nihombashi-Hakozaki NOI and depreciation are JPY 33,156 thousand and JPY 9,106 thousand, respectively. Grandpark-Inn Yokohama NOI and depreciation are JPY 26,681 thousand and JPY 1,867 thousand, respectively.

Individual Hotel Operating Results

ADR = Average Daily Rate
RevPAR = Revenue per Available Room
GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	100.0	100.1	100.1	100.0	100.0	97.7	100.1	99.9	100.0	99.4	99.7	99.6	99.7
ADR (JPY)	9,401	9,328	13,018	17,955	9,779	7,159	7,274	11,356	19,027	10,002	6,721	8,840	10,831
RevPAR (JPY)	9,403	9,341	13,030	17,950	9,775	6,995	7,283	11,348	19,018	9,939	6,703	8,803	10,799
Revenue (JPY million)	43	41	58	77	47	32	30	51	83	45	30	41	578
GOP (JPY million)	27	24	40	58	31	15	15	34	60	29	16	24	372

002 Hotel Vista Premio Kyoto

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	94.0	91.3	93.5	94.9	84.6	82.1	89.5	93.1	92.7	91.5	86.1	86.1	89.9
ADR (JPY)	12,974	11,601	15,290	20,237	13,572	11,833	11,150	15,733	20,215	14,775	11,170	13,831	14,453
RevPAR (JPY)	12,201	10,588	14,297	19,201	11,477	9,720	9,979	14,646	18,731	13,521	9,619	11,903	12,998
Revenue (JPY million)	35	29	40	51	31	27	25	40	50	38	26	33	426
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

003 Hotel Wing International Nagoya

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	79.7	77.2	91.5	96.0	84.7	80.5	92.5	88.7	90.7	87.6	86.9	90.6	87.2
ADR (JPY)	5,882	5,522	6,505	6,415	6,611	5,799	6,474	6,773	6,558	6,521	6,362	6,834	6,374
RevPAR (JPY)	4,690	4,264	5,955	6,155	5,600	4,669	5,990	6,008	5,951	5,710	5,530	6,188	5,557
Revenue (JPY million)	37	32	46	46	43	36	41	46	44	44	42	47	503
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

004 Nest Hotel Sapporo Ekimae

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	98.5	98.2	97.7	96.4	94.7	94.8	96.5	97.8	97.4	98.0	98.4	97.8	97.2
ADR (JPY)	11,494	11,474	8,777	6,270	6,803	6,497	11,641	6,293	5,421	8,524	11,341	13,131	8,972
RevPAR (JPY)	11,320	11,271	8,571	6,046	6,445	6,157	11,233	6,153	5,279	8,353	11,159	12,838	8,718
Revenue (JPY million)	67	67	54	40	45	38	58	42	38	49	63	73	633
GOP (JPY million)	36	37	25	13	18	13	31	15	13	24	37	45	306

005 Chisun Inn Osaka Hommachi

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	89.9	89.2	91.1	85.2	80.6	82.1	94.1	95.2	94.1	80.8	87.6	93.6	88.6
ADR (JPY)	9,458	8,488	8,706	8,658	8,582	7,572	7,763	8,392	8,968	7,980	7,263	7,997	8,330
RevPAR (JPY)	8,501	7,567	7,934	7,372	6,916	6,219	7,308	7,986	8,439	6,452	6,364	7,483	7,379
Revenue (JPY million)	34	30	32	29	28	25	27	32	33	26	25	30	350
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

006 Comfort Hotel Hamamatsu

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	85.7	83.3	84.9	84.9	78.9	65.7	74.8	88.6	81.8	77.0	74.7	81.3	80.2
ADR (JPY)	6,620	6,772	6,379	6,213	6,019	5,751	6,232	6,652	5,850	6,739	5,526	5,952	6,244
RevPAR (JPY)	5,673	5,638	5,416	5,273	4,749	3,779	4,662	5,891	4,785	5,186	4,129	4,838	5,005
Revenue (JPY million)	34	33	33	31	29	23	26	36	28	32	24	29	358
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

007 Hotel Suave Kobe Asuta

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	–	–	–	–	–	–	–	–	–	–	–	–	–
ADR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
RevPAR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenue (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on past operating results.

008 Nest Hotel Sapporo Odori

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	97.1	98.0	97.9	97.6	92.8	93.1	94.2	95.5	96.7	97.4	97.7	97.7	96.3
ADR (JPY)	13,986	14,170	10,537	7,718	7,989	7,771	13,926	7,034	6,378	9,783	12,725	15,899	10,664
RevPAR (JPY)	13,576	13,888	10,314	7,530	7,413	7,236	13,125	6,721	6,167	9,528	12,438	15,526	10,271
Revenue (JPY million)	55	54	42	31	30	30	47	29	26	40	49	62	495
GOP (JPY million)	32	32	22	12	13	11	26	10	8	20	28	40	254

009 Valie Hotel Tenjin

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	85.7	84.7	85.9	88.9	86.1	83.0	91.8	92.3	87.5	86.2	87.4	92.0	87.6
ADR (JPY)	10,363	9,148	9,926	9,949	10,194	9,132	9,912	9,514	8,897	9,742	8,416	9,674	9,577
RevPAR (JPY)	8,878	7,746	8,529	8,846	8,776	7,582	9,103	8,781	7,784	8,395	7,360	8,899	8,389
Revenue (JPY million)	23	19	22	22	23	20	21	23	20	22	19	23	256
GOP (JPY million)	13	10	11	12	12	9	11	13	10	11	8	12	133

010 Nest Hotel Osaka Shinsaibashi

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	93.8	93.3	96.5	94.7	91.3	94.3	99.2	99.0	99.1	97.6	98.5	98.2	96.3
ADR (JPY)	9,128	8,533	9,418	9,054	9,056	8,012	8,603	9,048	9,124	8,667	8,055	8,824	8,796
RevPAR (JPY)	8,566	7,958	9,090	8,576	8,268	7,558	8,532	8,955	9,041	8,460	7,932	8,662	8,467
Revenue (JPY million)	88	79	93	86	85	78	80	90	90	86	78	88	1,020
GOP (JPY million)	55	46	57	51	55	44	49	57	58	53	48	56	630

011 Comfort Hotel Central International Airport

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	91.9	80.5	82.0	82.1	80.9	87.2	89.9	83.2	90.1	87.9	87.8	93.7	86.4
ADR (JPY)	8,967	8,603	8,787	8,668	8,778	8,974	9,125	8,763	9,073	9,098	9,026	9,115	8,922
RevPAR (JPY)	8,239	6,928	7,207	7,116	7,101	7,828	8,204	7,288	8,172	7,993	7,927	8,540	7,710
Revenue (JPY million)	99	80	87	83	86	94	89	87	95	96	91	102	1,088
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

012 Smile Hotel Tokyo Asagaya

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	98.7	98.9	98.4	97.9	99.3	97.8	98.9	98.6	99.0	99.1	82.7	93.1	96.9
ADR (JPY)	7,976	7,630	8,614	8,696	8,279	7,423	9,115	8,769	10,040	8,018	7,692	8,281	8,381
RevPAR (JPY)	7,873	7,544	8,480	8,515	8,217	7,259	9,011	8,648	9,942	7,944	6,364	7,706	8,118
Revenue (JPY million)	28	26	30	30	30	26	29	30	34	28	22	27	341
GOP (JPY million)	17	15	19	19	16	14	18	19	24	17	11	17	206

013 Nest Hotel Naha

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	95.5	93.9	91.3	84.5	85.8	82.1	96.2	94.3	90.1	77.5	76.6	90.3	88.1
ADR (JPY)	11,840	9,567	9,888	10,458	9,457	8,540	10,303	9,914	8,299	9,184	8,607	10,462	9,753
RevPAR (JPY)	11,308	8,982	9,023	8,840	8,118	7,013	9,908	9,346	7,473	7,121	6,595	9,445	8,594
Revenue (JPY million)	86	69	80	77	80	63	71	80	64	63	59	77	870
GOP (JPY million)	39	25	30	29	33	22	29	34	23	21	17	32	333

014 Smile Hotel Asakusa

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	93.0	95.5	96.1	96.6	96.3	95.2	96.3	97.2	97.6	97.6	97.6	96.9	96.3
ADR (JPY)	7,235	6,886	7,404	7,182	7,474	6,237	7,331	7,550	7,958	7,420	6,778	7,297	7,231
RevPAR (JPY)	6,727	6,573	7,118	6,941	7,197	5,937	7,058	7,336	7,765	7,243	6,614	7,069	6,964
Revenue (JPY million)	21	20	22	21	22	19	20	23	23	22	20	22	254
GOP (JPY million)	10	10	12	11	12	8	10	12	13	11	11	12	131

015 Nest Hotel Matsuyama

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	84.4	84.7	82.8	86.1	84.7	76.5	84.2	90.6	87.8	87.7	87.2	85.9	85.2
ADR (JPY)	6,132	5,938	6,343	6,618	5,365	5,533	5,970	5,944	5,652	6,898	5,588	6,141	6,015
RevPAR (JPY)	5,174	5,030	5,253	5,699	4,545	4,233	5,028	5,383	4,964	6,050	4,871	5,273	5,126
Revenue (JPY million)	43	41	43	44	48	39	39	47	44	51	42	46	525
GOP (JPY million)	17	16	17	19	19	14	15	20	18	24	17	19	215

016 Hotel Livemax Nihombashi-Hakozaki

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	–	–	–	–	–	–	–	–	–	–	–	–	–
ADR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
RevPAR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenue (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on past operating results.

017 Comfort Hotel Okayama

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	90.6	84.2	89.2	89.0	85.9	82.9	86.6	85.9	89.3	87.0	82.7	83.8	86.4
ADR (JPY)	7,404	6,241	6,643	6,155	5,389	5,171	5,615	5,708	5,867	6,542	5,861	5,979	6,063
RevPAR (JPY)	6,705	5,254	5,926	5,480	4,629	4,286	4,863	4,901	5,240	5,693	4,846	5,013	5,240
Revenue (JPY million)	45	34	40	36	32	29	30	33	34	38	32	34	417
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

018 Comfort Hotel Kushiro

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	89.2	87.8	80.6	72.8	68.0	63.4	73.4	72.7	65.5	72.1	81.0	89.3	76.3
ADR (JPY)	6,611	6,172	5,393	4,302	4,160	4,451	4,550	4,286	4,308	4,923	4,449	6,043	5,059
RevPAR (JPY)	5,900	5,418	4,347	3,130	2,829	2,824	3,338	3,118	2,822	3,550	3,601	5,398	3,862
Revenue (JPY million)	24	22	18	13	12	12	13	13	12	15	15	22	190
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

019 Comfort Hotel Suzuka

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	89.5	67.5	82.5	79.6	73.7	61.9	71.5	90.8	82.9	74.9	84.2	82.2	78.5
ADR (JPY)	6,748	5,721	6,890	6,002	5,247	5,039	5,126	5,594	5,618	5,996	5,820	6,289	5,883
RevPAR (JPY)	6,037	3,863	5,681	4,775	3,869	3,121	3,665	5,077	4,655	4,493	4,902	5,168	4,617
Revenue (JPY million)	20	13	19	15	13	10	11	17	15	15	16	17	181
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on GOP.

020 Grandpark-Inn Yokohama

	2016					2017							Average/
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Cumulative
Occupancy (%)	–	–	–	–	–	–	–	–	–	–	–	–	–
ADR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
RevPAR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenue (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose information on past operating results.

Hotel NOI and Portfolio Weighting by Region

Region	Number of Hotels	Acquisition Price (JPY million)	Portfolio Weighting (%)	Average Appraisal NOI Yield (%)
Hokkaido	3	3,910	8.0	7.2
Kanto	1	1,490	3.0	4.9
Tokyo	3	7,190	14.6	5.0
Hokuriku & Tokai	4	9,828	20.0	5.6
Kinki	5	18,800	38.2	5.5
Chugoku & Shikoku	2	2,810	5.7	7.1
Kyushu & Okinawa	2	5,130	10.4	6.7
Total	20	49,158	100.0	5.8

Major Capital Expenditures

a. Major Capital Expenditures Planned for January 2018 and July 2018 Fiscal Periods

Hotel Name	Location	Purpose	Timing	Expenditure (JPY million)		
				Total	Amount Paid in Current Fiscal Period	Total Amount Already Paid
Nest Hotel Osaka Shinsaibashi	Osaka	Renovate Exterior	Sep 2017-Jan 2018	66	–	–
Smile Hotel Tokyo Asagaya	Tokyo	Renovate Guest Rooms	Nov 2017-Jan 2018	56	–	–
Smile Hotel Kyoto Shijo	Kyoto	Split-up Guest Rooms	Jan-Feb 2018	48	–	–
Comfort Hotel Central International Airport	Tokoname, Aichi	Renovate Exterior	Feb-May 2018	38	–	–
Valie Hotel Tenjin	Fukuoka	Renovate Exterior	Sep-Dec 2017	25	–	–

b. Major Capital Expenditures during the Current Fiscal Period (July 2017)

Hotel Name	Location	Purpose	Timing	Expenditure (JPY million)		
				Total	Amount Paid in Current Fiscal Period	Total Amount Already Paid
Nest Hotel Naha	Naha, Okinawa	Increase Guest Rooms	May-Jun 2017	27	–	–
Smile Hotel Tokyo Asagaya	Tokyo	Renovate Guest Rooms	Jun-Jul 2017	28	–	–
Nest Hotel Matsuyama	Matsuyama, Ehime	Upgrade Central Heating Unit	Jun-Jul 2017	19	–	–