



Ichigo Hotel January 2020 Fiscal Period Corporate Presentation

March 16, 2020

Ichigo Hotel REIT Investment Corporation (3463)
Ichigo Investment Advisors Co., Ltd.





**Make The World
More Sustainable**



World-Class Excellence

Ichigo's
Hiromi Miyake



Ichigo



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January 2020 Results

January 2020 Highlights

	Results	Details
Net Income	JPY 2,130M +JPY 731M (+52.3%) YOY	<ul style="list-style-type: none"> Record earnings due to gains on asset sales
Asset Sales	2 Hotels (Kyoto & Naha) (Total Sale Price: JPY 9.79B)	<ul style="list-style-type: none"> Both hotels sold at prices significantly exceeding both book value & third-party appraisal value
RevPAR	JPY 6,630 (12 variable rent hotels) -JPY 1,066 (-13.9%) YOY	<ul style="list-style-type: none"> RevPAR down due to significant drop in Korean tourists and impact of coronavirus
NOI	JPY 1.44B -JPY 136M (-8.6%) YOY	<ul style="list-style-type: none"> NOI down on asset sales and lower variable rents
FFO	JPY 2,129 -JPY 1,926 (-47.5%) YOY	<ul style="list-style-type: none"> FFO down on lower NOI
Dividend	JPY 8,356 +JPY 2,869 (+52.3%) YOY	<ul style="list-style-type: none"> +JPY 3,656 (+77.8%) vs. forecast
NAV	JPY 140,839 -JPY 5,741 (-3.9% vs. previous period)	<ul style="list-style-type: none"> Unrealized gains down due to 2 asset sales 100% of gains on sales (significantly above unrealized gains) paid out as dividend

FFO (Funds from Operations) = (Net Income + Depreciation + Amortization of Expenses Related to REIT Establishment + Amortization of Share Issuance Expenses + Loss on Disposal of Fixed Assets + Accrued Asset Disposal Costs +/- Losses/Gains on Sales +/- Extraordinary Losses/Gains) / Number of Shares Outstanding

NAV = BPS + Unrealized Capital Gains per Share

January 2020 Earnings Breakdown

(JPY million)

	Jan 2019 Actual	Jan 2020 Actual (A)	Forecast (B)	vs. Forecast (A)-(B)	Major Variation Factors (vs. Forecast)
Operating Revenue	2,439	3,561	2,383	+1,177	
Variable Rent	701	564	665	-101	Above forecast: 2 hotels; Below forecast: 10 hotels
Fixed Rent	984	993	989	+3	Increase due to revised lease (Naha): +3
Other (Gains on Sales, etc.)	753	2,003	727	+1,275	Increase in gains on sales due to sale of Nest Hotel Naha +1,274
Operating Expenses	866	1,226	980	+245	Increase in AM fee: +218; Increase in consumption tax: +35
Repair & Maintenance	16	26	27	-	
Depreciation	308	352	354	-2	
Operating Profit	1,573	2,334	1,402	+931	
Recurring Profit	1,399	2,132	1,199	+932	
Net Income	1,398	2,130	1,198	+931	
Dividend	JPY 5,487	JPY 8,356	JPY 4,700	+JPY 3,656	+77.8% vs. forecast +52.3% (+JPY 2,869) YOY
FFO	JPY 4,055	JPY 2,129	JPY 3,494	-JPY 1,365	
NOI	1,574	1,438	1,538	-100	
Post-Depreciation NOI	1,266	1,086	1,183	-97	
Capex	321	257	363	-106	Effective cost controls
Book Value	51,299	47,549	-	-	

Operating Results Down YOY on Drop in Inbound Tourism

Variable Rent Hotels (12 Hotels)

	Aug 1, 2018 – Jan 31, 2019	Aug 1, 2019 – Jan 31, 2020	Difference	YOY
Room Revenue (JPY M)	2,780	2,405	-375	-13.5%
Total Revenue (JPY M)	3,234	2,822	-411	-12.7%
RevPAR (JPY)	7,696	6,630	-1,066	-13.9%
Occupancy	90.9%	85.4%	-5.4%	-6.0%
ADR (JPY)	8,468	7,760	-708	-8.4%

Total Portfolio (19 Hotels)

	Aug 1, 2018 – Jan 31, 2019	Aug 1, 2019 – Jan 31, 2020	Difference	YOY
Room Revenue (JPY M)	4,152	3,714	-438	-10.6%
Total Revenue (JPY M)	4,646	4,168	-477	-10.3%
RevPAR (JPY)	7,134	6,364	-770	-10.8%
Occupancy	88.9%	84.5%	-4.4%	-4.9%
ADR (JPY)	8,026	7,530	-496	-6.2%

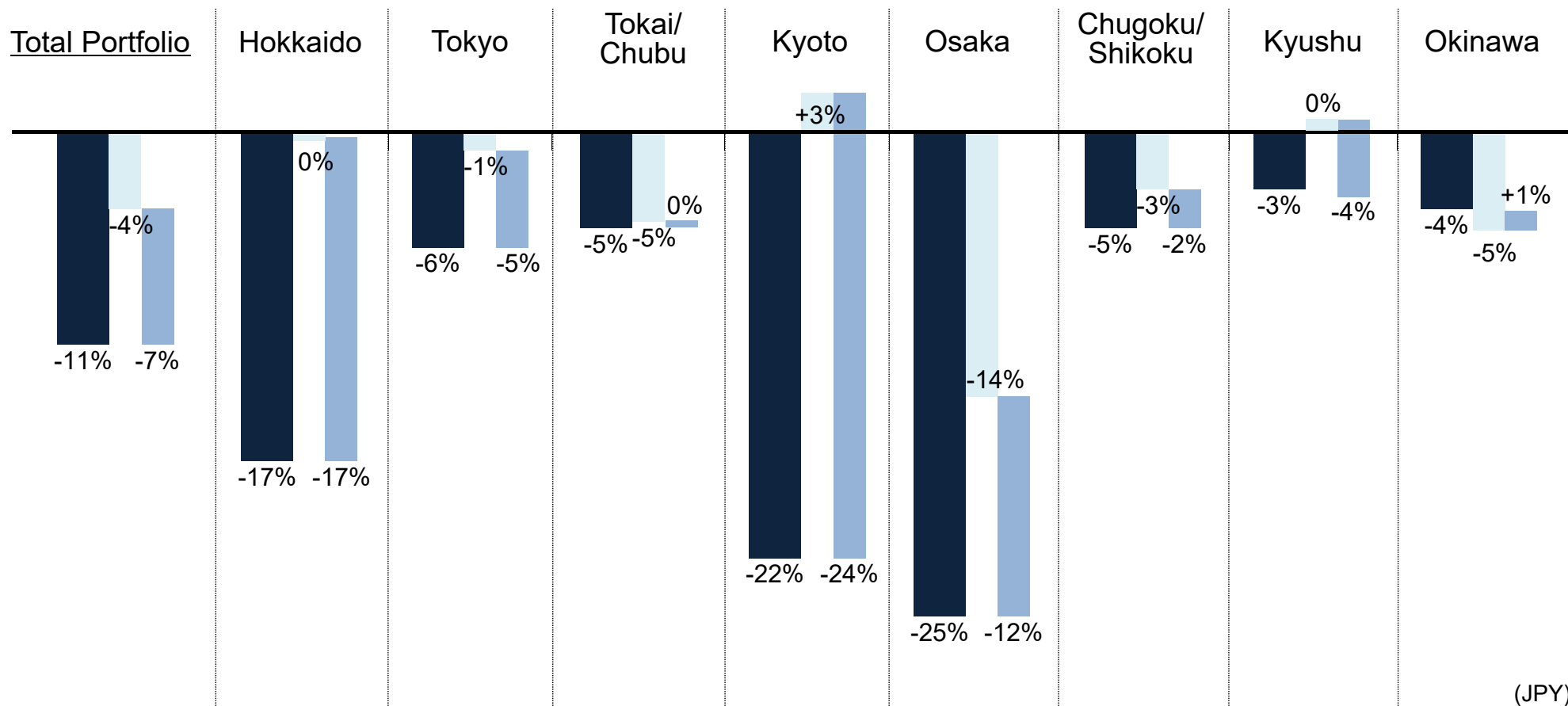
* Excludes Hotel Wing International Kobe Shin Nagata Ekimae, Valie Hotel Hiroshima, Hotel Vista Premio Kyoto (sold on October 31, 2019), and Grandpark-Inn Yokohama, and includes Nest Hotel Naha (sold on January 31, 2020). Operating results before acquisition are based on data provided by previous owner.

RevPAR Down in All Areas, Particularly Osaka and Kyoto

YOY by Region (Aug 2019 – Jan 2020)

■ RevPAR ■ Occupancy ■ ADR

19 Hotels (excludes Grandpark-Inn Yokohama, Hotel Wing International Kobe Shin Nagata Ekimae, and Valie Hotel Hiroshima, and includes data for Hotel Vista Premio Kyoto up to date sold, October 31, 2019)

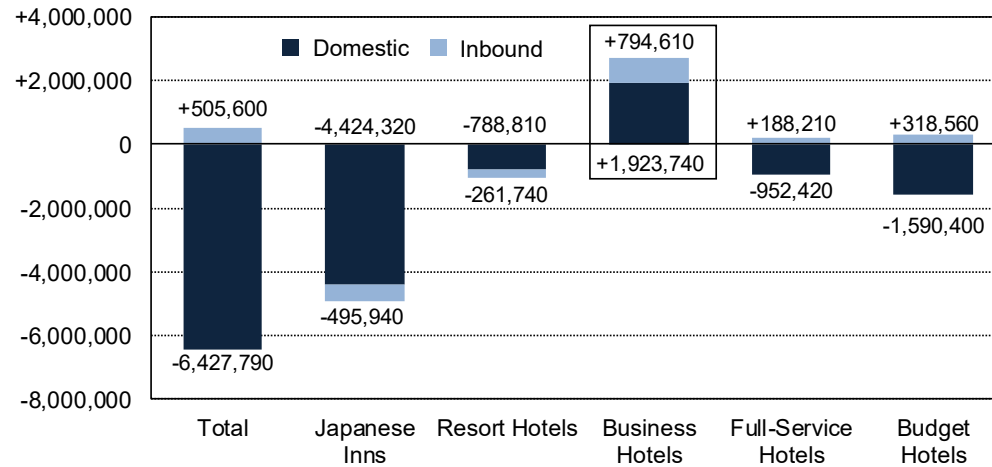


	(JPY)							
RevPAR	7,798	7,675	6,072	6,800	5,165	5,904	5,995	8,348
No. Hotels	3	2	4	2	2	4	2	1
% of Total Portfolio Rental Income	13%	8%	19%	6%	12%	19%	8%	9%



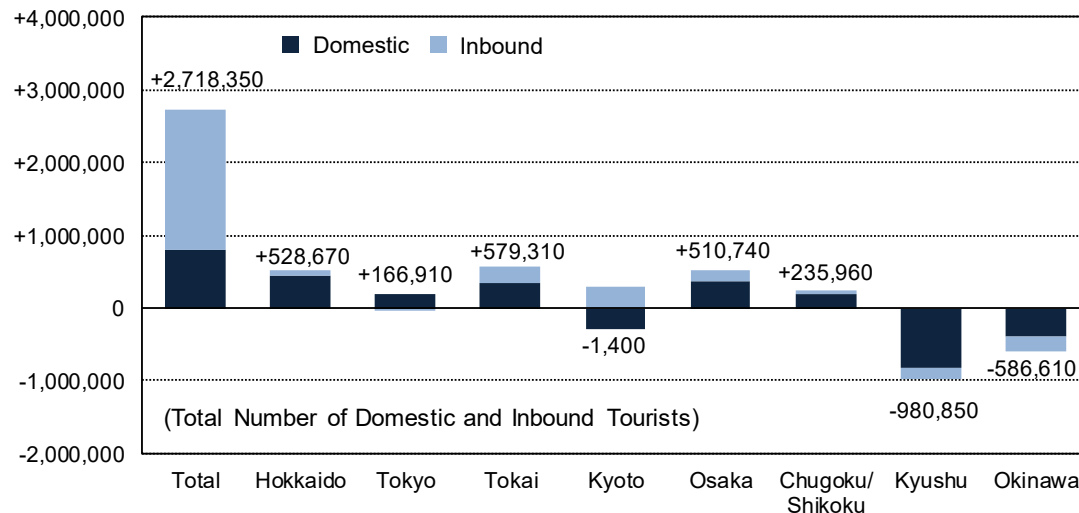
Continuing Strong Demand for Business Hotels

No. of Guests by Hotel Type (August-December)



* Calculated by Ichigo Investment Advisors based on Japan Tourism Agency (JTA) "Statistical Survey of Travelers" comparing Aug-Dec 2018 vs. Aug-Dec 2019

No. of Guests by Area (Business Hotels, August-December)



* Calculated by Ichigo Investment Advisors based on Japan Tourism Agency (JTA) "Statistical Survey of Travelers" comparing Aug-Dec 2018 vs. Aug-Dec 2019

Number of Inbound Tourists by Country/Region

Country/Region	Aug-Dec 2019 Total	%	YOY
Total	12,257,259	100%	-1.6%
Korea	1,160,305	9%	-60.2%
China	4,011,475	33%	+16.5%
Taiwan	1,950,568	16%	+8.9%
Hong Kong	976,051	8%	+12.1%
Thailand	562,144	5%	+24.6%
Singapore	256,477	2%	+18.6%
Malaysia	240,756	2%	+15.1%
Indonesia	171,688	1%	+9.9%
Philippines	280,181	2%	+40.5%
Vietnam	201,036	2%	+24.7%
India	69,695	1%	+14.1%
Australia	260,039	2%	+16.5%
US	691,874	6%	+14.3%
Canada	162,176	1%	+17.9%
UK	209,603	2%	+51.6%
France	141,428	1%	+15.5%
Russia	55,065	-	+35.5%
Other	619,771	5%	+24.6%

* Calculated by Ichigo Investment Advisors based on Japan National Tourism Organization (JNTO)'s "Visitors Trends", comparing Aug-Dec 2018 vs. Aug-Dec 2019

Highly Accretive Asset Sales

- Sold 2 hotels, one in Kyoto (Oct 2019) and one in Naha (Jan 2020), generating gains on sales of JPY 1.94B
- Sale prices significantly exceeded book value & third-party appraisal value

Hotel Vista Premio Kyoto

- Sale completed in October 2019
- Sale price (JPY 4.5B) 1.2X appraisal value
- Gains on sale of c. JPY 670M (net of performance fee to AM)
- Distributing 100% of gains on sale as dividend to shareholders; using rest of proceeds to fund asset acquisitions and value-add capex
(Funded HOTEL EMIT SHIBUYA acquisition announced in January 2020)



Nest Hotel Naha

- Sale completed in January 2020
- Sale price (JPY 5.29B) 1.3X appraisal value
- Gains on sale of c. JPY 1.27B (net of performance fee to AM)
- Distributing 100% of gains on sale as dividend to shareholders; using rest of proceeds to fund asset acquisitions and value-add capex
(Partially funded Washington Hotel Plaza Shimonoseki Eki Nishi acquisition announced in February 2020)



Actions to Drive Earnings Growth

Achieving Organic Growth at Contract Renewals

Negotiating Higher Rents at Contract Renewals to Drive Organic Growth

	Timing	Hotel Name	Lease Terms		Changes
Actual	Jun 2017	Chisun Inn Osaka Hommachi	Variable+Fixed Rent	Renewal at Higher Rent	<ul style="list-style-type: none"> Increased fixed rent Increased variable rent
	Mar 2019	Hotel Wing International Kobe Shin Nagata Ekimae	Variable+Fixed Rent	Rebranding	<ul style="list-style-type: none"> Increased fixed rent Added variable rent
	Jun 2019	Nest Hotel (4 Hotels)	Variable+Fixed Rent	Renewal at Higher Rent	<ul style="list-style-type: none"> Increased fixed rent
	Sep 2019	Valie Hotel Hiroshima	Variable+Fixed Rent	Rebranding	<ul style="list-style-type: none"> Rebrand and reopen Added variable rent
	Sep 2019	Nest Hotel Naha	Variable+Fixed Rent	Renewal at Higher Rent	<ul style="list-style-type: none"> Increased fixed rent
	Jun 2020	Smile Hotel Tokyo Asagaya	Variable+Fixed Rent	Lease Expiry	<ul style="list-style-type: none"> Increased fixed rent Increased variable rent
	Sep 2020	Comfort Hotel Okayama	Fixed Rent	Rebranding	<ul style="list-style-type: none"> Operator change to Hakata Hotels Increased fixed rent & added variable rent
Plan	Dec 2020	3 Hotels	Fixed Rent	Renewal	<ul style="list-style-type: none"> New contract terms to be negotiated
	2021	2 Hotels	Variable+Fixed Rent	Lease Expiry	<ul style="list-style-type: none"> New contract terms to be negotiated

Operator Change to Generate Higher Earnings

The OneFive Okayama* (formerly Comfort Hotel Okayama)

- Hotel operator change from third-party operator to Ichigo-owned Hakata Hotels
- New lease increases fixed rent and newly adds variable rent (Forecast to increase annual NOI by JPY 71M)
- Deploying Ichigo's PROPERAAI-based hotel revenue management system (operating track record: GOP +20%) to drive higher earnings & customer satisfaction



* Provisional name. Scheduled to rebrand and re-open on September 13, 2020.

Hakata Hotels	
Name	Hakata Hotels Inc.
Address	3-13-1 Haruyoshi, Chuo-ku, Fukuoka
Representative	Minoru Ishihara, Representative Director & Chairman Takanobu Kitazaki, Representative Director & President
Establishment Date	March 2019
Paid-In Capital	JPY 10 million (100% Ichigo group subsidiary)
Relationship to Ichigo Hotel/IIA	Consolidated subsidiary of Ichigo Investment Advisor's parent company, Ichigo (Hakata Hotels is a related party as defined in the Ordinance of the Investment Trust and Investment Corporation Law and IIA's internal rules)

Value-Add Capex to Generate Higher Earnings (1)

NEST Hotels (4 Hotels)

- Acquired Sapporo Odori & Sapporo Ekimae in November 2015 and Osaka Shinsaibashi & Matsuyama in August 2016
- Conducted value-add capex after acquisition to drive higher earnings and asset value
- Fixed rent +JPY 11M p.a. at lease renewal (June 2019)

Value-Add Capex Details

	Details		Hotel	Period	Investment (JPY M)	NOI Increase (JPY M p.a.)
Drive Earnings	Add guest rooms	Create guest rooms	Nest Hotel Sapporo Odori	Apr 2016	16.3	2.3
			Nest Hotel Naha	Jan 2017	27.8	4.8
		Split guest rooms	Nest Hotel Sapporo Odori	Jan 2017	24.2	2.2
			Nest Hotel Naha	Jan 2019	50.0	9.9
			Nest Hotel Naha	Jul 2019	22.0	3.7
	Renovate guest rooms/ Replace beds	Renovation	Nest Hotel Sapporo Odori	Apr 2016	16.6	2.4
		Convert into twin beds	Nest Hotel Osaka Shinsaibashi	Jan 2017	0.8	1.2
			Nest Hotel Matsuyama	Jan 2017	3.8	1.1
		Install larger beds	Nest Hotel Osaka Shinsaibashi	Nov 2017	1.1	1.4
	Nest Hotel Matsuyama		Jan 2018	1.8	1.3	
	Install coin-operated laundry machines		Nest Hotel Matsuyama	Jul 2017	6.0	1.0
Total - Drive Earnings					170.4	31.3
Reduce Costs	Hotel operating expenses	Reduce water consumption	Nest Hotel Osaka Shinsaibashi	Dec 2017	6.8	2.3
			Nest Hotel Naha	Dec 2017	2.3	1.4
			Nest Hotel Sapporo Odori	Feb 2018	2.9	0.7
			Nest Hotel Matsuyama	Mar 2018	4.4	0.6
	Rework building services contract	Improve power efficiency	Nest Hotel Matsuyama	Apr 2018	-	1.0
			Nest Hotel Matsuyama	Oct 2018	-	3.0
	Real estate-related expenses	Reduce tax	Nest Hotel Matsuyama	Jan 2017	-	2.0
Total - Reduce Costs					16.4	11.0

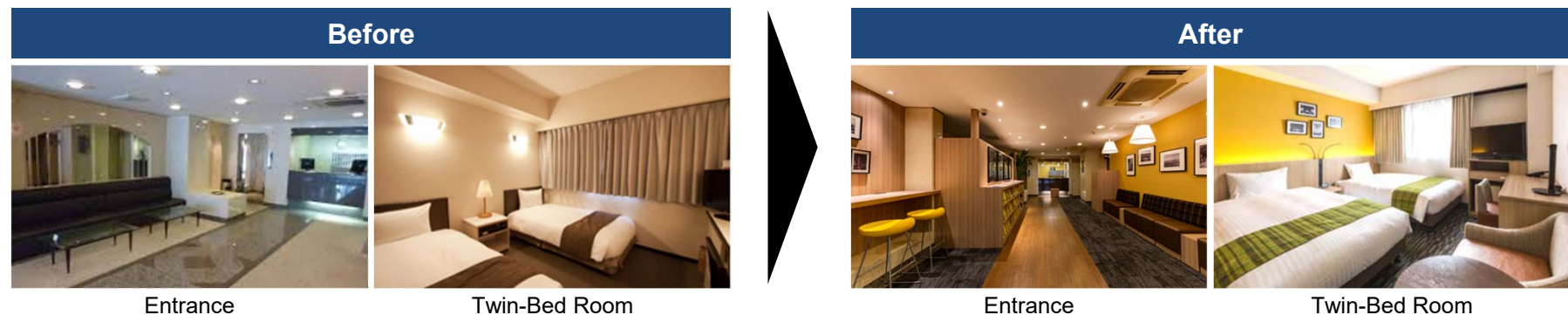
Value-Add Capex to Generate Higher Earnings (2)

Smile Hotel Tokyo Asagaya (Acquired in August 2016)

- Increased rent with new retail tenant on first floor & new external advertising lease
- Driving higher earnings and asset value via guest room renovations & layout changes from single-bed rooms to twin-bed rooms (June 2017 to June 2018 fiscal periods)
- Annual rent forecast to increase by JPY 10M via increase in fixed rent and revision of variable rent calculation (new rent applied from June 2020)

Value-Add Capex Details

Timing	Capex Details	Capex Amount	Rent Increase p.a.
Jul 2017 Fiscal Period	Installation & leasing of rooftop billboard	JPY 4.0M	JPY 1.3M
	Guest room renovations (Phase 1, 5F)	JPY 116.1M	JPY 39.6M
Jan 2018 Fiscal Period	Guest room renovations (Phase 2, 3F & 4F)		
Jul 2018 Fiscal Period	Guest room & lobby renovations (Phase 3, 2F & 1F)		



Entrance

Twin-Bed Room

Entrance

Twin-Bed Room

Acquisition: HOTEL EMIT SHIBUYA

HOTEL EMIT SHIBUYA (Announced Jan 30, 2020; Completed Feb 25, 2020)

- 6-minute walk from Shibuya Station, one of Tokyo's top transportation hubs
- Demand forecast to grow on back of inbound tourism growth
- Acquired at 11% discount to third-party appraisal value
- Will deploy Ichigo's PROPERA AI-based hotel revenue management system to drive higher earnings
- Forecast increase in annual portfolio NOI: JPY 144 million

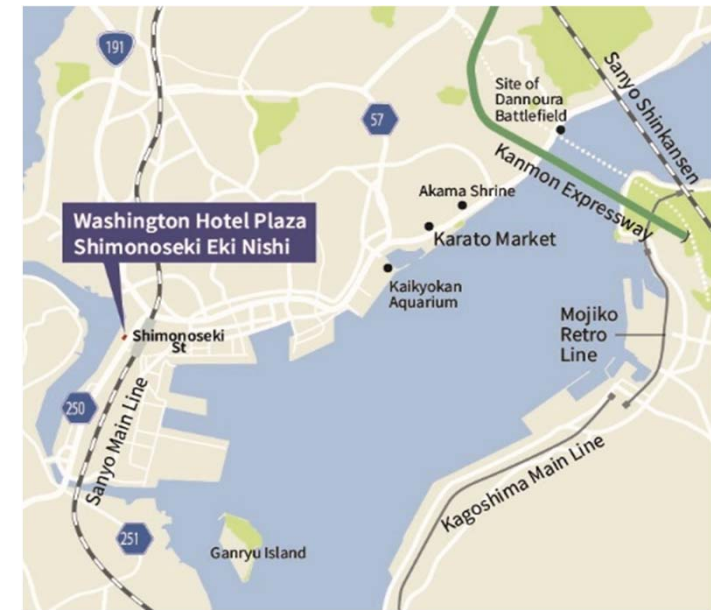


Acquisition: Washington Hotel Plaza Shimonoseki Eki Nishi

Washington Hotel Plaza Shimonoseki Eki Nishi

(Announced Feb 26, 2020; Completed Mar 12, 2020)

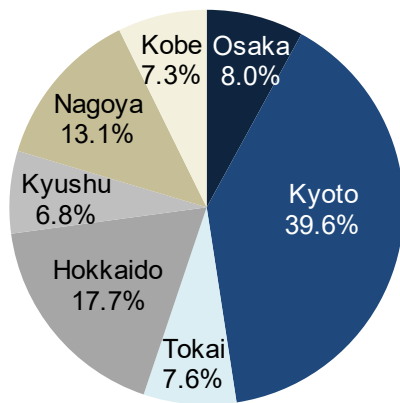
- Located in Shimonoseki, Yamaguchi, one of the largest cities in the Chugoku region; 3-minute walk from Shimonoseki Station on the JR Sanyo Main Line
- Tourist attractions (Karato Market) and historic sites (Dannoura Battlefield) as well as corporate HQs and branch offices in the area drive business and leisure demand
- Acquired at 10% discount to third-party appraisal value
- Forecast increase in annual portfolio NOI: JPY 74 million
- Fixed rent hotel to support portfolio earnings stability



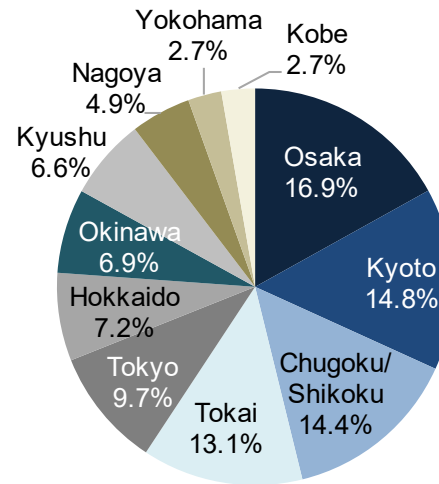
Highly-Stable, Diversified Hotel Portfolio

Geographic Diversification (Acquisition-Price Basis)

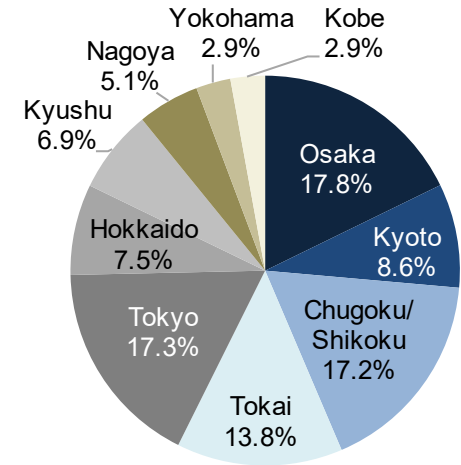
November 30, 2015 (IPO)



July 31, 2019



March 12, 2020



Hotels	9 Hotels
Breakdown	Osaka 1, Kyoto 2, Tokai 1, Hokkaido 2, Kyushu 1, Nagoya 1, Kobe 1
Portfolio Size	JPY 20.4B

Hotels	23 Hotels
Breakdown	Osaka 2, Kyoto 2, Chugoku/Shikoku 5, Tokai 3, Tokyo 2, Hokkaido 3, Okinawa 1, Kyushu 2, Nagoya 1, Yokohama 1, Kobe 1
Portfolio Size	JPY 54.4B

Hotels	23 Hotels
Breakdown	Osaka 2, Kyoto 1, Chugoku/Shikoku 6, Tokai 3, Tokyo 3, Hokkaido 3, Kyushu 2, Nagoya 1, Yokohama 1, Kobe 1
Portfolio Size	JPY 51.9B

* After HOTEL EMIT SHIBUYA/Washington Hotel Plaza Shimonoseki Eki Nishi acquisitions

Lease Details (as of January 31, 2020)

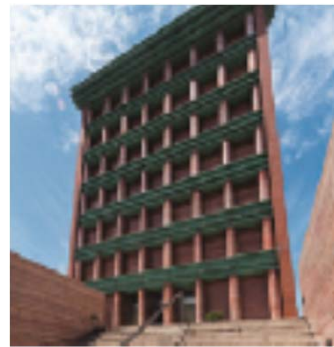


Lease Term	Fixed Rent	Fixed + Variable Rent		Total
Contract	Lease	Lease	Lease	–
Fixed Rent	Yes	Yes	Yes	–
Variable Rent	–	Fixed Portion of Revenue Upside	Fixed Portion of Hotel GOP	–
Rental Income (Jan 2020 Actual)	JPY 428M (27.5%)	JPY 165M (10.6%)	JPY 964M (61.9%)	JPY 1.56B (100%)
Fixed Rent	JPY 428M (27.5%)	JPY 147M (9.5%)	JPY 417M (26.8%)	JPY 993M (63.8%)
Variable Rent	None	JPY 17M (1.1%)	JPY 546M (35.1%)	JPY 564M (36.2%)
Number of Hotels	8 Hotels	3 Hotels	10 Hotels	21 Hotels
Total Acquisition Price	JPY 13.31B (28.2%)	JPY 5.79B (12.3%)	JPY 28.04B (64.9%)	JPY 47.13B (100%)
Hotels	Comfort Hotel Kushiro Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Suzuka Comfort Hotel Okayama Grandpark-Inn Yokohama Hotel Livemax Nihombashi- Hakozaki Urbain Hiroshima Executive (Washington Hotel Plaza Shimonoseki Eki Nishi)	Hotel Wing International Nagoya Hotel Wing International Kobe Shin Nagata Ekimae Chisun Inn Osaka Hommachi	Nest Hotel Sapporo Ekimae Nest Hotel Sapporo Odori Nest Hotel Osaka Shinsaibashi Nest Hotel Matsuyama Nest Hotel Kumamoto Smile Hotel Tokyo Asagaya Smile Hotel Kyoto Shijo Valie Hotel Hiroshima Valie Hotel Tenjin Court Hotel Kurashiki Hotel Vista Premio Kyoto (Sold) Nest Hotel Naha (Sold) (HOTEL EMIT SHIBUYA)	–

Portfolio Growth Opportunity via Ichigo Sponsor Support

18 Hotels (JPY 55B) in Ichigo Sponsor Pipeline as of January 31, 2020

- Lodging-focused hotels across Japan
- Locations: Major cities such as Tokyo, Yokohama, Osaka, Kyoto, and Fukuoka



Fukuoka



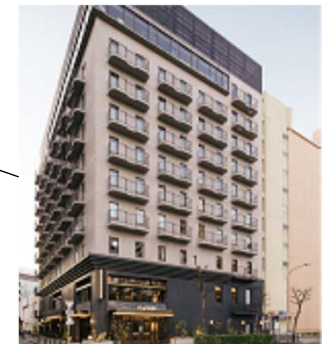
Osaka



Tokyo



Fukuoka



Yokohama



Launch of Ichigo J.League Shareholder Program

Represents Two Firsts for a Shareholder Program in Japan

- Ichigo is the first Japanese company to include not just its own shareholders, but also the shareholders of the REITs and YieldCo that it manages, in its shareholder program
- Ichigo is the first company to offer shareholders free tickets to every J.League game at every J.League club

Ichigo is deepening its partnership with the J.League and working to further Ichigo's mission of promoting local community developments.



Ichigo J.League Shareholder Program Website Landing Page

July 2020 and January 2021 Forecasts

July 2020 Forecast

Dividend -29.8% YOY

(JPY million)

	Jul 2019 Actual (A)	Jul 2020 Previous Forecast (Jan 2020)	Jul 2020 Revised Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	1,789	1,446	1,474	-315	
Variable Rent	735	505	477	-258	Expected RevPAR at Variable Rent Hotels: JPY 6,197 (-18.3% YOY)
Fixed Rent	984	897	953	-30	Decrease due to acquisitions & sales: -33, Increase in rent from revised lease (Asagaya): +3, Decrease due to revised lease (Kobe): -1
Other (Gains on Sales, etc.)	70	42	43	-26	Decrease due to acquisitions & sales: -26, Decrease due to revised lease (Kobe): +1
Operating Expenses	797	669	702	-95	Decrease in asset-related expenses due to acquisitions & sales: -10 Decrease in AM fee: -110
Repair & Maintenance	18	24	29	+10	
Depreciation	328	317	337	+9	
Operating Profit	992	776	771	-220	
Recurring Profit	805	565	565	-239	Increase in borrowing-related expenses on acquisitions: +24 Decrease due to end of new share issuance amortization: -8
Net Income	804	564	565	-239	
Dividend	JPY 3,154	JPY 2,214	JPY 2,216	-JPY 938	+0.1% (+JPY 2) vs. previous forecast -29.8% YOY
FFO	JPY 4,496	JPY 3,480	JPY 3,561	-JPY 935	
NOI	1,611	1,277	1,299	-312	
Post-Depreciation NOI	1,283	959	961	-321	
Capex	256	331	356	+100	

January 2021 Forecast

Dividend -72.1% YOY

(JPY million)

	Jan 2020 Actual (A)	Jan 2021 Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	3,561	1,525	-2,035	
Variable Rent	564	455	-108	Expected RevPAR at Variable Rent Hotels: JPY 6,206 (-6.3% YOY) Decrease due to acquisitions & sales: -22
Fixed Rent	993	1,026	+32	Increase due to acquisitions & sales: +2, Increase due to renewed or revised lease (Tenjin, Asagaya, Okayama): +29
Other (Gains on Sales, etc.)	2,003	43	-1,959	Decrease due to acquisitions & sales: -14, Decrease in gains on sales: -1,945
Operating Expenses	1,226	728	-498	Decrease due to acquisitions & sales: -18, Decrease in AM fee: -424, Decrease in consumption tax: -76
Repair & Maintenance	26	35	+8	
Depreciation	352	337	-14	
Operating Profit	2,334	797	-1,537	
Non-Operating Expenses	202	202	-	
Recurring Profit	2,132	594	-1,537	
Net Income	2,130	593	-1,536	
Dividend	JPY 8,356	JPY 2,328	-JPY 6,028	-72.1% YOY
FFO	JPY 3,561	JPY 3,651	+JPY 90	
NOI	1,438	1,339	-98	
Post-Depreciation NOI	1,086	1,002	-84	
Capex	257	310	+53	

Due to the significant forecast uncertainty, the impact of the COVID-19 coronavirus outbreak has not been reflected in the earnings forecast.

Ichigo's Commitment to ESG



Ichigo Sustainability Policy

Harmony with the Environment

Ichigo actively monitors and minimizes the environmental impact of its business operations.

Energy Conservation, CO2 Reduction, and Recycling

Ichigo seeks to contribute to a low-carbon, low-waste society by reducing energy consumption, extending the useful life of assets, actively recycling, reducing waste production and water consumption, and implementing green procurement measures.

Regulatory and Environmental Compliance

Ichigo complies with all environmental laws and regulations and Ichigo's own independently-established environmental rules. Ichigo also carefully monitors and complies with all applicable changes in laws and regulations.

Training and Awareness

Ichigo promotes understanding of its Sustainability Policy and works to increase sustainability awareness among all Ichigo employees.

Sustainability Performance Communication and Disclosure

Ichigo communicates its Sustainability Policy and Ichigo's sustainability initiatives to society at large. Ichigo also obtains certifications for its sustainability activities on an ongoing basis.

Ichigo ESG – Environmental

Sustainable Real Estate

Preserve & Enhance Existing Buildings to End Wasteful Demolish & Rebuild

- Lengthen useful life of real estate
- Shrink footprint by reducing demolition waste and use of raw materials, energy, and human effort for construction



Lowest Impact
Highest Efficiency

Solar and Wind Energy: Safe and Clean

Annual Power Generation
141,699,548 kWh



Equivalent to annual energy consumption of 47,233 households

The Federation of Electric Power Companies of Japan
Annual energy consumption per household 3,000kWh

Annual CO2 Reduction
93,521,697 kg



Equivalent to annual CO2 emission of 40,661 cars

Ministry of Environment
Annual CO2 emission per car c. 2,300kg
(July 2018 to June 2019 – Total of Ichigo and Ichigo Green)



Natural Disaster Response

No injuries or damages at any Ichigo asset or power plant from recent natural disasters

Robust Assets

- Real estate: continuous improvements to safety & functionality via value-add capex
- Power plants: site selection and construction based on detailed specifications customized to local geography

Robust BCP & Real-time Response

- Pre-typhoon preventative measures (water shielding, sandbags, etc.) & on-site checks
- Overwhelming priority is safety of tenants: on-the-ground confirmation & on-the-ground response
- Ichigo engineering team immediate response: same day on-site safety and engineering inspections to prevent secondary damage and losses
- Developed & deployed proprietary Susport software system for real-time information sharing & emergency response

Environmental Certifications

CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

Ichigo Office (8975)



Other Certifications
BELS (Building-housing Energy-efficiency Labeling System),
DBJ Green Building



Ichigo ESG – Social

Sports & Arts

Supporting Outstanding, World-Class Athletes

- Weightlifting
- Riflery
- Track & Field

Paralympic Art Sponsor

- Support artists with disabilities



Weightlifting Athlete
Hiromi Miyake

Children's Cancer Treatment

Supporting University of Miyazaki Faculty of Medicine's Program for Children with Cancer

- Issued CSR bond & donated a portion of underwriter commission to the Cancer Program
- Sponsoring volunteer activities in support of children with cancer



Local Communities

Promoting Community Development as J.League Top Partner

- Renovate and upgrade stadiums and help local governments reduce steep operating and maintenance costs
- Use real estate expertise to help build stronger and healthier local communities



©J.LEAGUE

Strengthen Local Communities, Create Jobs, and Boost Rural Economies via Smart Agriculture

- Collaborate with local farmers to increase agricultural output, improve quality, and raise rural incomes
- Increase Japan's food self-sufficiency



Ichigo ESG – Governance

First J-REIT No Fixed Fee, Performance Fee-Only Structure

- ✓ Performance-linked fee structure to support shareholder value creation
- ✓ Pro-active, dynamic management of Ichigo Hotel assets on behalf of shareholders

Best Practice Governance

REIT

Monitors Asset Management Company

- All Ichigo Hotel Directors are Independent Directors
- Active dialogue and effective internal controls via Board discussions led by REIT Executive Director
- Draw upon expertise of REIT Supervisory Directors (qualified lawyers & accountants)

Asset Management Company (AMC)

Best Practice

- Majority of AMC Directors (3 of 5) are Independent Directors
- Independent asset management team & best-practice execution on behalf of Ichigo Hotel within AMC
- Compliance and Audit are directly under the AMC President to monitor and review critical compliance matters
- Ensure objectivity by including third-party, independent lawyers and accountants in the Investment Committee & Risk & Compliance Committee

Ichigo Hotel (3463) and Ichigo Office (8975) are the only J-REITs (out of 63) that both have an Asset Management Company (AMC) board that has a majority of Independent Directors and whose AMC President does NOT serve as the Executive Director of the REIT

Independence of the Investment Corporation from AMC

- ➔ 31 of 63 J-REITs have AMC Presidents serving as Executive Director of the REIT

All Ichigo Hotel Directors are Independent

Independent Directors at AMC

- ➔ Only 4 Asset Management Companies have any Independent Directors

3 of 5 Ichigo Investment Advisors' Directors are Independent

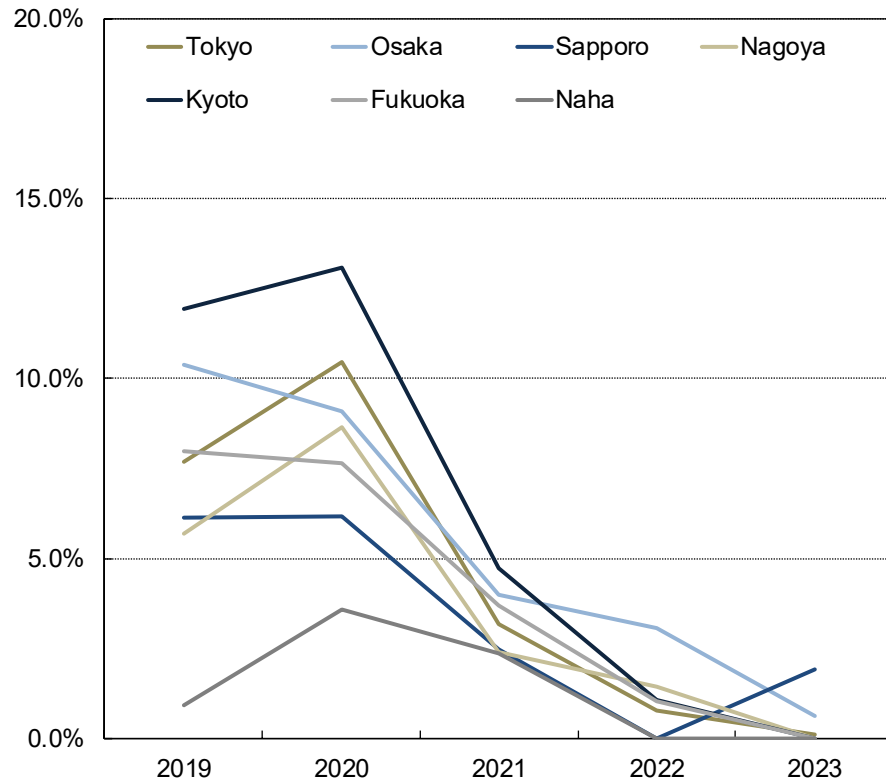


Appendix: Hotel Market Environment

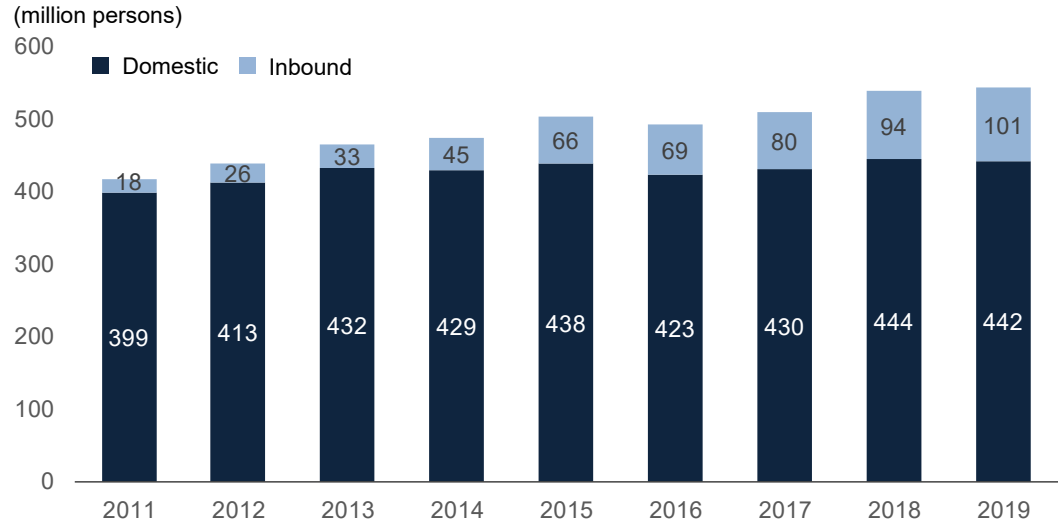
Growth Driver: Strong Inbound Demand

- New hotel supply forecast to peak in 2020
- Domestic demand firm while inbound demand continues to grow

Growth in New Hotel Supply By Major City vs. March 31, 2018

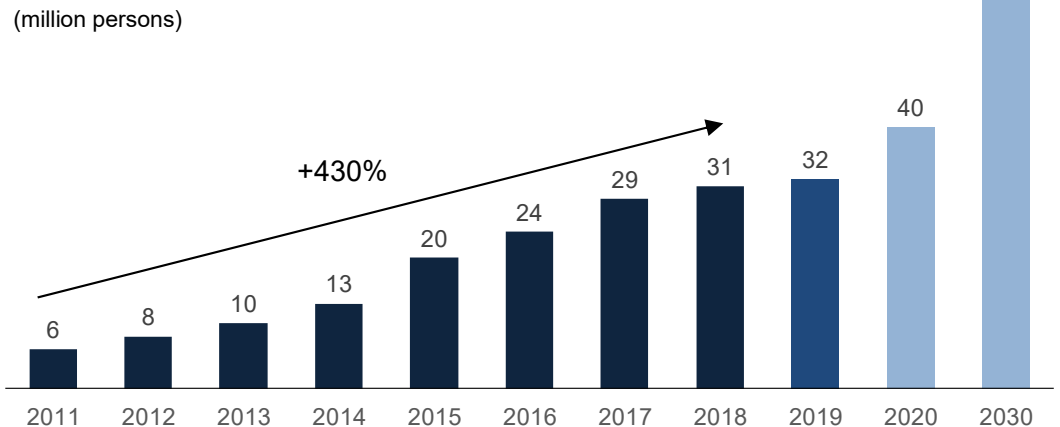


Total Number of Tourists in Domestic Lodging Facilities



*Calculated by Ichigo Investment Advisors based on Japan Tourism Agency (JTA) "Statistical Survey of Travelers"

Number of Inbound Tourists



*Calculated by Ichigo Investment Advisors based on Japan National Tourism Organization (JNTO)'s "Visitor Trends" and Prime Minister's Office of Japan's published documents

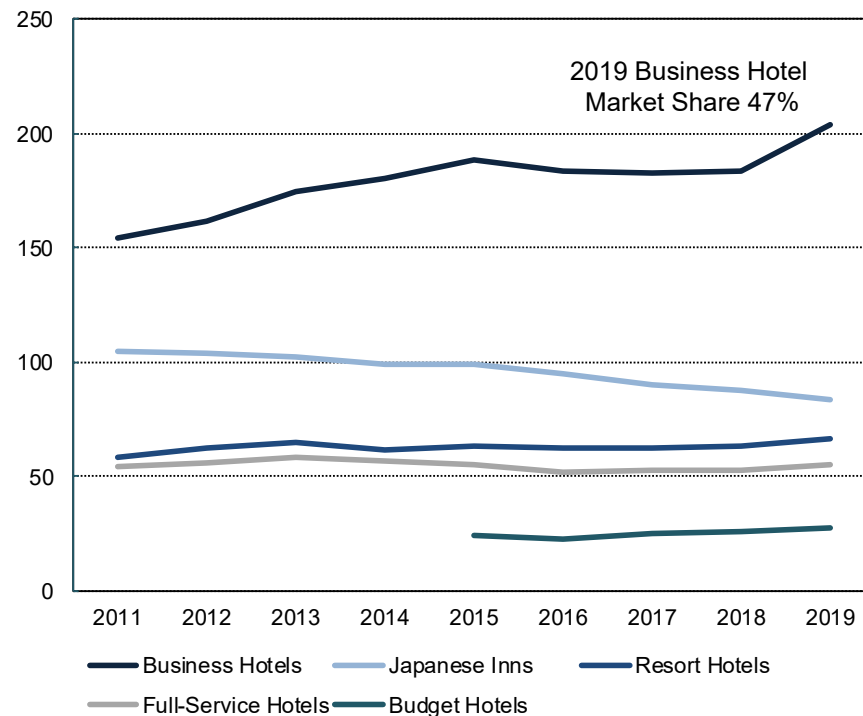
Business Hotel Demand Strong and Growing

Business hotels benefit from both robust domestic demand and growing inbound demand

- 203M domestic business hotel guests in 2019, +10.7% YOY
- 41M inbound business hotel guests in 2019, +24.1% YOY

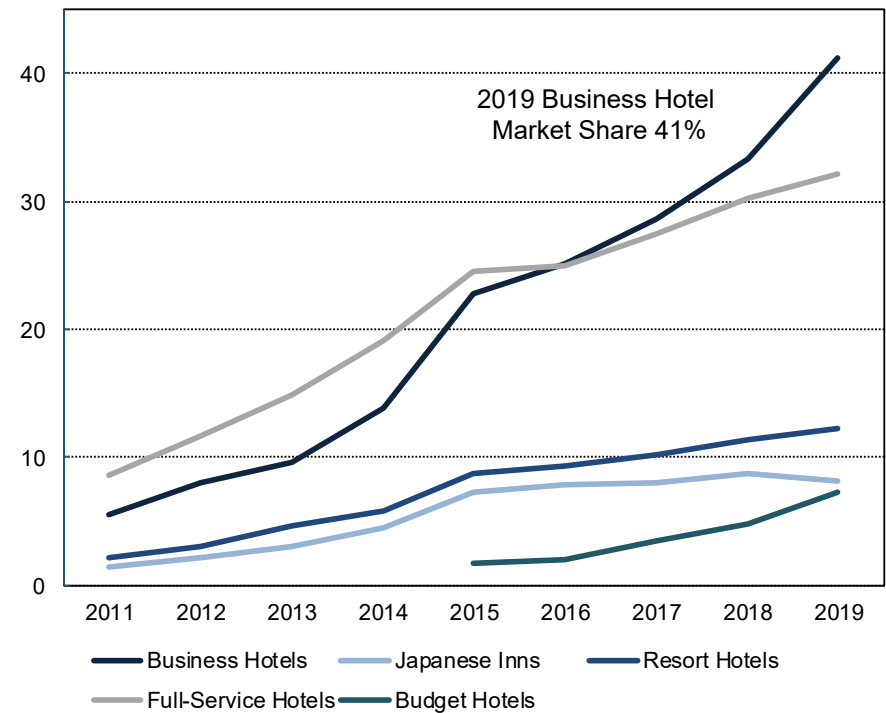
No. of Guests by Hotel Type (Domestic)

(million persons)



No. of Guests by Hotel Type (Inbound)

(million persons)

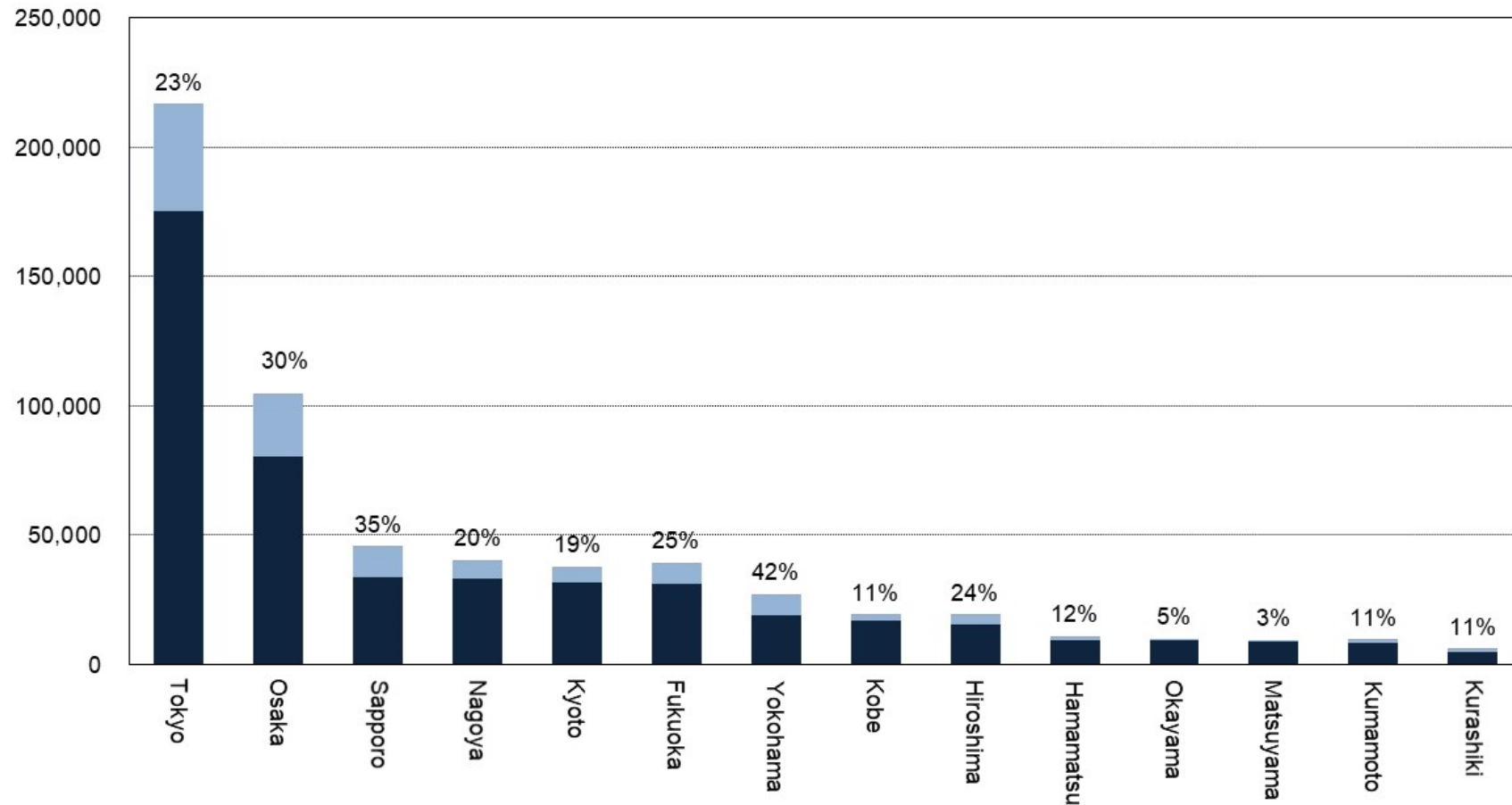


* Calculated by Ichigo Investment Advisors based on Japan Tourism Agency (JTA) "Statistical Survey of Travelers"

New Hotel Room Supply in Japan

No. of New Hotel Rooms (vs. March 31, 2019)

- Existing Hotel Rooms
- New Supply
- % Increase of New Supply



* Increase of new supply relative to existing hotel rooms calculated by Ichigo Investment Advisors based on Ministry of Health, Labor, and Welfare's "Report on Public Health Administration and Services" and hotel and restaurant data published June 7, 2019.

* % Increase of New Supply = New Supply / (Existing Hotels + Japanese Inns)

Appendix: Portfolio Details

Hotel Map

Tokyo	Kanto	Hokkaido	Hokuriku/Tokai
<p>Smile Hotel Tokyo Asagaya Hotel Livemax Nihombashi-Hakozaki</p>	<p>Grandpark-Inn Yokohama</p>	<p>Nest Hotel Sapporo Ekimae Nest Hotel Sapporo Odori Comfort Hotel Kushiro</p>	<p>Comfort Hotel Hamamatsu Hotel Wing International Nagoya Comfort Hotel Central International Airport Comfort Hotel Suzuka</p>

Variable Rent
Fixed Rent

Kinki (Kyoto/Osaka/Kobe)

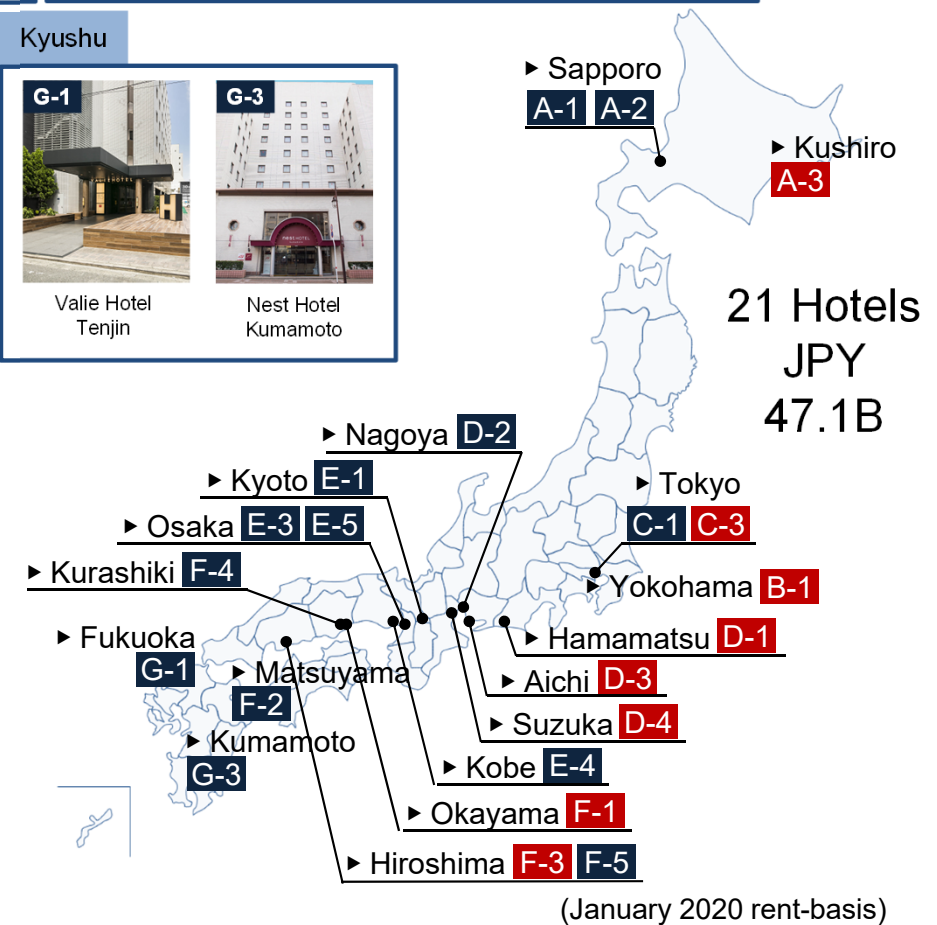
<p>Smile Hotel Kyoto Shijo</p>	<p>Chisun Inn Osaka Hommachi</p>
<p>Hotel Wing International Kobe Shin Nagata Ekimae</p>	<p>Nest Hotel Osaka Shinsaibashi</p>

Chugoku/Shikoku

<p>Comfort Hotel Okayama</p>	<p>Nest Hotel Matsuyama</p>	<p>Urbain Hiroshima Executive</p>
<p>Court Hotel Kurashiki</p>	<p>Valie Hotel Hiroshima</p>	







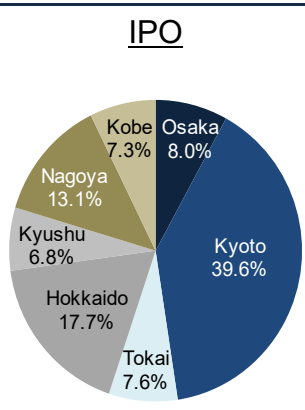
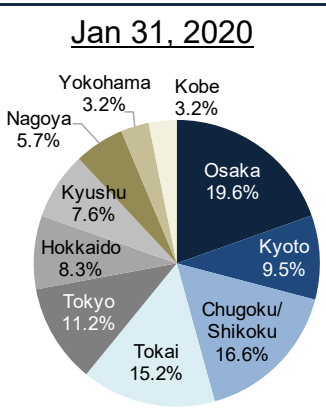
Kyushu

<p>Valie Hotel Tenjin</p>	<p>Nest Hotel Kumamoto</p>
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<p>Newly Acquired HOTEL EMIT SHIBUYA (Acquired on Feb 25, 2020)</p>	<p>Washington Hotel Plaza Shimonoseki Eki Nishi (Acquired on Mar 12, 2020)</p>
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Portfolio Growth

	IPO (November 30, 2015)	January 2017 Fiscal Period	July 2017 through July 2019 Fiscal Period				January 2020 Fiscal Period
Hotels	<p><u>IPO Acquisitions</u> 9 hotels JPY 20.4B (Appraisal NOI Yield 5.9%)</p> 	<p><u>PO Acquisitions</u> 10 hotels JPY 27.2B (Appraisal NOI Yield 5.5%)</p> 	<p><u>July 2017</u> 1 hotel JPY 1.4B (Appraisal NOI Yield 5.0%)</p> 	<p><u>Jan 2018</u> 1 hotel JPY 1.8B (Appraisal NOI Yield 6.3%)</p> 	<p><u>Jan 2019</u> 1 hotel JPY 1.7B (Appraisal NOI Yield 6.9%)</p> 	<p><u>July 2019</u> 2 hotels JPY 3.7B (Appraisal NOI Yield 6.9%)</p> 	None
Sale	None	None	None	None	1 Hotel JPY 2.7B Gains on Sale JPY 0.69B	None	2 Hotels JPY 9.7B Gains on Sales JPY 1.94B
Portfolio Size	9 Hotels : JPY 20.4B (January 2016 end)	19 Hotels JPY 47.6B	20 Hotels JPY 49.1B	21 Hotels JPY 50.9B	21 Hotels JPY 50.7B	23 Hotels JPY 54.4B	21 Hotels JPY 47.1B
Location	<p><u>IPO</u></p> 	<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <p>Geographic Diversification Increases Earnings Stability</p> </div> <p>→</p> <p>Steady Portfolio Growth via Acquisitions</p>				<p><u>Jan 31, 2020</u></p> 	

Acquisition price-basis

Hakata Hotels and PROPERA

- Hakata Hotels, a consolidated subsidiary of Ichigo, is a Hotel Operator operating 5 hotels in the Hakata area
- Hakata Hotels will deploy PROPERA, an AI-based revenue management system developed by Ichigo to maximize earnings and increase guest satisfaction.

Name	Hakata Hotels Inc.
Address	3-13-1 Haruyoshi, Chuo-ku, Fukuoka
Representatives	Minoru Ishihara, Representative Director & Chairman Takanobu Kitazaki, Representative Director & President
Paid-In Capital	JPY 10 million (100% shareholding by Centro Co. Ltd. , 100% Ichigo subsidiary)
Establishment Date	March 2019
Main Business	<ul style="list-style-type: none"> •Development, operation, lease, and management of retail buildings, hotels and restaurants •Lease and management of real estate •Design and construction of buildings and interior designs •Consulting services related to retail buildings, retail facilities, and restaurants
Operating Hotels	<p><u>Hakata area</u> Hotel Il Palazzo (62 rooms), 5th Hotel WEST (83 rooms), The OneFive Villa Fukuoka (50 rooms), Plaza Hotel Tenjin (205 rooms), Plaza Hotel Premier (170 rooms)</p> <p><u>Tokyo</u> HOTEL EMIT SHIBUYA (72 rooms)</p> 

PROPERA (AI-based revenue management system developed by Ichigo)

- Increase guest satisfaction
- Track record of increasing annual revenues by 10 to 40%
- Started third-party sales to build on Ichigo's non-asset business contributing to stock earnings

Individual Hotel Summary

	Hotel No.	Hotel Name	Lease Terms	Location	Leasable Area (m ²)	Acquisition Price (JPY M)	Book Value (JPY M) (A)	Jan 2020 Appraisal		Unrealized Gains (JPY M) (B) - (A)
								Value (JPY M) (B)	Cap Rate (%)	
Hotel	A-1	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo	5,734.93	2,160	2,143	2,700	5.1	+556
	A-2	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo	5,638.78	1,450	1,481	1,900	5.0	+418
	A-3	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	3,180.58	300	290	431	5.4	+140
	B-1	Grandpark-Inn Yokohama	Fixed Rent	Yokohama	1,183.26	1,490	1,501	1,550	4.5	+48
	C-1	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	2,721.70	3,910	3,983	4,370	4.3	+386
	C-3	Hotel Livemax Nihombashi-Hakozaki	Fixed Rent	Tokyo	853.00	1,360	1,314	1,440	4.5	+125
	D-1	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	4,173.92	1,550	1,456	1,790	5.1	+333
	D-2	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya	5,255.66	2,670	2,710	2,820	4.7	+109
	D-3	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	11,599.63	5,308	5,346	5,880	4.0	+533
	D-4	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	2,186.65	300	282	387	4.9	+104
	E-1	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	4,891.84	4,480	4,538	3,860	4.3	-678
	E-3	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	3,690.00	1,630	1,711	1,850	4.4	+138
	E-4	Hotel Wing International Kobe Shin Nagata Ekimae	Variable + Fixed Rent	Kobe	4,540.90	1,490	1,416	1,840	4.6	+423
	E-5	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	8,057.26	7,600	7,669	6,990	4.4	-679
	F-1	Comfort Hotel Okayama	Fixed Rent	Okayama	5,543.70	1,200	1,184	1,280	5.2	+95
	F-2	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	6,671.94	1,610	1,648	2,060	5.6	+411
	F-3	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	2,756.20	1,800	1,833	2,100	5.2	+266
	F-4	Court Hotel Kurashiki	Variable + Fixed Rent	Kurashiki, Okayama	3,964.19	1,725	1,801	2,130	4.9	+328
	F-5	Valie Hotel Hiroshima	Variable + Fixed Rent	Hiroshima	4,332.50	1,500	1,590	1,770	4.8	+179
	G-1	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	1,910.94	1,380	1,441	2,230	4.2	+788
G-3	Nest Hotel Kumamoto	Variable + Fixed Rent	Kumamoto	6,404.36	2,220	2,202	2,490	5.2	+287	
21 Hotels					95,291.94	47,133	47,549	51,868	4.6	+4,318

Individual Hotel Operating Results

(year-on-year)

Hotel No.	Hotel Name	Lease Terms	Location	No. of Guest Rooms	January 2020 (August 2019 - January 2020)								
					RevPAR (JPY)		Occupancy (%)		ADR (JPY)		Revenue (JPY M)		
A-1	004	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo	162	8,950	(-8.9%)	96.8	(+1.1%)	9,245	(-9.9%)	326.5	(-7.8%)
A-2	008	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo	121	9,380	(-17.0%)	91.7	(-3.0%)	10,233	(-14.4%)	231.2	(-16.1%)
A-3	018	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	126	4,796	(+13.2%)	79.7	(+8.9%)	6,018	(+3.9%)	116.7	(+12.8%)
C-1	012	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	112	8,677	(-5.0%)	97.6	(-1.0%)	8,891	(-4.1%)	184.1	(-4.6%)
D-1	006	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	196	4,507	(-5.8%)	76.1	(-6.3%)	5,923	(+0.5%)	162.5	(-5.8%)
D-2	003	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya	224	5,340	(-3.0%)	86.0	(-3.2%)	6,210	(+0.3%)	241.5	(-5.0%)
D-3	011	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	346	7,944	(-2.2%)	85.8	(-5.4%)	9,255	(+3.3%)	527.8	(-2.6%)
D-4	019	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	105	4,389	(-14.4%)	75.1	(-4.8%)	5,845	(-10.1%)	85.6	(-14.6%)
E-1	001	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	144	6,800	(-18.6%)	97.1	(-0.4%)	7,000	(-18.3%)	194.0	(-17.9%)
E-2	002	Hotel Vista Premio Kyoto	Variable + Fixed Rent	Kyoto	84	9,702	(-11.0%)	91.1	(+3.1%)	10,650	(-13.6%)	86.7	(-53.1%)
E-3	005	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	130	4,180	(-33.8%)	67.7	(-20.1%)	6,176	(-17.2%)	100.0	(-33.8%)
E-4	007	Hotel Wing International Kobe Shin Nagata Ekimae	Variable + Fixed Rent	Kobe	133	6,160	-	77.6	-	7,934	-	167.9	-
E-5	010	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	302	5,589	(-30.2%)	78.1	(-12.4%)	7,155	(-20.3%)	335.7	(-29.5%)
F-1	017	Comfort Hotel Okayama	Fixed Rent	Okayama	208	5,259	(-6.2%)	86.3	(-2.9%)	6,097	(-3.4%)	209.7	(-6.3%)
F-2	015	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	190	5,424	(-2.2%)	86.8	(-2.7%)	6,250	(+0.6%)	269.0	(-1.8%)
F-3	021	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	171	6,233	(-9.4%)	88.1	(-3.0%)	7,073	(-6.6%)	196.1	(-9.4%)
F-4	022	Court Hotel Kurashiki	Variable + Fixed Rent	Kurashiki, Okayama	107	7,483	(-7.7%)	88.7	(-9.3%)	8,440	(+1.7%)	174.0	(-4.8%)
F-5	024	Valie Hotel Hiroshima	Variable + Fixed Rent	Hiroshima	171	3,327	-	64.5	-	5,161	-	78.5	-
G-1	009	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	77	8,393	(-11.9%)	94.7	(-0.2%)	8,864	(-11.8%)	128.3	(-11.1%)
G-2	013	Nest Hotel Naha	Variable + Fixed Rent	Naha, Okinawa	200	7,986	(-13.7%)	79.1	(-7.3%)	10,099	(-7.0%)	425.2	(-11.7%)
G-3	023	Nest Hotel Kumamoto	Variable + Fixed Rent	Kumamoto	201	5,077	(+1.9%)	79.1	(-8.7%)	6,419	(+11.6%)	213.2	(+0.9%)
		Other	-		223	-		-		-		-	
Variable Rent Hotels					2,358	6,630	(-13.9%)	85.4	(-6.0%)	7,760	(-8.4%)	2,822.8	(-12.7%)
Fixed Rent Hotels					1,375	5,927	(-4.6%)	83.0	(-3.0%)	7,140	(-1.6%)	1,345.8	(-4.7%)
Total					3,733	6,364	(-10.8%)	84.5	(-4.9%)	7,530	(-6.2%)	4,168.6	(-10.3%)

* Operating Results data for Hotel Livemax Nihombashi-Hakozaki, and Grandpark-Inn Yokohama are consolidated under Other, because the hotel operators did not provide consent to disclose hotel-specific data. Fixed Rent Hotels and Total include Hotel Livemax Nihombashi-Hakozaki's operating results. YOY changes for Hotel Wing International Kobe Shin Nagata Ekimae and Valie Hotel Hiroshima are unavailable because the operators did not provide consent to disclose pre-acquisition data.

Individual Hotel Financials

(JPY thousand)

	Total	A-1	A-2	A-3	C-1	D-1	D-3	D-4	E-1	E-2	E-3	E-5	F-1	F-2	F-4	F-5	G-1	G-2	G-3	Other
		Nest Hotel Sapporo Ekimae	Nest Hotel Sapporo Odori	Comfort Hotel Kushiro	Smile Hotel Tokyo Asagaya	Comfort Hotel Hamamatsu	Comfort Hotel Central International Airport	Comfort Hotel Suzuka	Smile Hotel Kyoto Shijo	Hotel Vista Premio Kyoto	Chisun Inn Osaka Hommachi	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Okayama	Nest Hotel Matsuyama	Court Hotel Kurashiki	Valie Hotel Hiroshima	Valie Hotel Tenjin	Nest Hotel Naha	Nest Hotel Kumamoto	
(A) Rental Income	1,615,986	108,014	77,529	18,419	90,128	55,361	151,441	15,442	64,113	37,096	39,600	140,847	45,900	87,915	72,433	20,176	52,610	135,991	77,956	325,006
Fixed Rent	993,479	32,392	26,083	18,419	28,372	55,361	151,441	15,442	34,644	37,096	39,600	65,487	45,900	35,717	33,013	8,914	24,752	63,469	27,348	250,020
Variable Rent	564,434	75,621	51,446	-	61,755	-	-	-	29,468	-	-	75,359	-	52,194	39,420	10,661	27,857	72,522	50,608	17,516
Other Rent	58,073	-	-	-	-	-	-	-	-	-	-	-	-	3	-	600	-	-	-	57,470
(B) Rental Expenses	177,249	9,150	11,321	5,819	8,452	4,820	14,157	3,162	7,036	8,875	4,938	16,842	6,463	6,316	5,018	3,735	5,409	8,566	2,397	44,764
Outsourcing Fees	17,189	600	600	900	2,298	600	570	540	600	729	915	1,200	600	720	600	720	600	616	780	3,000
Insurance	2,985	159	168	84	91	99	284	49	146	50	102	250	143	204	110	139	60	243	185	410
Repair Expenses	26,975	2,880	1,784	389	1,198	1,428	239	384	938	2,902	268	1,316	1,436	1,057	-	2,507	1,014	1,997	897	4,335
Taxes	108,236	5,083	8,332	4,036	4,455	2,422	12,656	1,782	4,992	4,984	3,288	13,668	3,856	3,924	3,944	-	3,372	5,195	-	22,240
Other Expenses	21,862	426	434	409	408	271	406	406	359	208	363	406	427	410	363	368	363	513	530	14,782
(C) NOI (A) - (B)	1,438,737	98,863	66,208	12,599	81,675	50,541	137,284	12,280	57,077	28,220	34,661	124,004	39,436	81,599	67,415	16,441	47,200	127,424	75,563	280,237
(D) Depreciation	352,077	15,774	15,633	5,028	27,141	14,689	34,228	4,160	16,084	7,049	6,978	34,395	13,084	18,295	11,073	16,269	8,935	36,993	18,822	47,437
Net Rental Income (C) - (D)	1,086,659	83,089	50,575	7,570	54,533	35,851	103,055	8,119	40,992	21,171	27,683	89,609	26,351	63,304	56,341	171	38,264	90,430	56,740	232,799

* Rents for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urban Hiroshima Executive as well as retail rents of Hotel Vista Premio Kyoto, Chisun Inn Osaka Honmachi, Smile Hotel Tokyo Asagaya and Nest Hotel Kumamoto are included in Other, as the operators did not provide consent to disclose the data.

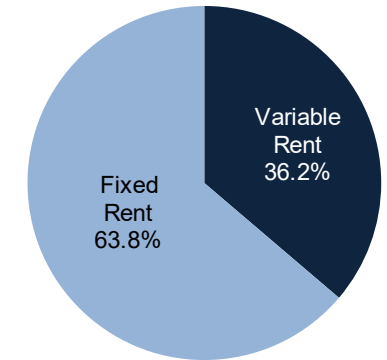
Fixed/Variable Rent, RevPAR, ADR, & Occupancy Trends

Fixed/Variable Rent

(JPY thousand)

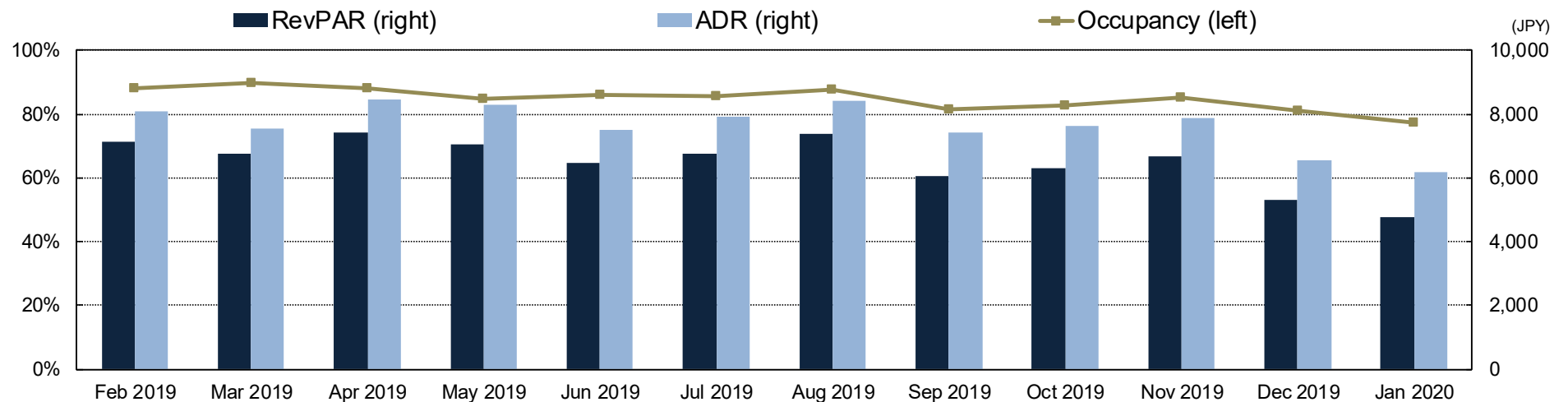
	Jan 2019		Jul 2019		Jan 2020	
	Rent	Ratio	Rent	Ratio	Rent	Ratio
Fixed Rent	1,020,028	58.4%	1,029,238	57.5%	1,032,448	63.9%
Fixed Rent from Operators	984,468	56.4%	984,145	55.0%	993,479	61.5%
Other (Rent from Retail Tenants)	35,559	2.0%	45,092	2.5%	38,969	2.4%
Variable Rent	701,671	40.2%	735,493	41.1%	564,434	34.9%
Other (Utility Income)	23,668	1.4%	24,937	1.4%	19,104	1.2%
Total	1,745,367	100%	1,789,669	100%	1,615,986	100%

Total Rent (excludes Other Revenue)



(January 2020 rent-basis)

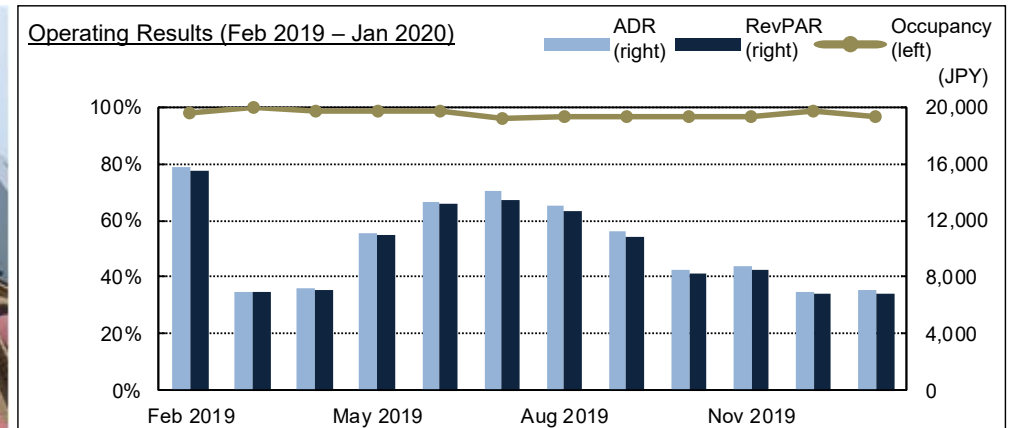
Operating Results (Feb 2019 – Jan 2020)



Variable Rent Hotel Details

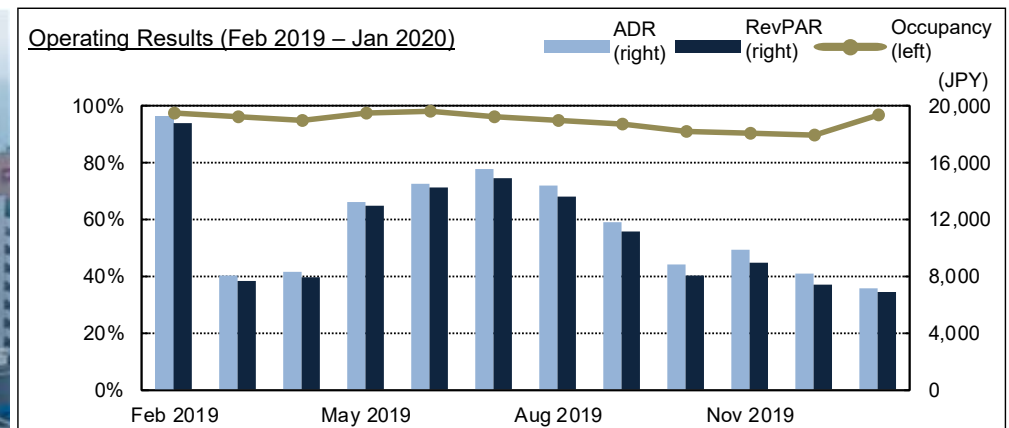
A-1 Nest Hotel Sapporo Ekimae

Location	Sapporo
Access	5-minute walk from Sapporo Station on Sapporo City Metro Namboku Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	162
Acquisition Price	JPY 2.16B



A-2 Nest Hotel Sapporo Odori

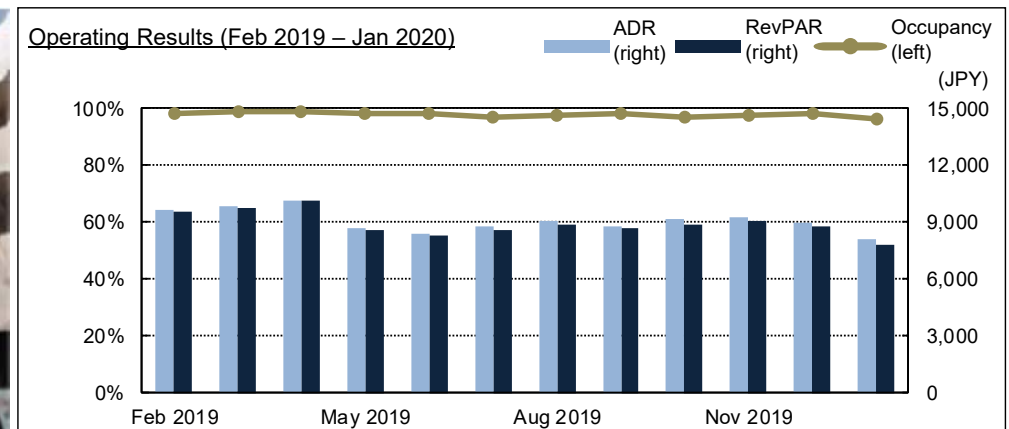
Location	Sapporo
Access	4-minute walk from Odori Station on Sapporo City Metro Namboku Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	121
Acquisition Price	JPY 1.45B



Variable Rent Hotel Details

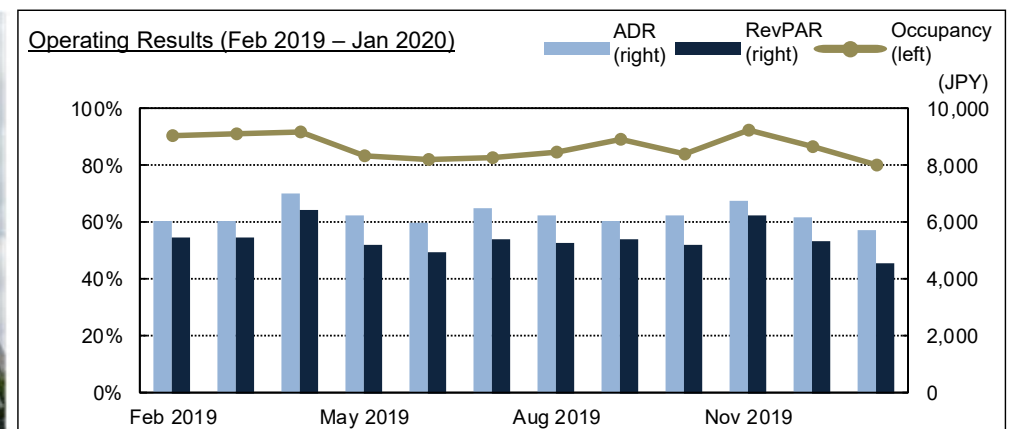
C-1 Smile Hotel Tokyo Asagaya

Location	Suginami-ku, Tokyo
Access	1-minute walk from Asagaya Station on JR Chuo/Sobu Line
Operator	K.K. Hospitality Operations
Guest Rooms	112
Acquisition Price	JPY 3.91B



D-2 Hotel Wing International Nagoya

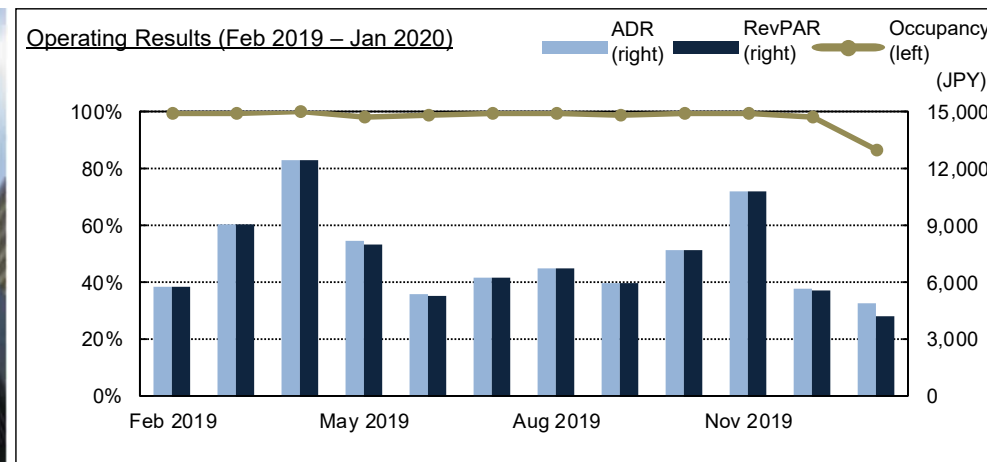
Location	Nagoya
Access	2-minute walk from Marunouchi Station on both Nagoya Subway Network Sakuradori Line and Tsurumai Line
Operator	Forbes Co., Ltd.
Guest Rooms	224
Acquisition Price	JPY 2.67B



Variable Rent Hotel Details

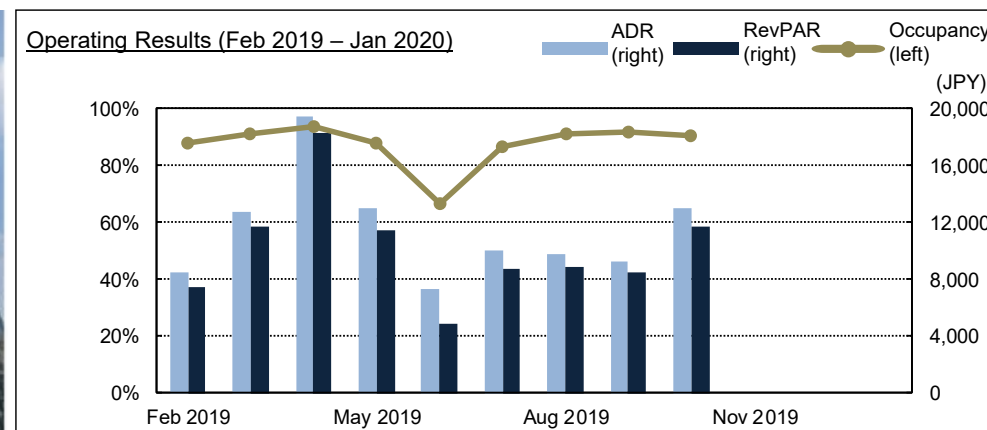
E-1 Smile Hotel Kyoto Shijo

Location	Kyoto
Access	5-minute walk from Shijo Station on Kyoto City Subway Karasuma Line and Karasuma Station on Hankyu Kyoto Main Line
Operator	K.K. Hospitality Operations
Guest Rooms	144
Acquisition Price	JPY 4.48B



E-2 Hotel Vista Premio Kyoto

Location	Kyoto
Access	5-minute walk from Kyoto Shiyakushomae Station on Kyoto City Subway Tozai Line
Operator	Vista Hotel Management Co., Ltd.
Guest Rooms	84
Acquisition Price	JPY 3.60B

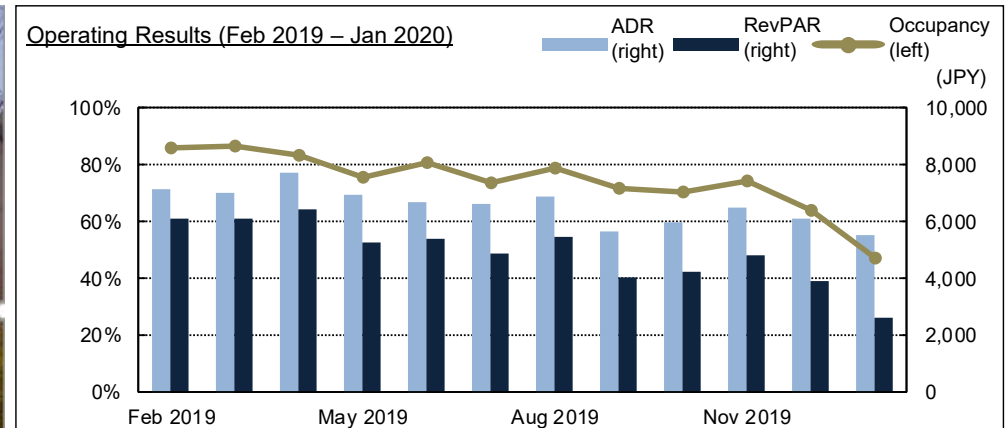


* Sale of hotel announced on August 27, 2019

Variable Rent Hotel Details

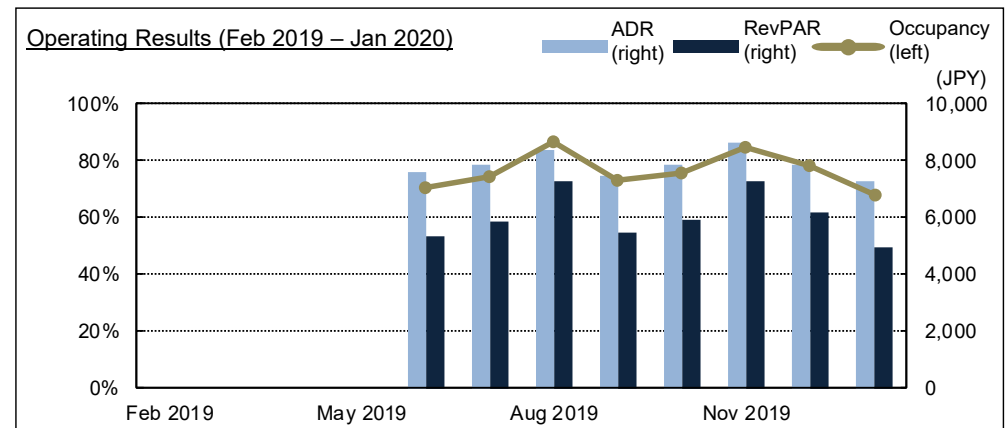
E-3 Chisun Inn Osaka Hommachi

Location	Osaka
Access	5-minute walk from Sakaisuji-Hommachi Station on Osaka Municipal Subway Chuo Line
Operator	SHR Hotel Lease Co., Ltd.
Guest Rooms	130
Acquisition Price	JPY 1.63B



E-4 Hotel Wing International Kobe Shin Nagata Ekimae

Location	Kobe
Access	2-minute walk from Shin Nagata Station on JR Kobe Line and JR Sanyo Honsen Line
Operator	Forbes Co., Ltd.
Guest Rooms	133
Acquisition Price	JPY 1.49B

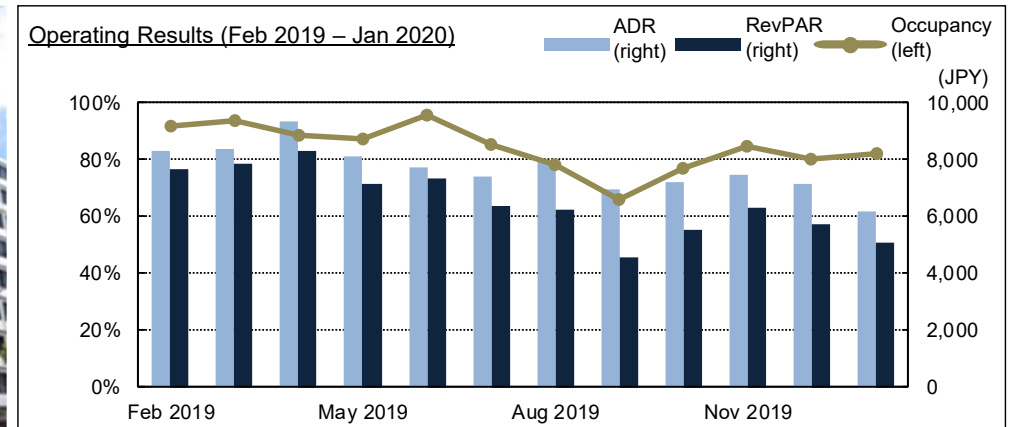


* Hotel name changed from Hotel Suave Kobe Asuta on March 1, 2019. Rebranded and reopened in June 2019.

Variable Rent Hotel Details

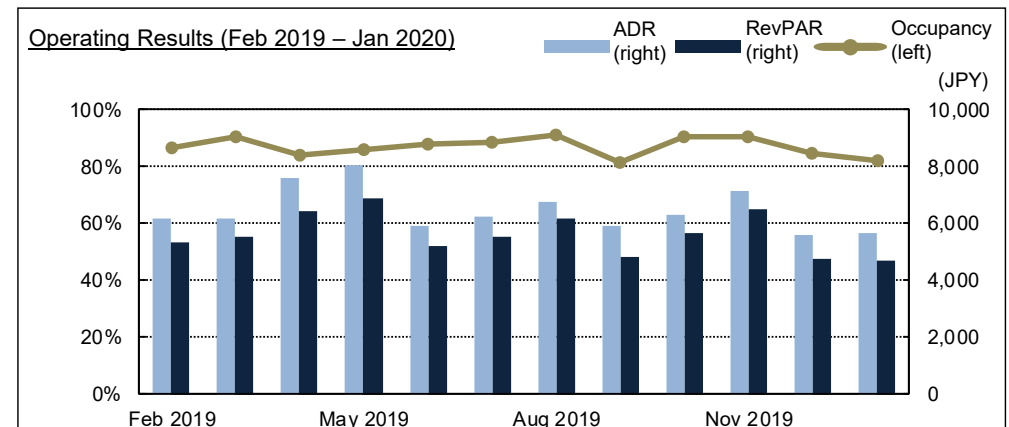
E-5 Nest Hotel Osaka Shinsaibashi

Location	Osaka
Access	1-minute walk from Nagahoribashi Station on Osaka Municipal Subway Sakaisuji Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	302
Acquisition Price	JPY 7.60B



F-2 Nest Hotel Matsuyama

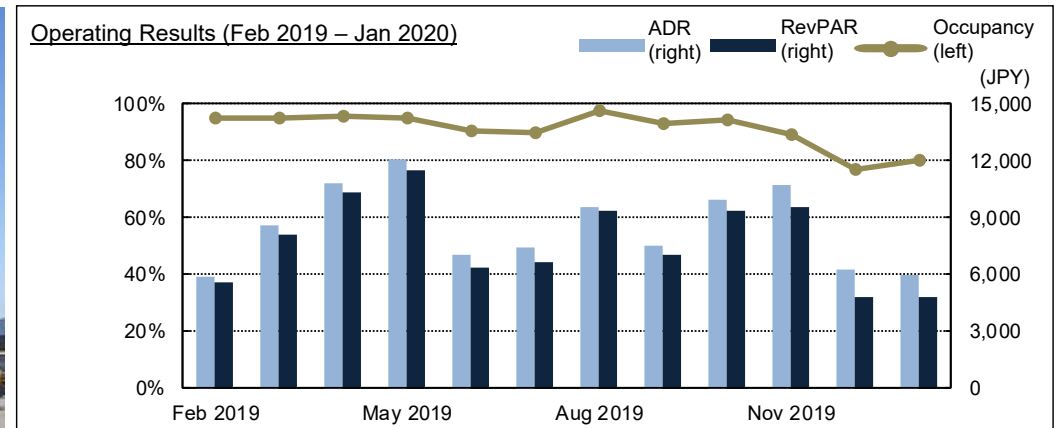
Location	Matsuyama, Ehime
Access	25-minute drive from Matsuyama Airport, 3-minute walk from Katsuyamacho Station on Iyo Railway Jonan Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	190
Acquisition Price	JPY 1.61B



Variable Rent Hotel Details

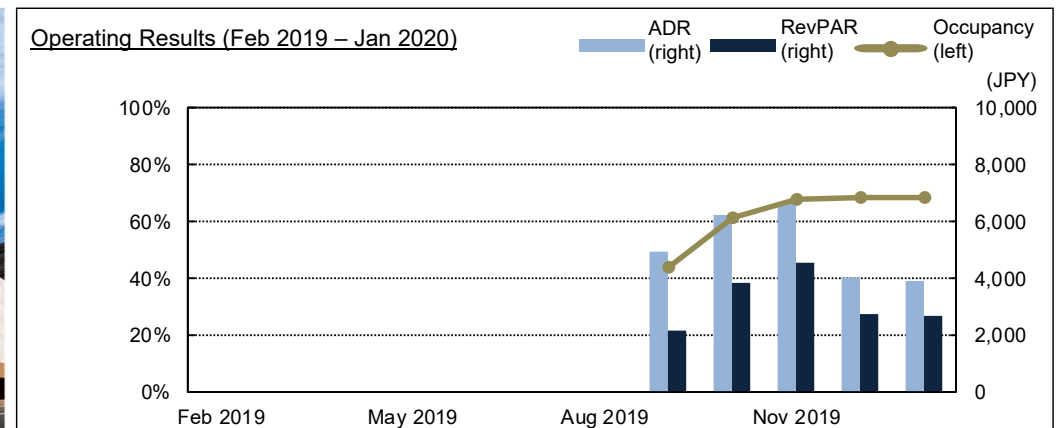
F-4 Court Hotel Kurashiki

Location	Kurashiki, Okayama
Access	8-minute walk from Kurashiki Station on JR Sanyo Main Line
Operator	The Court Co., Ltd.
Guest Rooms	104
Acquisition Price	JPY 1.73B



F-5 Valie Hotel Hiroshima (Acquired on July 19, 2019, Rebranded and reopened in September 2019)

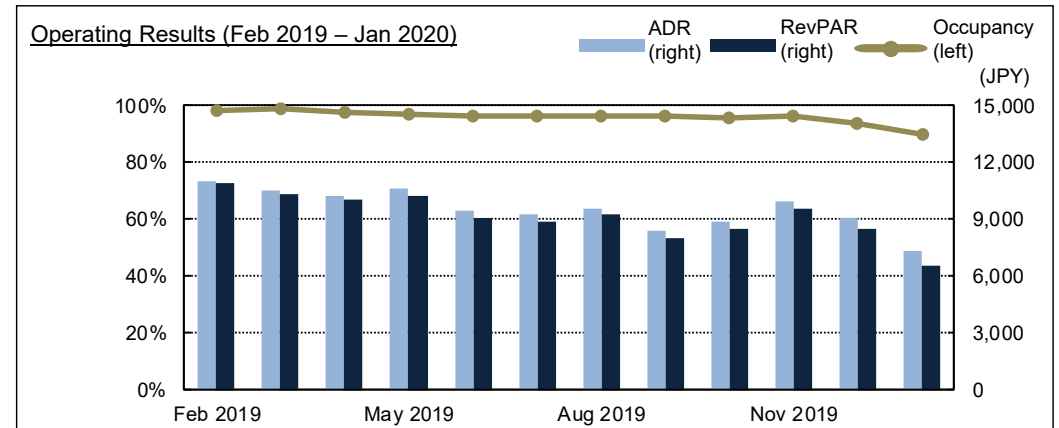
Location	Hiroshima
Access	3-minute walk from Jogakuin-mae Station on Hiroden Tram Line
Operator	The Court Co., Ltd.
Guest Rooms	171
Acquisition Price	JPY 1.5B



Variable Rent Hotel Details

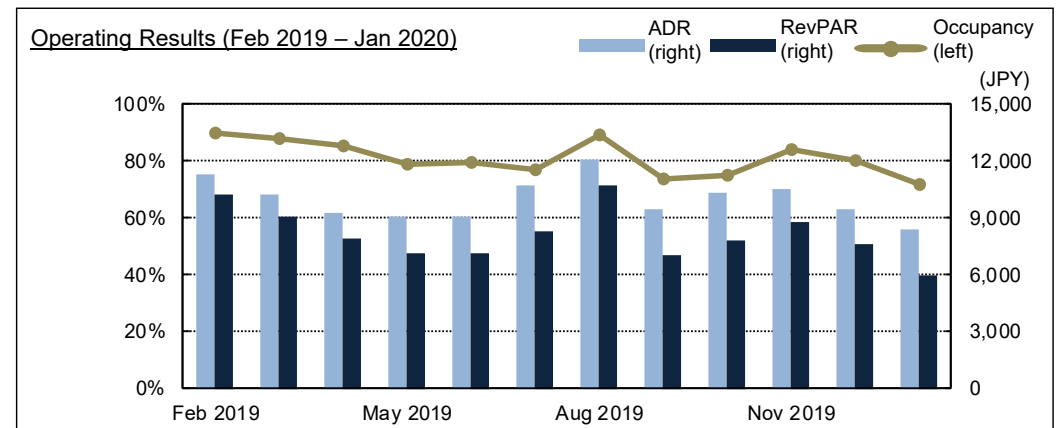
G-1 Valie Hotel Tenjin

Location	Fukuoka
Access	6-minute walk from Tenjin Station on Fukuoka City Subway Kuko Line
Operator	The Court Co., Ltd.
Guest Rooms	77
Acquisition Price	JPY 1.38B



G-2 Nest Hotel Naha (Announced sale on January 30, 2020, Sold on January 31, 2020)

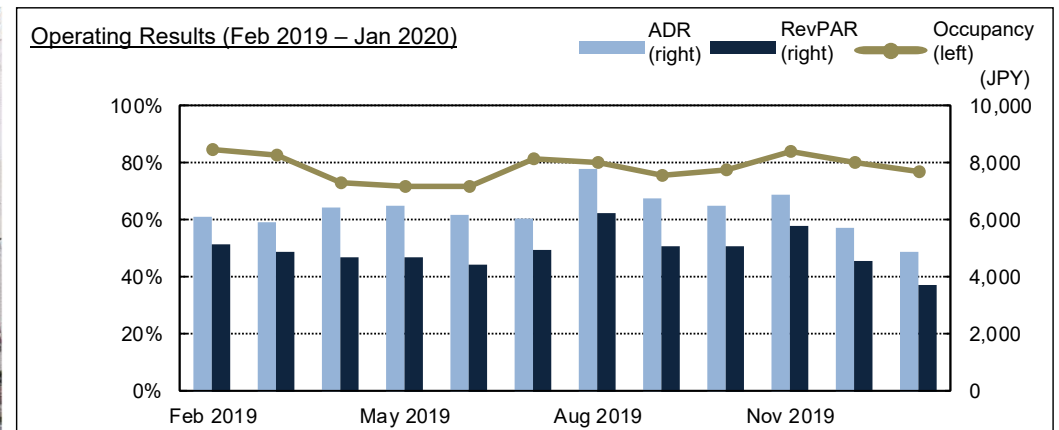
Location	Naha, Okinawa
Access	7-minute drive from Naha Airport, 5-minute walk from Asahibashi Station on Okinawa Urban Monorail
Operator	Nest Hotel Japan Corporation
Guest Rooms	200
Acquisition Price	JPY 3.75B



Variable Rent Hotel Details

G-3 Nest Hotel Kumamoto

Location	Kumamoto
Access	2-minute walk from Nishikarashimacho Station on Kumamoto City Tram Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	201
Acquisition Price	JPY 2.22B



Hotels Acquired in July 2020 Fiscal Period

C-4 HOTEL EMIT SHIBUYA

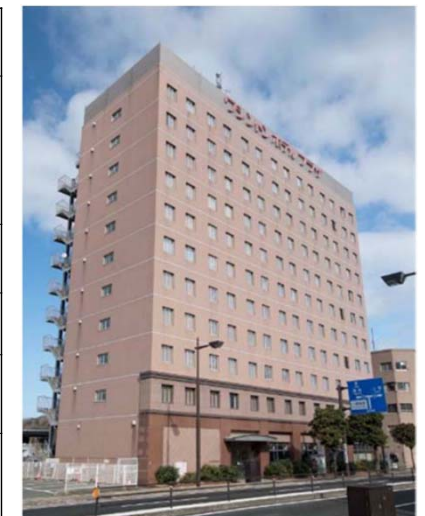
Location	Shibuya-ku, Tokyo
Access	6-minute walk from Shibuya Station on JR, Tokyu, Keio, and Tokyo Metro Lines
Operator	Hakata Hotels Inc. Shidax Daishinto Human Services Inc.
Lease Terms	Fixed + Variable
Guest Rooms	72
Acquisition Price	JPY 3.7B



* Announced on January 31, 2020, completed on February 25, 2020

F-6 Washington Hotel Plaza Shimonoseki Eki Nishi

Location	Shimonoseki, Yamaguchi
Access	3-minute walk from Shimonoseki Station on JR Sanyo Main Line
Operator	Washington Hotel Corp.
Lease Terms	Fixed
Guest Rooms	238
Acquisition Price	JPY 1.08B



* Announced on February 26, 2020, completed on March 12, 2020

Fixed Rent Hotel Details

A-3 Comfort Hotel Kushiro

Location	Kushiro, Hokkaido
Access	2-minute walk from Kushiro Station on JR Nemuro Main Line
Operator	Greens Co., Ltd.
Guest Rooms	126
Acquisition Price	JPY 300M



B-1 Grandpark-Inn Yokohama

Location	Yokohama
Access	6-minute walk from Yokohama Station on JR Line, private railways, and subway
Operator	MiddleWood Co., Ltd.
Guest Rooms	175
Acquisition Price	JPY 1.49B



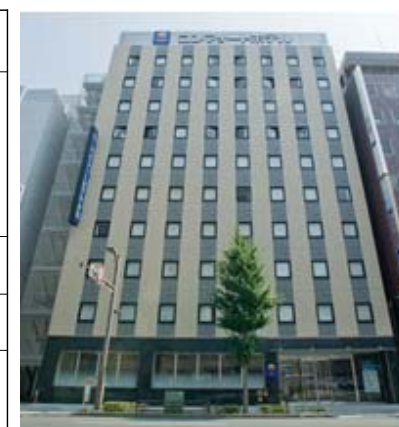
C-3 Hotel Livemax Nihombashi-Hakozaki

Location	Chuo-ku, Tokyo
Access	3-minute walk from Suitengumae Station on Tokyo Metro Hanzomon Line
Operator	Live Max Inc.
Guest Rooms	48
Acquisition Price	JPY 1.36B



D-1 Comfort Hotel Hamamatsu

Location	Hamamatsu, Shizuoka
Access	2-minute walk from Hamamatsu Station on JR Tokaido Main Line, Tokaido Shinkansen
Operator	Greens Co., Ltd.
Guest Rooms	196
Acquisition Price	JPY 1.55B



Fixed Rent Hotel Details

D-3 Comfort Hotel Central International Airport

Location	Tokoname, Aichi
Access	5-minute walk from Central International Airport, 3-minute walk from Central International Airport Station on Meitetsu Airport Line
Operator	Greens Co., Ltd.
Guest Rooms	346
Acquisition Price	JPY 5.31B



D-4 Comfort Hotel Suzuka

Location	Suzuka, Mie
Access	3-minute walk from Shirako Station on Kintetsu Nagoya Line
Operator	Greens Co., Ltd.
Guest Rooms	105
Acquisition Price	JPY 300M



F-1 Comfort Hotel Okayama

Location	Okayama
Access	15-minute walk from Okayama Station on Sanyo Shinkansen, Sanyo Main Line, Uno Line
Operator	Greens Co., Ltd.
Guest Rooms	208
Acquisition Price	JPY 1.20B



F-3 Urbain Hiroshima Executive

Location	Hiroshima
Access	6-minute walk from Hiroshima Station on JR Sanyo Shinkansen and Sanyo Main Line
Operator	Yuki Corporation
Guest Rooms	171
Acquisition Price	JPY 1.80B



Appendix: Loan Details & Shareholder Composition

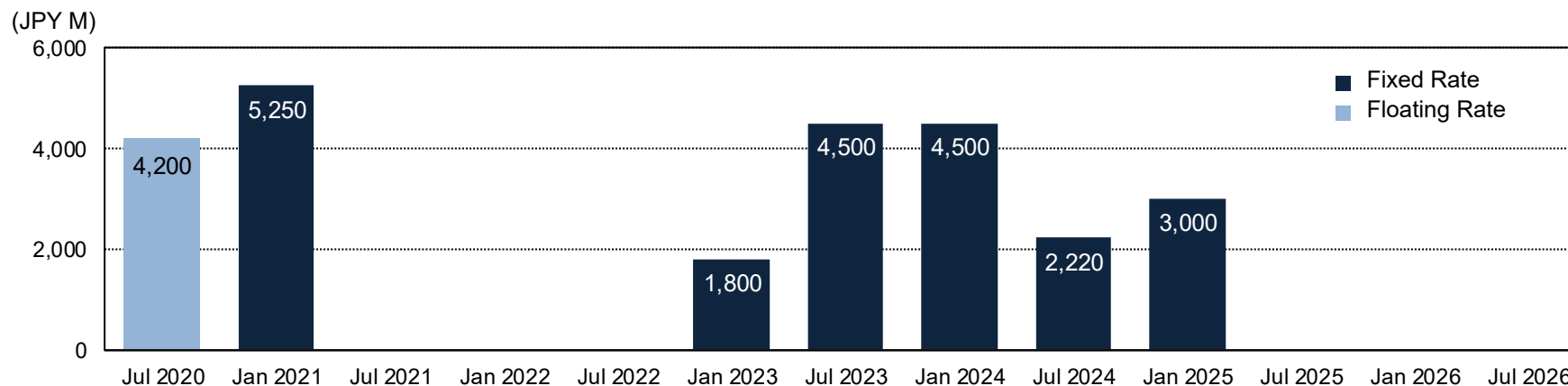
Stable Financial Base

- Shorter-term loans are floating rate to take advantage of current low interest rates
- 80% of loans are fixed to hedge against a rise in interest rates

Outstanding Loan Balance

	Jan 31, 2018	Jul 31, 2018	Jan 31, 2019	Jul 31, 2019	Jan 31, 2020
Amount	JPY 21.75B	JPY 21.75B	JPY 21.75B	JPY 25.47B	JPY 25.47B
Long-Term Loan Ratio	100%	100%	100%	100%	100%
Fixed Rate Ratio	73.8%	73.8%	80.7%	83.5%	83.5%
Average Interest Rate	0.88%	0.88%	0.91%	0.86%	0.88%
Average Remaining Maturity	3.6 years	3.1 years	3.2 years	3.0 years	2.5 years
LTV (Total Assets Basis)	39.2%	39.1%	38.8%	43.0%	41.5%

Distribution of Loan Maturities



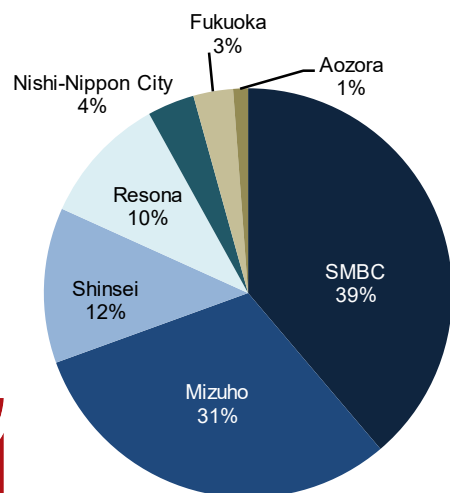
Loan Details

Loan Balances

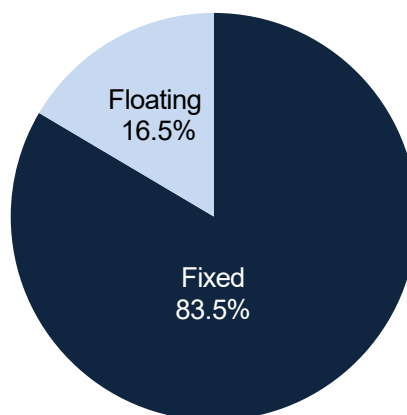
(as of January 31, 2020)

Loan	Lender	Amount (JPY million)	Floating/ Fixed	Interest Rate (%)	Borrowing Date	Maturity
Term Loan 2	SMBC, Mizuho, Shinsei, Resona	5,250	Fixed	1.08000%	November 30, 2015	November 30, 2020
Term Loan 3	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	2,000	Floating	0.58000%	August 17, 2016	February 28, 2020
Term Loan 4	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	4,500	Fixed	0.90750%	August 17, 2016	February 28, 2023
Term Loan 5	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	4,500	Fixed	0.98500%	August 17, 2016	August 31, 2023
Term Loan 6	SMBC	450	Floating	0.53000%	March 27, 2017	February 28, 2020
Term Loan 7	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	1,800	Fixed	0.78750%	August 1, 2017	January 31, 2023
Term Loan 8	SMBC, Mizuho, Shinsei, Resona	1,750	Floating	0.78750%	November 30, 2018	May 29, 2020
Term Loan 9	SMBC, Mizuho, Shinsei, Resona	1,500	Fixed	0.92000%	November 30, 2018	November 29, 2024
Term Loan 10	SMBC, Mizuho, Shinsei, Resona, Nishi-Nippon City	2,220	Fixed	0.75450%	April 25, 2019	April 30, 2024
Term Loan 11	SMBC, Mizuho, Shinsei, Resona, Aozora	1,500	Fixed	0.73575%	July 19, 2019	November 29, 2024
Total		25,470		Average 0.88%	Average Remaining Loan Term 2.5 years	

Lender Composition



Fixed vs. Floating



Strong Lender Group

LTV Control

Interest Rate Risk Management

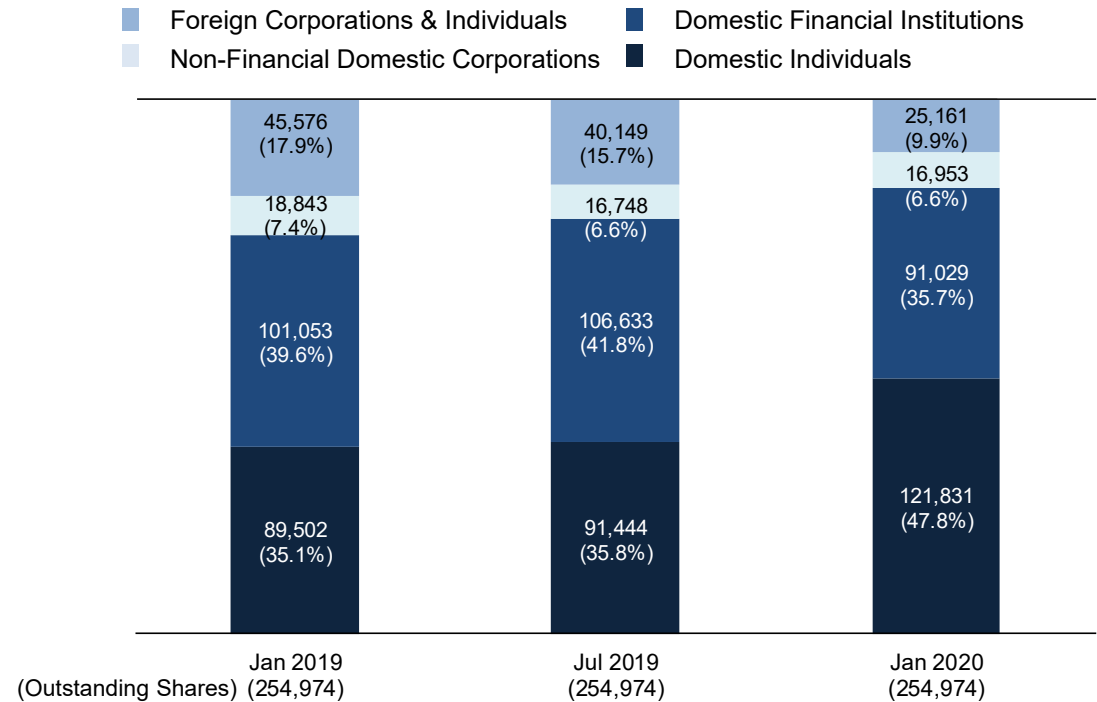
Stable Financial Position

Shareholder Composition

Major Shareholders (as of January 31, 2020)

Name	No. of Shares	Share
1 Japan Trustee Services Bank, Ltd., Trust Account	26,008	10.2%
2 The Master Trust Bank of Japan, Trust Account	20,549	8.1%
3 Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	9,298	3.6%
4 The Nomura Trust and Banking Co., Ltd., Investment Trust Account	7,246	2.8%
5 Ichigo Inc. (Sponsor)	6,500	2.5%
6 Ichigo Trust Pte. Ltd.	6,424	2.5%
7 GOLDMAN SACHS INTERNATIONAL	3,433	1.3%
8 BNY FOR GCM CLIENT ACCOUNTS (E) ISG	3,311	1.3%
9 UEDA YAGI TANSHI Co., Ltd.	3,000	1.2%
10 Fukoku Mutual Life Insurance Company	2,800	1.1%
Total	88,569	34.7%

By Number of Shares Held

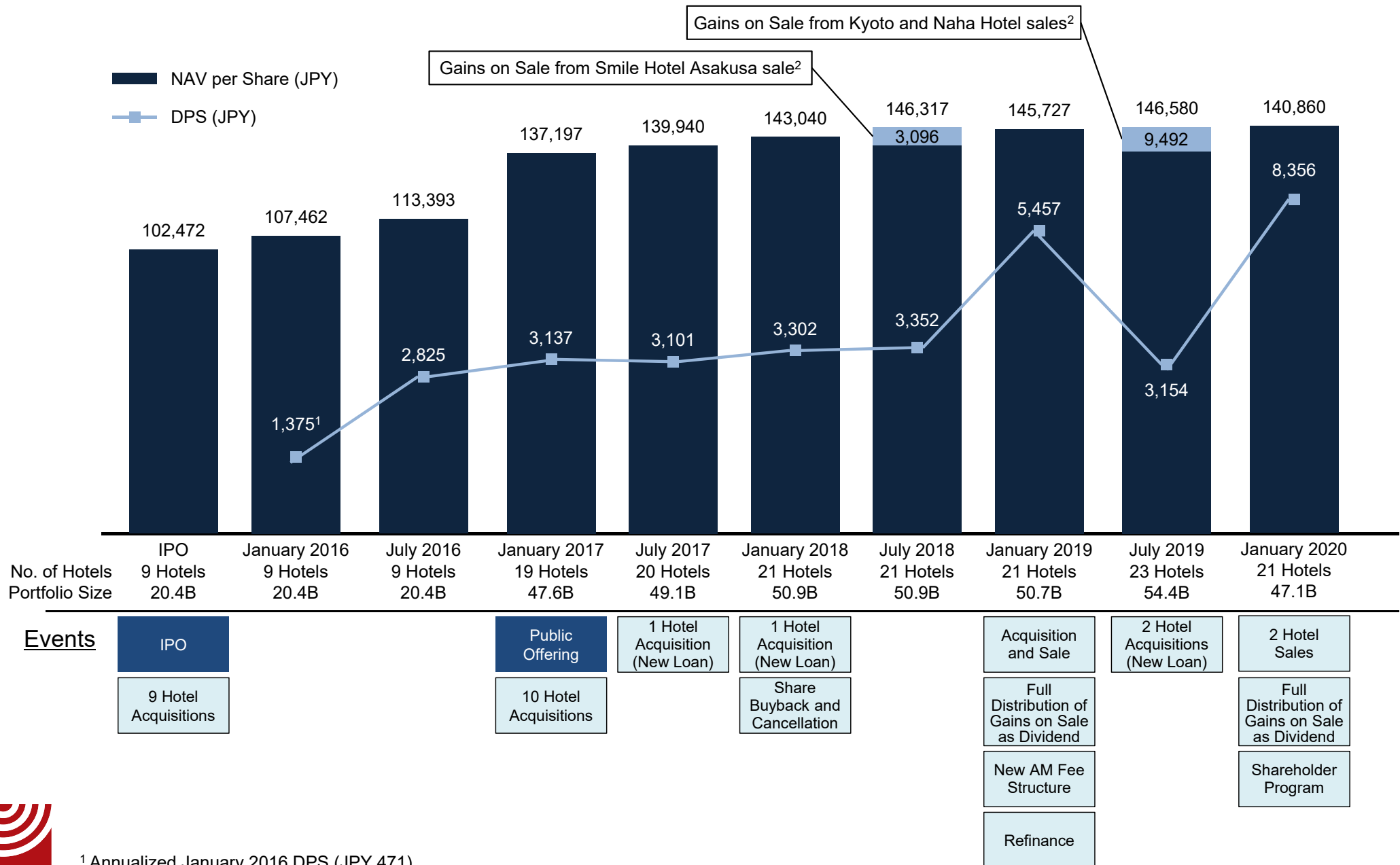


By Number of Shareholders

	Jan 31, 2019	Jul 31, 2019	Jan 31, 2020	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals	13,101	13,415	17,201	97.7%
Domestic Financial Institutions	48	54	56	0.3%
City Banks, trust banks	7	7	6	–
Regional banks	3	2	3	–
Other (including securities companies)	38	45	47	0.3%
Non-Financial Domestic Corporations	218	220	248	1.4%
Foreign Corporations & Individuals	78	88	99	0.6%
Total	13,445	13,777	17,604	100%

Appendix: Growth Roadmap, Sponsor, Shareholder Alignment

Strong Growth Track Record



¹ Annualized January 2016 DPS (JPY 471)

² Unrealized gains of 3 hotels = (Sales price – book value at sale) / number of shares outstanding

Ongoing Actions to Drive Increased Shareholder Value

Dividend Growth and Highly Secure Earnings Provide Strong Foundation for Further Growth in Shareholder Value

Drive Further Dividend Growth	
Organic Growth	Acquisition-Led Growth
<ul style="list-style-type: none"> • Proactively execute value-add capex • Dispose of hotels with limited growth potential • Increase earnings by revising fixed rent and variable rent terms at timings of rent renewals 	<ul style="list-style-type: none"> • Grow with sponsor support <ul style="list-style-type: none"> – Acquire assets without having to participate in competitive auctions • Recycle capital <ul style="list-style-type: none"> – Deploy proceeds from sales into higher-return acquisitions • Use low-cost borrowing capacity <ul style="list-style-type: none"> – Increase capital – Manage interest rate risk (extend loan maturities and fix interest rates)
Highly Secure Earnings Base	
<ul style="list-style-type: none"> • Grow portfolio of lodging-focused hotels, a hotel type having stable revenue • High underlying land values reflect high location attractiveness and value • Focus on major regional cities with convenient public transportation access and revenue upside from local events further reinforces earnings stability • Geographic diversification and centrally-located hotels with stable demand support high earnings stability 	

Portfolio Growth & Diversification Drive Earnings Growth & Stability

Growth Strategy Roadmap

Flexibly Responding to Market Environment

	Stage I	Stage II
Continuous Dividend Growth via External Growth, Organic Growth, and Strong Financial Base		
External Growth	<ul style="list-style-type: none"> • Drive higher earnings via economies of scale from increased asset size • Invest primarily in lodging-focused hotels • Acquisition of conversion-feasible assets and lodging facilities such as serviced apartments • Asset acquisitions via SPCs • Asset acquisitions using low cost borrowing capacity (LTV) 	<ul style="list-style-type: none"> • Construct a diversified portfolio to pursue both income stability and earnings growth • Maximize dividend and earnings via unrealized gains via asset acquisitions and sales • Acquire prime-location full-service hotels and resort hotels in addition to lodging-focused hotels • Increase portfolio size and generate scale efficiencies via acquisitions of newly built hotels in addition to value-add of existing hotels
Organic Growth	<ul style="list-style-type: none"> • Enhance operational efficiency by monitoring operations and providing advice to partner hotel operators • Increase rents and earnings through value-add capex 	
Financing	<ul style="list-style-type: none"> • Maintain a strong lender base • Appropriate LTV • Manage interest rate risk • Prepare to acquire credit rating • Shift to no fixed fee, performance fee-only structure 	<ul style="list-style-type: none"> • Acquire credit rating • Diversify financing • Continue to control LTV and manage interest rate risk • Prepare to enter global REIT indices
Other	<ul style="list-style-type: none"> • Conduct share buybacks to increase dividend and maintain appropriate share price 	<ul style="list-style-type: none"> • Conduct share buybacks to increase dividend and maintain appropriate share price • Promote responsiveness to disasters (Respond to ESG requirements)

Ichigo Hotel's Sponsor: Ichigo (2337)

Core Businesses: Asset Management, Sustainable Real Estate, Clean Energy

- Manages Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282)
- TSE First Section, JPX-Nikkei 400 Member
- Deeply committed to CSR and Sustainability
- Japan's first zero-carbon listed real estate company

Ichigo
(TSE First Section 2337)

Ichigo Preserves and Improves Real Estate




Hiromi Miyake
(Weightlifting)

The word "Ichigo" comes from the ancient Japanese proverb, Ichigo Ichie, literally meaning "One lifetime, one encounter." The phrase was first used by a 16th century master of the tea ceremony, Sen no Rikyu. He called upon his disciples to give total focus and sincerity to each act of the tea ceremony for every guest, because that particular moment will only exist once and must be fully lived and realized.

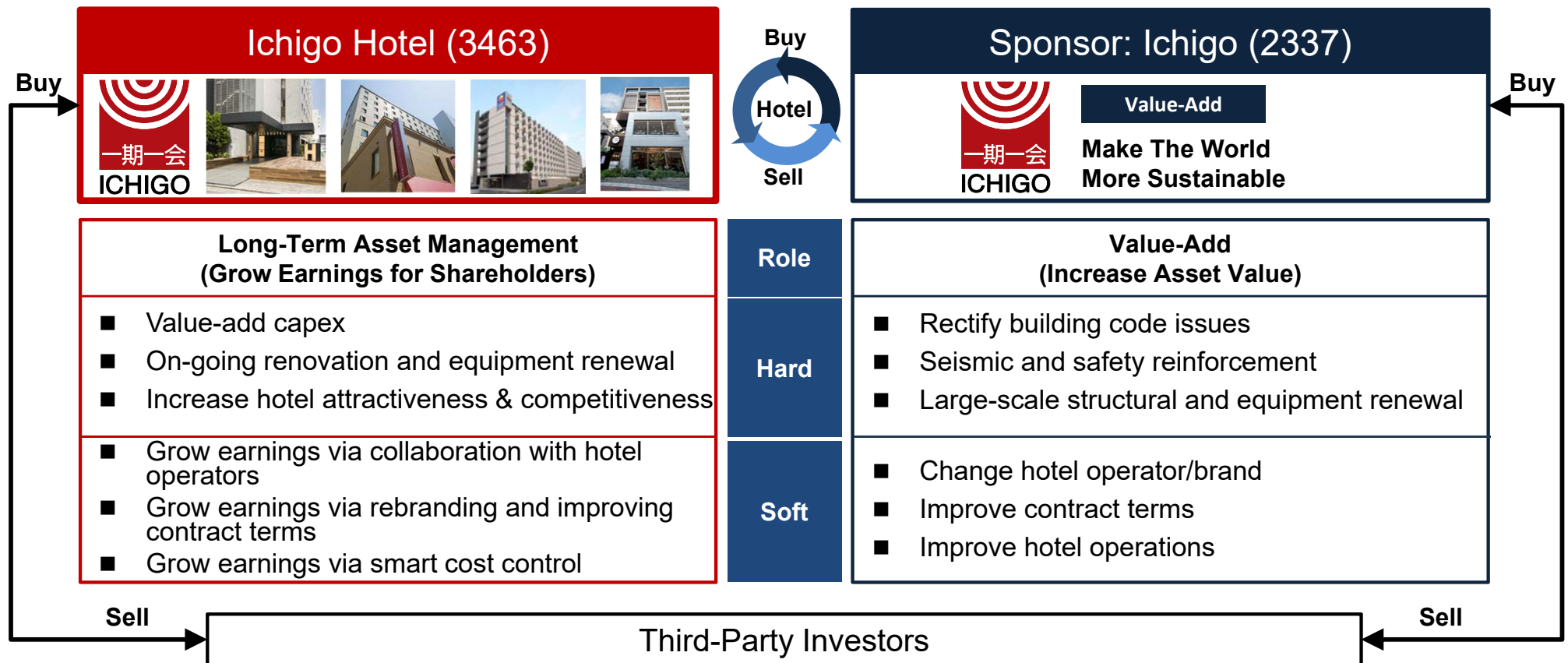
Ichigo embraces the Ichigo Ichie philosophy of sincerity and service, and works to build strong long-term relationships to support the success of our clients, shareholders, and all stakeholders.

Asset Management	Ichigo Investment Advisors	Ichigo Hotel (3463)
		Ichigo Green (9282)
		Ichigo Office (8975)
Sustainable Real Estate	Ichigo Estate	Miyako City
	Ichigo Owners	Centro
	Ichigo Land Shinchiku	Storage Plus
	Ichigo Real Estate Services Fukuoka	Ichigo Animation
	Ichigo Marché	Hakata Hotels
Clean Energy	Ichigo ECO Energy	



Synergies Between Ichigo Hotel and Sponsor

- Strengthen acquisitions through leveraging Ichigo’s sourcing network
- Increase asset value through Ichigo’s real estate value-add capabilities
- Drive higher returns for Ichigo Hotel shareholders



First J-REIT No Fixed Fee, Performance Fee-Only Structure

Overwhelming Shareholder Support (99.3% Yes Vote at AGM)

Asset Management Fee Structure			Before Change (Until January 31, 2019)	After Change (From February 1, 2019)		
Asset Size-Based	AM Fee I	Total Asset Value	X	0.4%	–	Eliminated
	Asset Acquisition Fee	Acquisition Price	X	1%	–	
	Asset Sale Fee	Sale Price	X	0.5%	–	
Earnings-Based	AM Fee II (NOI & Dividend Performance Fee)	NOI x Dividend	X	0.002%	0.0036%	Increased
	Gains on Sale Performance Fee	Gains on Sale	X	–	15%	New

Note: The Gains on Sale Performance Fee has a high-water mark, so that it will only be paid if Ichigo Hotel's cumulative Gains/Losses on Sales to-date are positive.

– Fee Change Outcomes

- ✓ Support Ichigo Hotel earnings growth and shareholder value creation
- ✓ Support proactive, dynamic (vs. static) management of Ichigo Hotel assets on behalf of shareholders

Ichigo Hotel Overview

Ichigo Hotel

Name	Ichigo Hotel REIT Investment Corporation
Securities Code	3463
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Executive Director	Osamu Miyashita
Fiscal Periods	January (August 1 - January 31) and July (February 1 - July 31)

Asset Management Company

Name	Ichigo Investment Advisors Co., Ltd.
President	Hiroshi Iwai
Registration & Membership	Financial Instruments Dealer License (Investment Management Services, Investment Advisory & Agency Services, and Type II Financial Instruments Services) Minister of Finance, Kanto Financial Bureau #318

MEMO



Disclaimer

These materials are for informational purposes only, and do not constitute or form a part of, and should not be construed as, an offer to sell or buy securities of Ichigo Hotel REIT Investment Corporation (Ichigo Hotel).

These materials may contain forward-looking statements regarding the intent, belief or current expectations of Ichigo Hotel with respect to financial condition and future results. These statements are based on certain assumptions founded on currently available information. Accordingly, such statements are subject to risks and uncertainties, and there is no assurance as to actual financial conditions or future results. Actual results may vary from those indicated in the forward-looking statements.

In creating these materials, Ichigo Hotel and Ichigo Investment Advisors Co., Ltd. (IIA) have sought to provide accurate information. However, there can be no assurance given as to the accuracy, certainty, validity or fairness of any such information. The content of these materials is also subject to revision or retraction without prior notice.

This document is a translation. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.



**Make The World
More Sustainable**

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E-mail: ir_ichigo-hotel@ichigo.gr.jp

www.ichigo-hotel.co.jp/english



Ichigo is Japan's first zero-carbon listed real estate company. We are taking responsibility for our environmental footprint by offsetting our carbon emissions and investing in low-carbon technologies such as solar energy.