[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 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 – August 2017

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels – excludes Grandpark-Inn Yokohama)

	August 2017 (A)	(Previous) August 2016 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	873.9	851.7	+22.3	+2.6%
RevPAR (JPY)	8,050	7,852	+198	+2.5%
Occupancy (%)	93.9	91.4	+2.5	+2.8%
ADR (JPY)	8,572	8,594	-22	-0.3%

Variable Rent Hotels (12 Hotels)

	August 2017 (A)	(Previous) August 2016 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	582.7	558.8	+23.9	+4.3%
RevPAR (JPY)	9,077	8,707	+370	+4.3%
Occupancy (%)	96.5	92.1	+4.4	+4.8%
ADR (JPY)	9,406	9,458	-52	-0.6%

Fixed Rent Hotels (8 Hotels – excludes Grandpark-Inn Yokohama)

	August 2017 (A)	(Previous) August 2016 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	291.2	292.8	-1.6	-0.5%
RevPAR (JPY)	6,640	6,683	-44	-0.7%
Occupancy (%)	90.4	90.4	-0.1	-0.1%
ADR (JPY)	7,348	7,390	-42	-0.6%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		August 2017 (A)	(Previous) August 2016 (B)	Difference (A) - (B)	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	37.8	42.5	-4.7	-11.1%
	RevPAR (JPY)	8,204	9,403	-1,199	-12.8%
	Occupancy (%)	99.9	100.0	-0.1	-0.1%
	ADR (JPY)	8,209	9,401	-1,192	-12.7%
Hotel Vista Premio Kyoto	Revenue (JPY million)	33.2	34.6	-1.4	-4.2%
	RevPAR (JPY)	11,663	12,201	-539	-4.4%
	Occupancy (%)	90.1	94.0	-4.0	-4.2%
	ADR (JPY)	12,946	12,974	-28	-0.2%
Hotel Wing International Nagoya	Revenue (JPY million)	52.1	36.9	+15.2	+41.2%
	RevPAR (JPY)	6,781	4,690	+2,091	+44.6%
	Occupancy (%)	97.3	79.7	+17.6	+22.0%
	ADR (JPY)	6,970	5,882	+1,088	+18.5%
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	65.1	66.9	-1.9	-2.8%
	RevPAR (JPY)	11,590	11,320	+270	+2.4%
	Occupancy (%)	98.5	98.5	–	–
	ADR (JPY)	11,765	11,494	+272	+2.4%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	31.8	34.3	-2.5	-7.2%
	RevPAR (JPY)	7,886	8,501	-614	-7.2%
	Occupancy (%)	95.5	89.9	+5.7	+6.3%
	ADR (JPY)	8,255	9,458	-1,203	-12.7%
Nest Hotel Sapporo Odori	Revenue (JPY million)	57.3	54.9	+2.3	+4.3%
	RevPAR (JPY)	14,021	13,576	+445	+3.3%
	Occupancy (%)	97.7	97.1	+0.6	+0.6%
	ADR (JPY)	14,358	13,986	+372	+2.7%

		August 2017 (A)	(Previous) August 2016 (B)	Difference (A) - (B)	YOY Change
Valie Hotel Tenjin	Revenue (JPY million)	23.5	22.8	+0.7	+3.1%
	RevPAR (JPY)	9,118	8,878	+241	+2.7%
	Occupancy (%)	94.3	85.7	+8.7	+10.1%
	ADR (JPY)	9,665	10,363	-698	-6.7%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	93.0	87.6	+5.5	+6.2%
	RevPAR (JPY)	9,183	8,566	+618	+7.2%
	Occupancy (%)	98.4	93.8	+4.6	+4.8%
	ADR (JPY)	9,334	9,128	+205	+2.3%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	30.4	28.1	+2.3	+8.2%
	RevPAR (JPY)	8,525	7,873	+652	+8.3%
	Occupancy (%)	98.9	98.7	+0.2	+0.2%
	ADR (JPY)	8,619	7,976	+642	+8.1%
Nest Hotel Naha	Revenue (JPY million)	90.2	86.2	+3.9	+4.6%
	RevPAR (JPY)	11,440	11,308	+132	+1.2%
	Occupancy (%)	95.2	95.5	-0.3	-0.4%
	ADR (JPY)	12,021	11,840	+181	+1.5%
Smile Hotel Asakusa	Revenue (JPY million)	20.4	20.7	-0.3	-1.5%
	RevPAR (JPY)	6,573	6,727	-154	-2.3%
	Occupancy (%)	95.8	93.0	+2.8	+3.0%
	ADR (JPY)	6,864	7,235	-371	-5.1%
Nest Hotel Matsuyama	Revenue (JPY million)	48.0	43.3	+4.7	+10.8%
	RevPAR (JPY)	5,702	5,174	+528	+10.2%
	Occupancy (%)	92.3	84.4	+8.0	+9.4%
	ADR (JPY)	6,175	6,132	+43	+0.7%

Fixed Rent Hotels (8 Hotels)

		August 2017 (A)	(Previous) August 2016 (B)	Difference (A) - (B)	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	33.7	34.5	-0.7	-2.1%
	RevPAR (JPY)	5,553	5,673	-120	-2.1%
	Occupancy (%)	84.6	85.7	-1.1	-1.3%
	ADR (JPY)	6,565	6,620	-55	-0.8%
Comfort Hotel Central International Airport	Revenue (JPY million)	103.4	98.7	+4.7	+4.7%
	RevPAR (JPY)	8,683	8,239	+444	+5.4%
	Occupancy (%)	93.5	91.9	+1.7	+1.8%
	ADR (JPY)	9,283	8,967	+316	+3.5%
Comfort Hotel Okayama	Revenue (JPY million)	43.2	44.9	-1.7	-3.8%
	RevPAR (JPY)	6,457	6,705	-248	-3.7%
	Occupancy (%)	92.2	90.6	+1.7	+1.8%
	ADR (JPY)	7,001	7,404	-403	-5.4%
Comfort Hotel Kushiro	Revenue (JPY million)	26.0	24.4	+1.7	+6.8%
	RevPAR (JPY)	6,662	5,900	+762	+12.9%
	Occupancy (%)	89.3	89.2	+0.1	+0.1%
	ADR (JPY)	7,458	6,611	+847	+12.8%
Comfort Hotel Suzuka	Revenue (JPY million)	19.7	20.0	-0.2	-1.1%
	RevPAR (JPY)	6,005	6,037	-32	-0.5%
	Occupancy (%)	92.6	89.5	+3.2	+3.5%
	ADR (JPY)	6,483	6,748	-265	-3.9%
Urbain Hiroshima Executive	Revenue (JPY million)	36.4			
	RevPAR (JPY)	6,725			
	Occupancy (%)	92.4			
	ADR (JPY)	7,280			
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki)	Revenue (JPY million)	24.6	27.5	-2.9	-10.5%
	RevPAR (JPY)	4,392	4,909	-516	-10.5%
	Occupancy (%)	85.9	86.2	-0.2	-0.3%
	ADR (JPY)	5,112	5,698	-586	-10.3%

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 Urbain Hiroshima Executive prior to its acquisition in August 2017 is not disclosed, because the hotel operator did not provide consent to disclose hotel-specific 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.
9. 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.

<u>Explanation of Changes</u>

At variable rent hotels, which are a more significant contributor to Ichigo Hotel REIT's earnings, revenue and RevPAR increased at eight of the twelve hotels. As a result, Revenue, RevPAR, and Occupancy increased year-on-year at variable rent hotels and the total portfolio.

Driving the year-on-year increases in Revenue and RevPAR were Hotel Wing International Nagoya (which had fewer available rooms last August because of renovations); Smile Hotel Tokyo Asagaya, which had a positive response to guest room renovations; Nest Hotel Osaka Shinsaibashi, which converted rooms with one double bed into rooms with two single beds (thereby increasing guest demand); and Nest Hotel Sapporo Odori, which converted non-revenue-generating space into guest rooms and split up a suite into three guest rooms.

Value-Add Actions

Ichigo Hotel REIT completed renovation work at Nest Hotel Matsuyama to create a guest laundry room and introduce ice machines. Given the strong demand for laundry facilities from athletic teams and other guests staying for multiple nights, this renovation will raise guest satisfaction and drive higher levels of group tour business and revenue through laundry fees.

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