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Issuer
Ichigo Hotel REIT Investment Corporation ("Ichigo Hotel," 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 Operating Results – September 2017

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels – excludes Grandpark-Inn Yokohama)

	September 2017 (A)	(Previous) September 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – September 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	783.4	749.7	+33.7	+4.5%	1,657.3	+56.0	+3.5%
RevPAR (JPY)	7,447	7,098	+349	+4.9%	7,754	+272	+3.6%
Occupancy (%)	90.7	87.5	+3.1	+3.6%	92.3	+2.8	+3.2%
ADR (JPY)	8,213	8,109	+104	+1.3%	8,398	+38	+0.5%

Variable Rent Hotels (12 Hotels)

	September 2017 (A)	(Previous) September 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – September 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	536.3	506.6	+29.7	+5.9%	1,119.0	+53.6	+5.0%
RevPAR (JPY)	8,594	8,088	+507	+6.3%	8,840	+437	+5.2%
Occupancy (%)	94.9	91.5	+3.4	+3.7%	95.7	+3.9	+4.3%
ADR (JPY)	9,055	8,840	+215	+2.4%	9,235	+80	+0.9%

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

	September 2017 (A)	(Previous) September 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – September 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	247.0	243.0	+4.0	+1.6%	538.3	+2.4	+0.4%
RevPAR (JPY)	5,870	5,745	+125	+2.2%	6,261	+39	+0.6%
Occupancy (%)	84.9	82.1	+2.7	+3.3%	87.7	+1.3	+1.5%
ADR (JPY)	6,918	6,994	-76	-1.1%	7,143	-62	-0.9%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		September 2017 (A)	(Previous) September 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – September 2017		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	35.8	40.8	-5.0	-12.3%	73.6	-9.7	-11.7%
	RevPAR (JPY)	8,044	9,341	-1,297	-13.9%	8,125	-1,247	-13.3%
	Occupancy (%)	100.0	100.1	-0.1	-0.1%	100.0	-0.1	-0.1%
	ADR (JPY)	8,040	9,328	-1,287	-13.8%	8,126	-1,239	-13.2%
Hotel Vista Premio Kyoto	Revenue (JPY million)	29.3	28.7	+0.6	+2.0%	62.4	-0.9	-1.4%
	RevPAR (JPY)	10,720	10,588	+132	+1.2%	11,199	-209	-1.8%
	Occupancy (%)	90.2	91.3	-1.1	-1.2%	90.1	-2.6	-2.8%
	ADR (JPY)	11,890	11,601	+289	+2.5%	12,426	+117	+1.0%
Hotel Wing International Nagoya	Revenue (JPY million)	44.2	32.3	+11.9	+37.0%	96.3	+27.2	+39.3%
	RevPAR (JPY)	5,976	4,264	+1,712	+40.1%	6,385	+1,904	+42.5%
	Occupancy (%)	91.1	77.2	+13.9	+18.0%	94.2	+15.7	+20.1%
	ADR (JPY)	6,559	5,522	+1,038	+18.8%	6,775	+1,067	+18.7%
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	62.6	66.7	-4.1	-6.2%	127.6	-6.0	-4.5%
	RevPAR (JPY)	11,235	11,271	-36	-0.3%	11,415	+120	+1.1%
	Occupancy (%)	97.5	98.2	-0.7	-0.7%	98.0	-0.3	-0.3%
	ADR (JPY)	11,522	11,474	+48	+0.4%	11,646	+162	+1.4%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	27.7	29.5	-1.8	-6.1%	59.5	-4.3	-6.7%
	RevPAR (JPY)	7,103	7,567	-464	-6.1%	7,501	-541	-6.7%
	Occupancy (%)	90.6	89.2	+1.5	+1.6%	93.1	+3.6	+4.0%
	ADR (JPY)	7,839	8,488	-649	-7.6%	8,056	-927	-10.3%

		September 2017 (A)	(Previous) September 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – September 2017		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Odori	Revenue (JPY million)	53.1	53.8	-0.7	-1.2%	110.4	+1.7	+1.5%
	RevPAR (JPY)	13,493	13,888	-395	-2.8%	13,761	+32	+0.2%
	Occupancy (%)	97.4	98.0	-0.7	-0.7%	97.5	–	–
	ADR (JPY)	13,859	14,170	-310	-2.2%	14,113	+37	+0.3%
Valie Hotel Tenjin	Revenue (JPY million)	22.3	19.5	+2.8	+14.3%	45.8	+3.5	+8.2%
	RevPAR (JPY)	8,905	7,746	+1,159	+15.0%	9,014	+692	+8.3%
	Occupancy (%)	90.3	84.7	+5.6	+6.6%	92.3	+7.2	+8.4%
	ADR (JPY)	9,866	9,148	+719	+7.9%	9,762	-7	-0.1%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	82.5	79.3	+3.2	+4.0%	175.5	+8.6	+5.2%
	RevPAR (JPY)	8,387	7,958	+429	+5.4%	8,792	+525	+6.3%
	Occupancy (%)	98.0	93.3	+4.7	+5.1%	98.2	+4.6	+5.0%
	ADR (JPY)	8,560	8,533	+26	+0.3%	8,954	+117	+1.3%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	28.7	26.2	+2.5	+9.7%	59.2	+4.9	+9.0%
	RevPAR (JPY)	8,269	7,544	+725	+9.6%	8,399	+688	+8.9%
	Occupancy (%)	98.9	98.9	–	–	98.9	+0.1	+0.1%
	ADR (JPY)	8,361	7,630	+731	+9.6%	8,492	+686	+8.8%
Nest Hotel Naha	Revenue (JPY million)	70.7	69.5	+1.2	+1.8%	160.9	+5.2	+3.3%
	RevPAR (JPY)	9,098	8,982	+116	+1.3%	10,288	+124	+1.2%
	Occupancy (%)	92.2	93.9	-1.7	-1.8%	93.7	-1.0	-1.1%
	ADR (JPY)	9,873	9,567	+306	+3.2%	10,982	+250	+2.3%
Smile Hotel Asakusa	Revenue (JPY million)	19.2	19.6	-0.5	-2.4%	39.5	-0.8	-2.0%
	RevPAR (JPY)	6,368	6,573	-204	-3.1%	6,472	-179	-2.7%
	Occupancy (%)	93.9	95.5	-1.6	-1.7%	94.8	+0.6	+0.7%
	ADR (JPY)	6,785	6,886	-101	-1.5%	6,826	-236	-3.3%
Nest Hotel Matsuyama	Revenue (JPY million)	60.4	40.8	+19.5	+47.8%	108.4	+24.2	+28.8%
	RevPAR (JPY)	7,736	5,030	+2,707	+53.8%	6,702	+1,599	+31.3%
	Occupancy (%)	94.9	84.7	+10.2	+12.0%	93.6	+9.1	+10.7%
	ADR (JPY)	8,154	5,938	+2,216	+37.3%	7,162	+1,125	+18.6%

Fixed Rent Hotels (8 Hotels)

		September 2017 (A)	(Previous) September 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – September 2017		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	26.9	33.2	-6.3	-19.0%	60.6	-7.0	-10.4%
	RevPAR (JPY)	4,569	5,638	-1,069	-19.0%	5,069	-587	-10.4%
	Occupancy (%)	79.6	83.3	-3.7	-4.5%	82.1	-2.4	-2.8%
	ADR (JPY)	5,743	6,772	-1,029	-15.2%	6,173	-520	-7.8%
Comfort Hotel Central International Airport	Revenue (JPY million)	88.1	80.4	+7.7	+9.6%	191.4	+12.3	+6.9%
	RevPAR (JPY)	7,630	6,928	+703	+10.1%	8,165	+571	+7.5%
	Occupancy (%)	86.3	80.5	+5.8	+7.2%	90.0	+3.7	+4.3%
	ADR (JPY)	8,836	8,603	+233	+2.7%	9,073	+272	+3.1%
Comfort Hotel Okayama	Revenue (JPY million)	36.4	34.5	+1.9	+5.6%	79.6	+0.2	+0.3%
	RevPAR (JPY)	5,617	5,254	+363	+6.9%	6,044	+53	+0.9%
	Occupancy (%)	88.3	84.2	+4.1	+4.9%	90.3	+2.9	+3.3%
	ADR (JPY)	6,360	6,241	+120	+1.9%	6,693	-160	-2.3%
Comfort Hotel Kushiro	Revenue (JPY million)	24.3	21.8	+2.5	+11.7%	50.4	+4.2	+9.1%
	RevPAR (JPY)	6,436	5,418	+1,018	+18.8%	6,551	+888	+15.7%
	Occupancy (%)	91.5	87.8	+3.7	+4.2%	90.4	+1.8	+2.1%
	ADR (JPY)	7,038	6,172	+865	+14.0%	7,249	+852	+13.3%
Comfort Hotel Suzuka	Revenue (JPY million)	12.0	12.6	-0.6	-4.5%	31.7	-0.8	-2.4%
	RevPAR (JPY)	3,744	3,863	-119	-3.1%	4,893	-75	-1.5%
	Occupancy (%)	68.3	67.5	+0.8	+1.1%	80.7	+2.0	+2.5%
	ADR (JPY)	5,482	5,721	-238	-4.2%	6,066	-248	-3.9%
Urbain Hiroshima Executive	Revenue (JPY million)	32.2				68.6		
	RevPAR (JPY)	6,274				6,503		
	Occupancy (%)	95.5				93.9		
	ADR (JPY)	6,573				6,926		
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki)	Revenue (JPY million)	25.3	26.2	-0.9	-3.3%	56.0	-2.2	-3.8%
	RevPAR (JPY)	4,662	4,822	-161	-3.3%	4,525	-341	-7.0%
	Occupancy (%)	78.8	77.7	+1.1	+1.4%	82.4	+0.4	+0.5%
	ADR (JPY)	5,919	6,207	-288	-4.6%	5,491	-444	-7.5%

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 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.

Explanation of Changes

At variable rent hotels, which are a more significant contributor to Ichigo Hotel's earnings, Revenue, RevPAR, Occupancy, and ADR all increased year-on-year owing to strong performances at five of the twelve hotels. Together with year-on-year increases in Revenue, RevPAR, and Occupancy at fixed rent hotels, this resulted in year-on-year increases in Revenue, RevPAR, Occupancy, and ADR for the total portfolio.

Driving these positive results were double-digit gains at Hotel Wing International Nagoya (which had fewer available rooms last September because of guest room renovations) and at Nest Hotel Matsuyama, which converted rooms with one double bed into rooms with two single beds to increase guest capacity and benefited from increased guest demand from the 72nd National Sports Festival held in Ehime Prefecture between September 30th and October 10th.

Value-Add Actions

Having renovated 28 guest rooms on the fifth floor of Smile Hotel Tokyo Asagaya in July, Ichigo Hotel is renovating an additional 56 guest rooms on the third and fourth floors from October to December (forecast ROI 35.4%). These renovations, including replacing a single bed with a double bed in some rooms, will increase guest capacity by 70% and allow the hotel to better capture growing leisure travel demand.

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

Value-Add Capex at Smile Hotel Tokyo Asagaya

