

Ichigo Hotel REIT (3463)



Ichigo Hotel REIT January 2017 Fiscal Period Corporate Presentation

March 15, 2017

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

Ichigo Preserves and Improves Real Estate



**World-Class
Excellence**

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Hiromi Miyake

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Shijo, Nest Hotel Sapporo Odori
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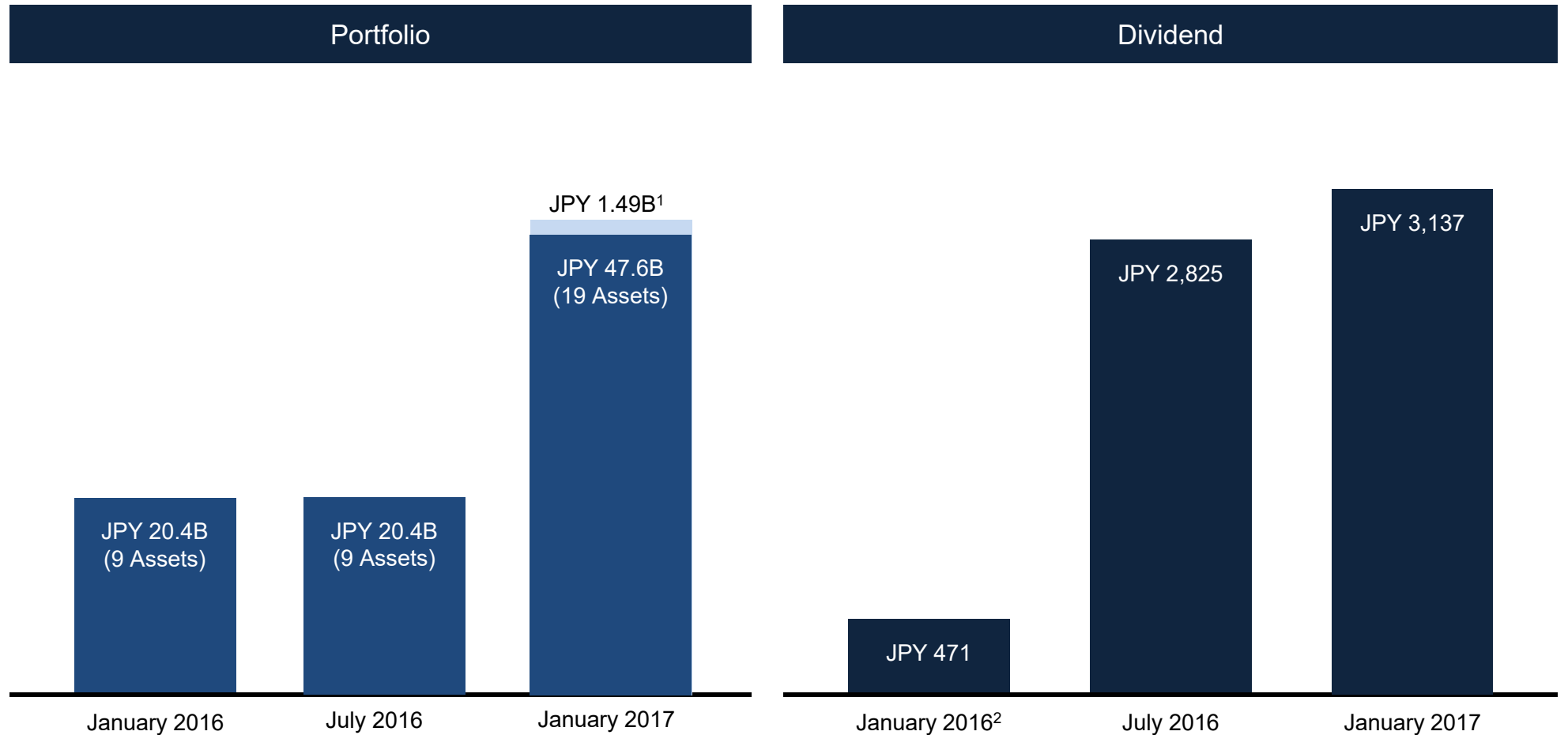
January 2017 Results

Financial Highlights

		Jan 2017 Results	Drivers
Organic Growth	RevPAR	JPY 8,020 (Variable Rent Hotels) +JPY 17 (+0.2%) year-on-year	Variable rent hotels = major driver of earnings due to Ichigo Hotel REIT participation in operating results
	NOI	JPY 1.46B +JPY 759M (+108.4%) vs. previous period	10 new assets driving higher NOI Will fully contribute to earnings from next period
External Growth	Portfolio	JPY 47.6B (19 assets) +JPY 27.2B (+133.6%) vs. previous period	Sponsor support for asset acquisitions
Financing	Share Issuance	257,584 shares +119,084 (+86.0%) vs. previous period	Follow-on share offering increased scale & liquidity
	LTV	36.6% +0.4% vs. previous period	Maintained LTV with new loan of JPY 11B
DPS		JPY 3,137 +JPY 312 (+11.0%) vs. previous period	+JPY 220 (+7.5%) vs. initial forecast for the period Dividend growth driven by higher variable rents & lower operating and non-operating expenses

Ichigo Hotel REIT Growth

- ✓ Portfolio Growth to JPY 47.6B vs. JPY 20.4B at IPO (+133.6%) via 10 Hotel Acquisitions in Aug 2016
- ✓ Value-Add Capex Supporting Higher Dividend



¹ Yokohama hotel acquisition scheduled to complete on March 27, 2017

² January 2016 was a shortened fiscal period that ran from Nov 30, 2015 to Jan 31, 2016.

January 2017 Earnings Breakdown

(JPY million)

	July 2016	Jan 2017	Initial Forecast	vs. Initial Forecast	Major Variation Factors (vs. Forecast)
Operating Revenue	774	1,560	1,547	+13	
Variable Rent	351	681	663	+18	Increase: 7 Hotels; Decrease: 4 Hotels
Fixed Rent	387	823	823	—	
Other	35	54	60	-6	Decrease in Utilities Expenses: -6
Operating Expense	302	581	614	-33	
(Repair & Maintenance)	4	8	42	-33	Decrease in Repair & Maintenance Expenses:-33
(Depreciation)	101	268	268	—	Decrease in Utilities Expense and Other Rental Expenses: -8
					Decrease in SG&A: -3
					Increase in Asset Management Fees: +11
Operating Profit	472	978	933	+45	
Non-operating income	1	—	—	—	
Non-operating expense	81	169	173	-4	
Recurring Profit	392	809	759	+50	
Net Income	391	808	758	+50	
Dividend per Share	JPY 2,825	JPY 3,137	JPY 2,917	+220	+7.5% vs. Initial Forecast +11.0% (+JPY 312) vs. July 2016 Fiscal Period
NOI	699	1,458	1,405	+53	
Post-Depreciation NOI	598	1,189	1,136	+53	
Capex	69	256	260	-4	
Total Assets	23,486	53,331	—	—	
Interest-Bearing Debt	8,500	19,500	19,500	—	
LTV	36.2%	36.6%	—	—	

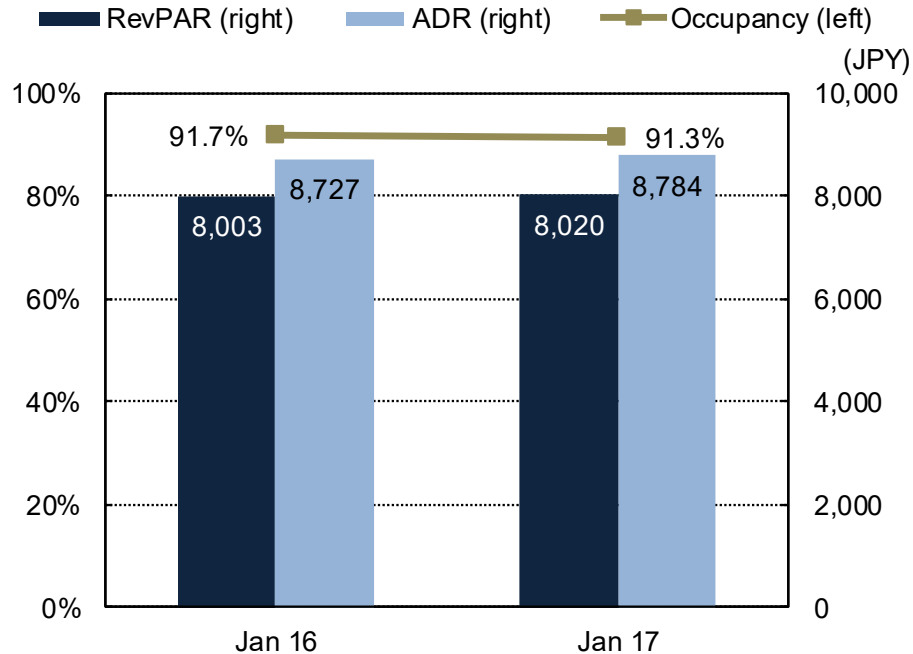
January 2017 YOY (Aug-Jan, 6 Months)

Variable Rent Hotel Revenue and RevPAR +0.2%

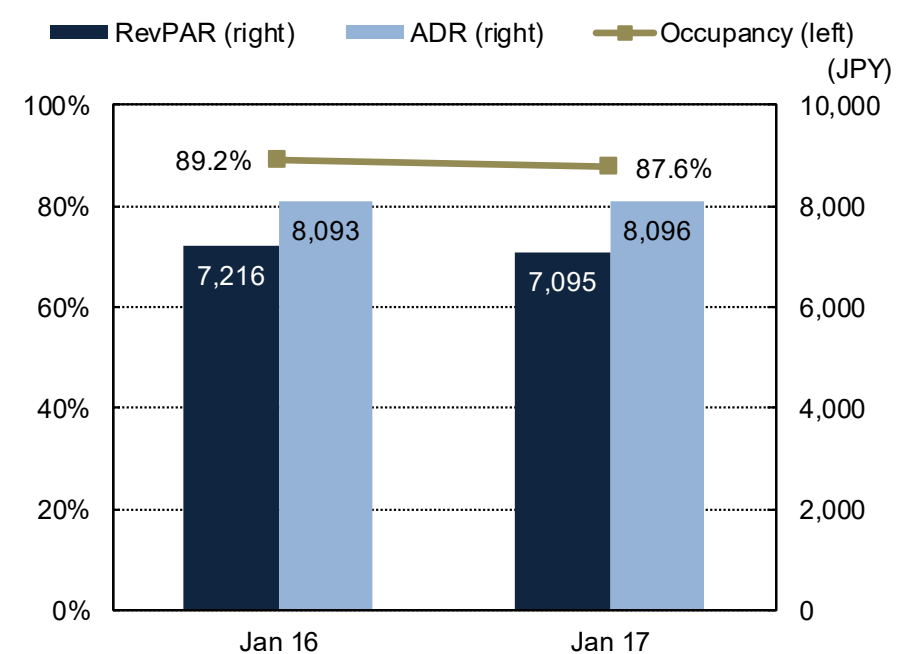
	Variable Rent Hotels (12 Hotels)			Total Portfolio (19 Hotels)		
	Jan 16	Jan 17	vs. Jan 16	Jan 16	Jan 17	vs. Jan 16
Revenue (JPY M)	3,116	3,123	+0.2%	4,476	4,418	-1.3%
RevPAR (JPY)	8,003	8,020	+0.2%	7,216	7,095	-1.7%
Occupancy	91.7%	91.3%	-0.4%	89.2%	87.6%	-1.7%
ADR (JPY)	8,727	8,784	+0.6%	8,093	8,096	-

* 10 of the 19 Hotels were acquired on August 17, 2016. Operating results before the acquisition are based on data provided by previous owner.

Variable Rent Hotels (12 Hotels)



Total Portfolio (19 Hotels)



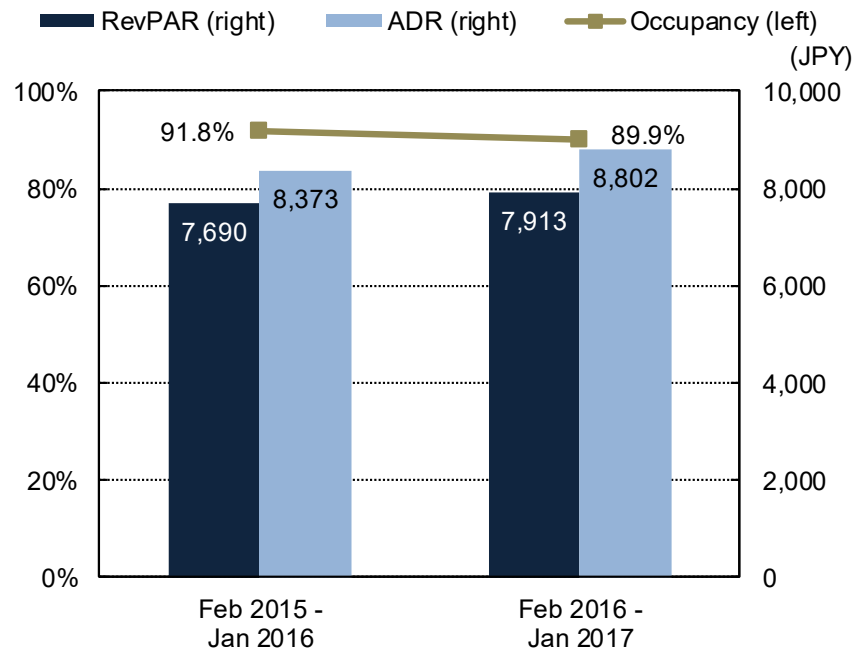
January 2017 YOY (Feb-Jan, 12 Months)

Variable Rent Hotel Revenue +6.2%

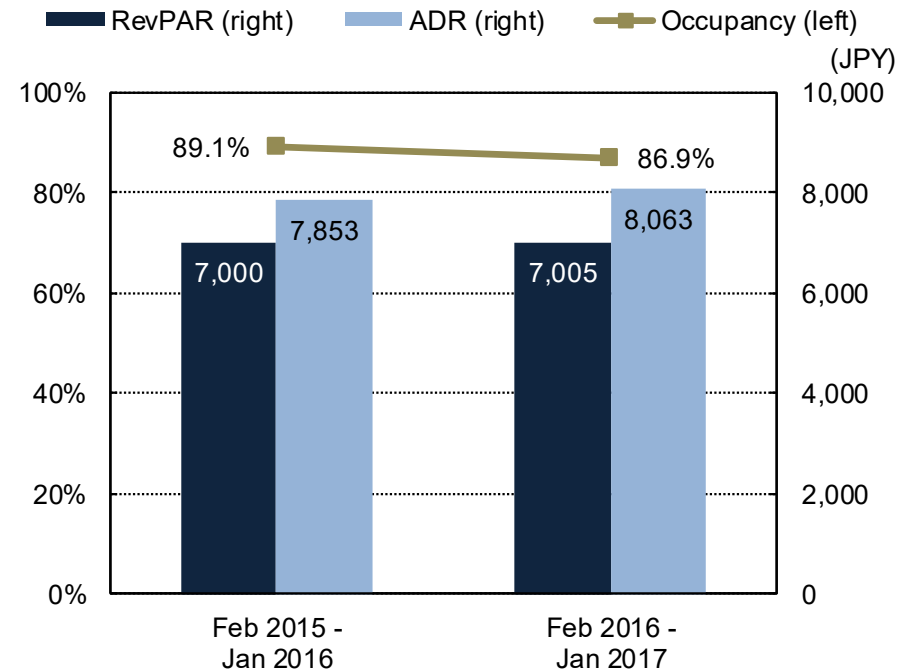
	Variable Rent Hotels (12 Hotels)			Total Portfolio (19 Hotels)		
	Feb 2015 - Jan 2016	Feb 2016 - Jan 2017	YOY	Feb 2015 - Jan 2016	Feb 2016 - Jan 2017	YOY
Revenue (JPY M)	5,768	6,126	+6.2%	8,429	8,666	+2.8%
RevPAR (JPY)	7,690	7,913	+2.9%	7,000	7,005	+0.1%
Occupancy	91.8%	89.9%	-2.1%	89.1%	86.9%	-2.5%
ADR (JPY)	8,373	8,802	+5.1%	7,853	8,063	+2.7%

* 10 of the 19 hotels were acquired on August 17, 2016. Operating results before the acquisition are based on data provided by previous owner.

Variable Rent Hotels (12 Hotels)



Total Portfolio (19 Hotels)



Major Value-Add Capex

Value-Add Capex Increasing Variable Rents & Hotel Competitiveness

Major Capex During Jan 2017 Period

	Hotel Wing International Nagoya	Smile Hotel Kyoto Shijo	Nest Hotel Sapporo Odori
Details	Renovated all guest rooms, hallways, and lobby	Converted storage rooms into two additional guest rooms	Split up suite room into three guest rooms
Purpose	Update and upgrade to boost revenue	Convert non-revenue-generating space into guestrooms	Optimal use of low-revenue-generating space
Timing	May 2016 to Oct 2016	Dec 2016 to Jan 2017	Dec 2016 to Jan 2017
Investment	JPY 20.6M*	JPY 22.0M	JPY 25.2M
Expected Rental Income Increase	JPY 4.9M	JPY 7.3M	JPY 4.3M
ROI	23.8%	33.2%	17.1%

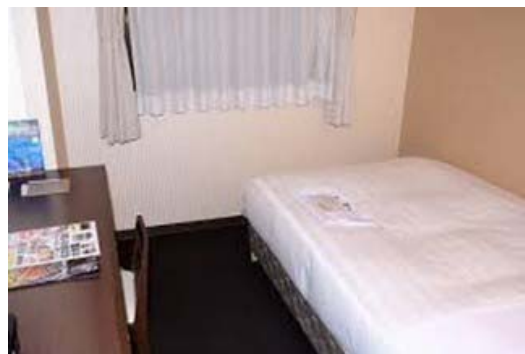
* Displays only the amount invested by Ichigo Hotel REIT (renovation was conducted jointly with operator)

Value-Add Capex – Hotel Wing International Nagoya

Renovated Guest Rooms, Hallways, and Lobby (JPY 20.6M)

- ✓ Renovation period: May 2016 to Oct 2016
- ✓ Post-renovation performance (all guest rooms, Nov 2016 to Jan 2017)
ADR: JPY 6,287 (+9.5% vs. previous period)
- ✓ Forecast return: Annual Rent +JPY 4.9M, ROI 23.8%

Before



After



Value-Add Capex – Smile Hotel Kyoto Shijo

Converted Storage Rooms Into Two Additional Guest Rooms (JPY 22.0M)

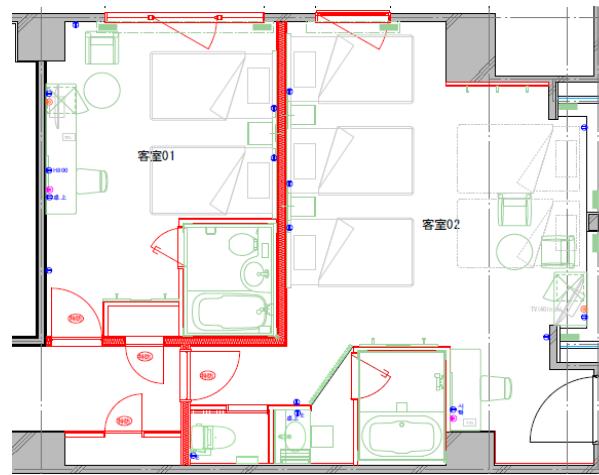
- ✓ Added twin-bed and triple-bed rooms to cater to increased tourist demand
- ✓ Renovation period: Dec 2016 to Jan 2017
- ✓ Forecast return: Annual Rent +JPY 7.3M, ROI 33.2%

Before



After

Converted to twin- and triple-bed rooms



Received zoning approval to add windows to brighten space for guests



Value-Add Capex – Nest Hotel Sapporo Odori

Split Up Suite into Three Guest Rooms (JPY 25.2M)

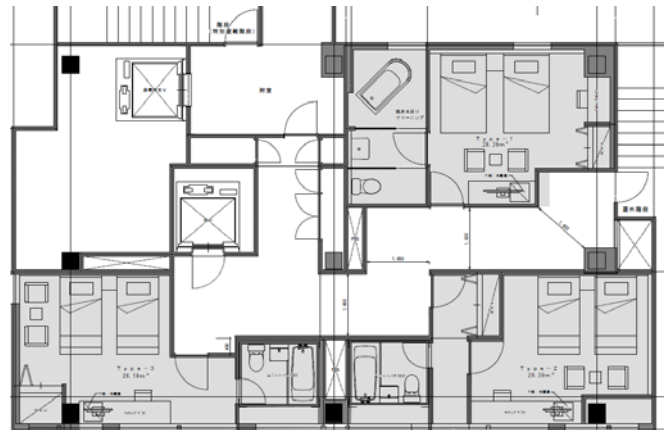
- ✓ Increased revenue by replacing low-occupancy suite
- ✓ Renovation period: Dec 2016 to Jan 2017
- ✓ Forecast return: Annual Rent +JPY 4.3M, ROI 17.1%

Before



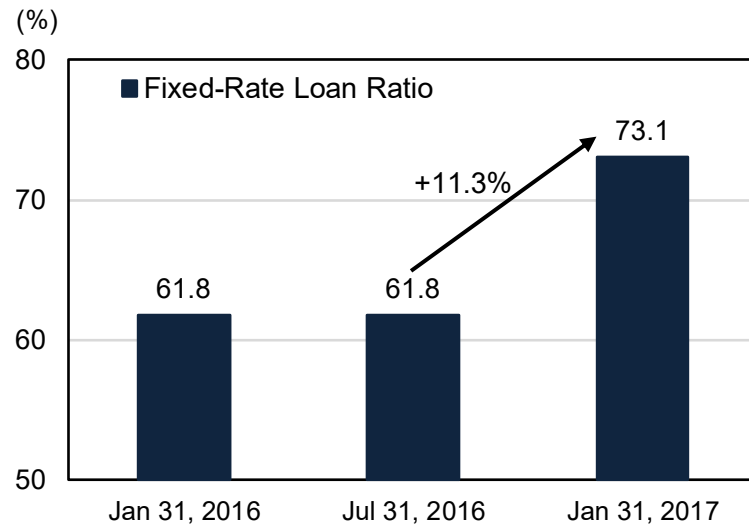
After

Three twin bed-rooms

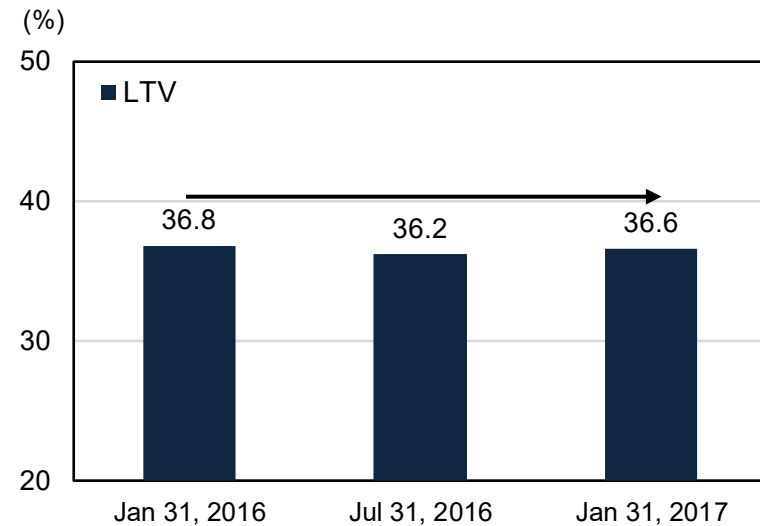


Stable Financial Base

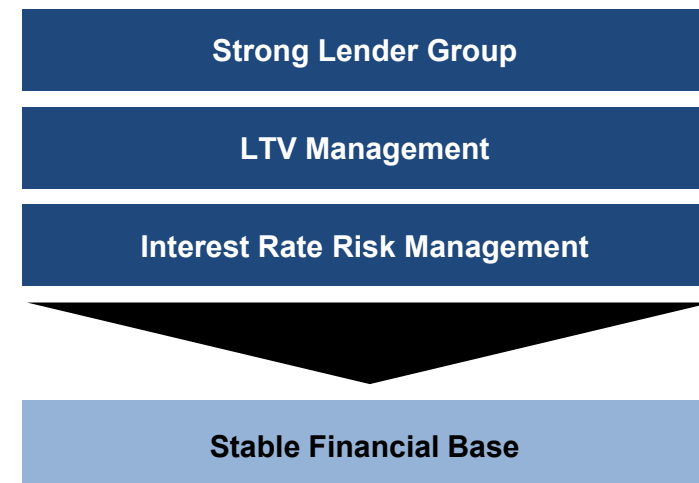
Fixed-rate loans hedge interest rate risk



Low LTV provides room to acquire more assets

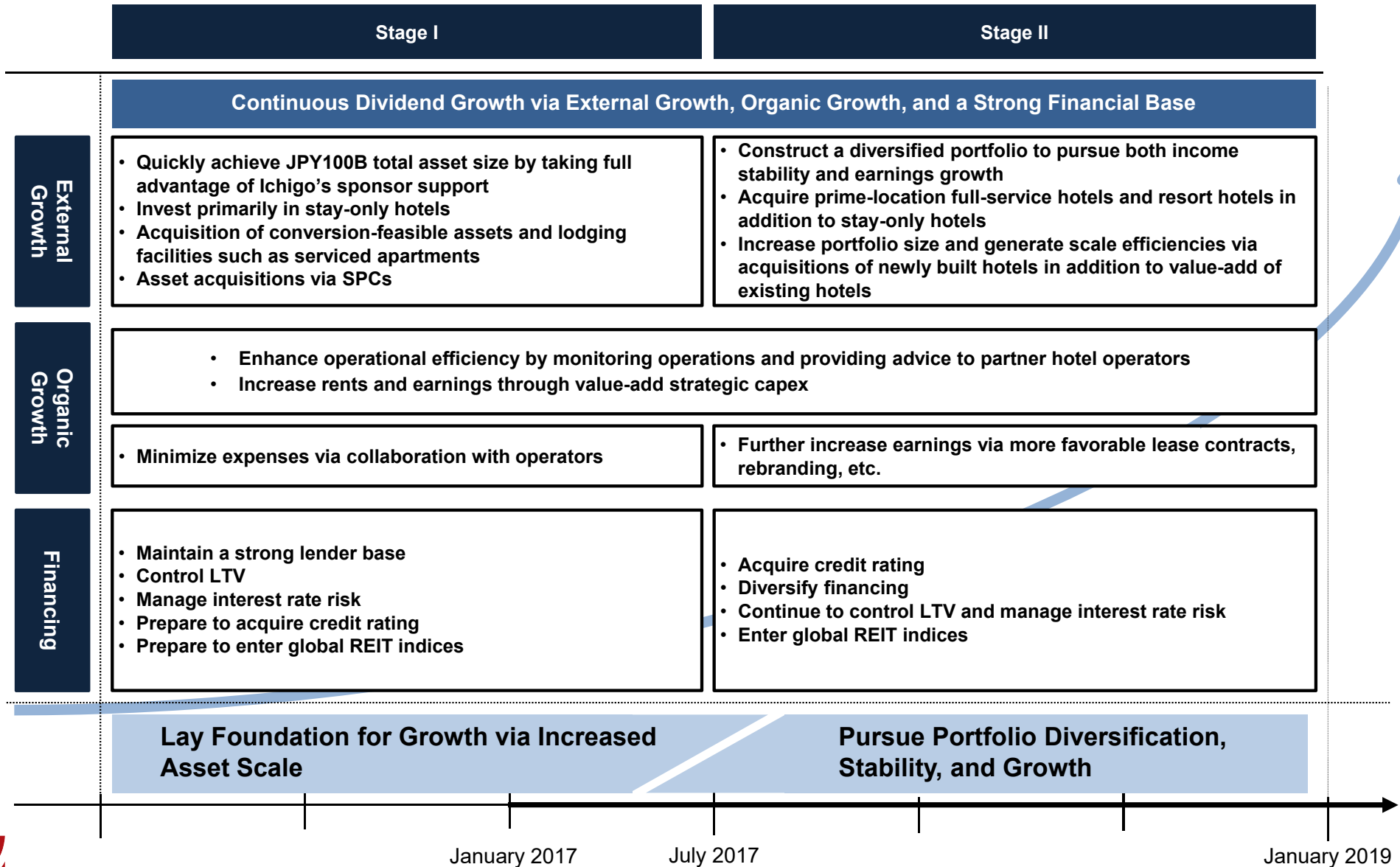


	Jan 31, 2016	Jul 31, 2016	Jan 31, 2017
Outstanding Balance	JPY 8.5B	JPY 8.5B	JPY 19.5B
Long-Term Loan Ratio	100.0%	100.0%	100.0%
Average Interest Rate	0.96%	0.91%	0.89%
Average Remaining Term	4.2 years	3.6 years	4.5 years



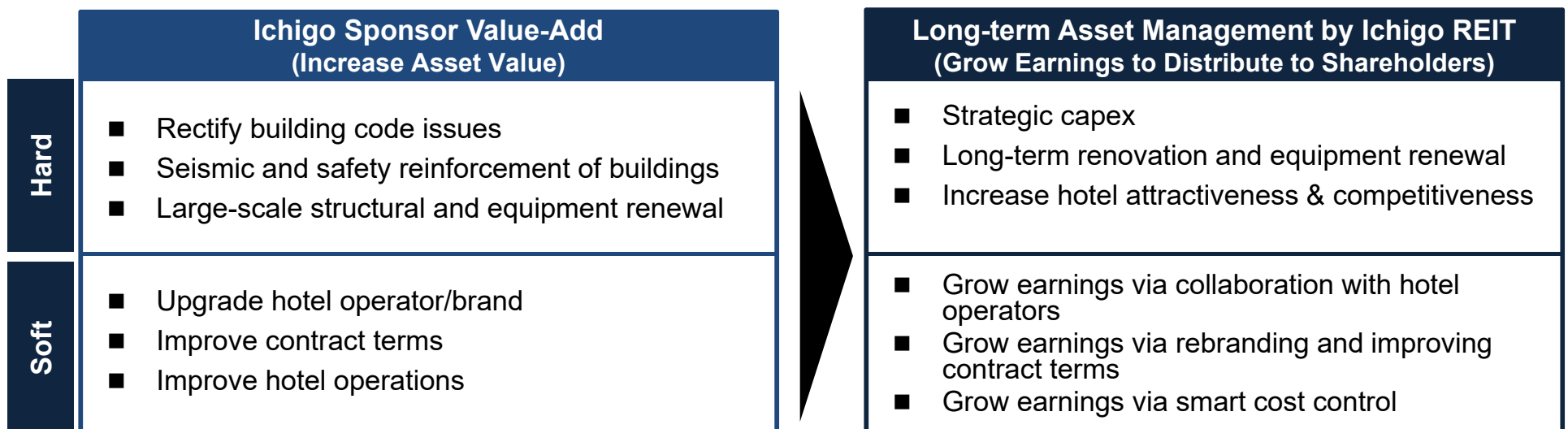
Growth Strategy

Growth Roadmap



Ichigo Hotel REIT and Ichigo Sponsor Synergies

- ✓ Leverage Ichigo's proprietary sourcing network
- ✓ Increase asset value through Ichigo's real estate value-add capabilities
- ✓ Drive higher returns for Ichigo Hotel REIT shareholders



Completed & Planned Value-Add Capex

Value-Add Capex Driving Earnings Growth

- ✓ Increasing revenue and NOI
- ✓ Increasing hotel competitiveness and guest satisfaction

Completion Date	Hotel	Renovation Details	Purpose	Investment (JPY M)	Expected Rental Income Increase (JPY M per annum)	ROI
Apr 2016	Nest Hotel Sapporo Odori	Renovation of guest rooms	Boost revenue by capturing higher tourist demand	16.6	3.9	23.5%
Jul 2016	Nest Hotel Sapporo Odori	Convert storage rooms into two additional guest rooms	Convert non-revenue-generating space into guest rooms	16.3	3.3	20.2%
Oct 2016	Hotel Wing International Nagoya	Full renovation of guest rooms, hallways, and lobby	Boost revenue by updating/upgrading facilities and enhance hotel image	20.6	4.9	23.8%
Dec 2016	Nest Hotel Sapporo Ekimae	Build a dedicated smoking room in the banquet area	Enhance convenience for guests/visitors and increase customer satisfaction	1.0	–	–
Jan 2017	Smile Hotel Kyoto Shijo	Convert storage rooms into two additional guest rooms	Convert non-revenue-generating space into guest rooms	22.0	7.3	33.2%
Jan 2017	Smile Hotel Kyoto Shijo	Renovation of entrance	Update and upgrade facilities for further convenience	13.2	–	–
Jan 2017	Nest Hotel Sapporo Odori	Split up a suite room into three guest rooms	Improve revenue of low-occupancy guest rooms	25.2	4.3	17.1%
Jan 2017	Nest Hotel Osaka Shinsaibashi Nest Hotel Matsuyama	Convert double-bed rooms into twin-bed rooms	Increase revenue by capturing guests of twosomes or more	4.6	2.3	50.0%
Feb 2017 (expected)	Nest Hotel Naha	Convert banquet rooms into five additional guest rooms	Optimal use of low-revenue-generating space	40.0	4.8	11.9%
Apr 2017 (expected)	Smile Hotel Tokyo Asagaya	Build rental billboard space	Optimal use of space	4.0	1.4	35.0%
Jun 2017 (expected)	Smile Hotel Tokyo Asagaya	Renovation of guest rooms (first stage) and lobby	Boost revenue by updating/upgrading facilities	32.0	9.9	30.9%
Jan 2018 (expected)	Smile Hotel Tokyo Asagaya	Renovation of guest rooms (second stage)	Boost revenue by updating/upgrading facilities	50.4	19.8	39.3%
Total				245.9	61.9	25.2%

March 2017 Grandpark-Inn Yokohama Acquisition

- ✓ Designer capsule hotel located close to Yokohama Station, one of the busiest stations in the Tokyo Metropolitan area
- ✓ Fixed rent contract to support dividend stability
- ✓ Added a female guest-only area with special amenities to broaden the range of guests beyond capsule hotels' traditionally male clientele
- ✓ Acquired via Ichigo's sourcing network



Acquisition Price	JPY 1.49B
Appraisal Value (as of Jan 1, 2017)	JPY 1.56B
Post-depreciation NOI Yield	4.7%



Portfolio Growth Potential via Ichigo Sponsor Support

21 Assets (JPY 48B) in Sponsor Pipeline as of Feb 2017

- ✓ Locations: Major cities such as Tokyo, Yokohama, Osaka, Nagoya, Fukuoka, Kumamoto, and Naha
- ✓ Includes new hotel developments

Development Project 1
Tokyo
Expected Completion Date: Jun 2017

Development Project 2
Fukuoka
Expected Completion Date: Apr 2017

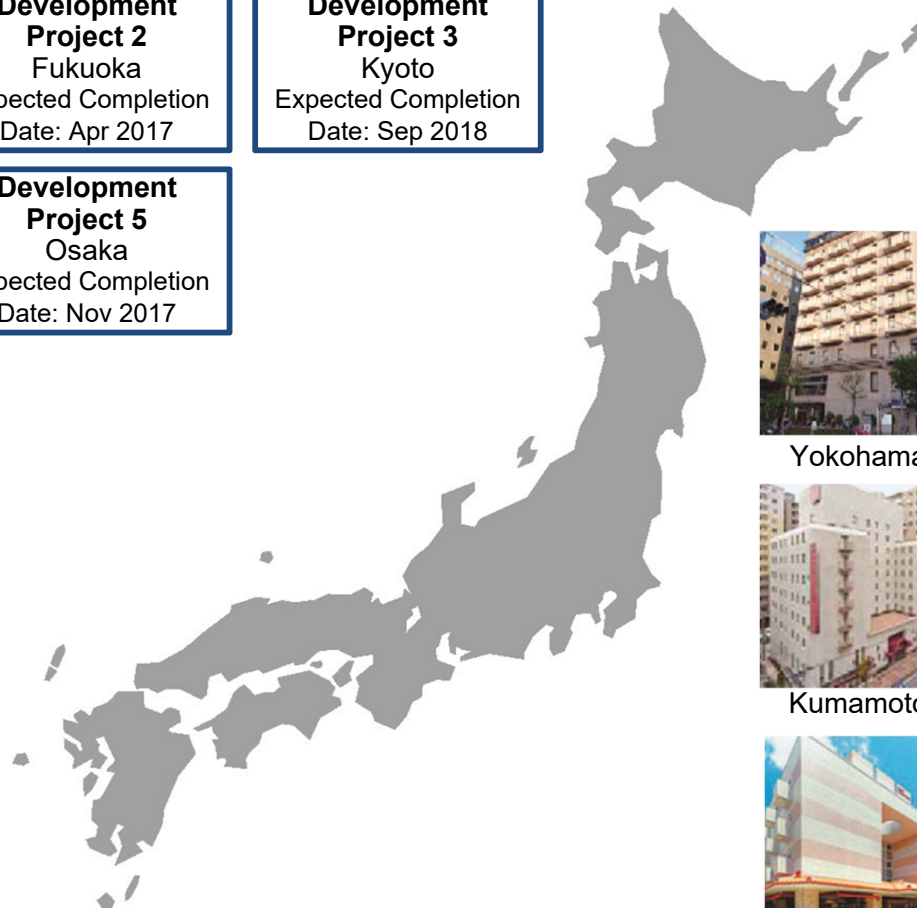
Development Project 3
Kyoto
Expected Completion Date: Sep 2018

Development Project 4
Kanazawa
Expected Completion Date: Nov 2017

Development Project 5
Osaka
Expected Completion Date: Nov 2017



Development Project Perspective Image



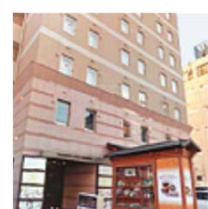
Asahikawa



Yokohama



Tokyo



Nagoya



Kumamoto



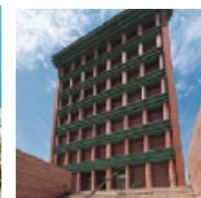
Yokohama



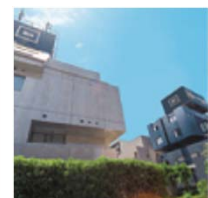
Osaka



Naha



Fukuoka



Fukuoka

July 2017 and January 2018 Forecasts

July 2017 Fiscal Period Forecast

✓ Dividend Forecast: JPY 3,043 +JPY 218 (+7.7%) vs. July 2016

(JPY million)

	July 2016 Actual (A)	July 2017 Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	774	1,692	+918	Expected RevPAR of Variable Rent Hotels: JPY 8,302 (+6.4% vs. July 2016)
Variable Rent	351	760	+409	Increase in variable rent from newly acquired hotels: +380 Increase in variable rent from hotels acquired at IPO: +28
Fixed Rent	387	869	+482	Increase in fixed rent from 10 hotels acquired and 1 hotel to be acquired: +482
Other	35	62	+27	Increase in rent from retail tenants of newly acquired hotels: +27
Operating Expense	302	731	+429	Addition of property and city planning taxes for newly acquired hotels: +51 Increase in expenses on 10 hotels acquired and 1 hotel to be acquired
(Repair & Maintenance)	4	31	+27	Rental expenses (excluding maintenance fees): +29 Maintenance fees: +18
(Depreciation)	101	281	+180	Depreciation: +174 Asset management fees: +122
Operating Profit	472	961	+489	
Non-operating income	1	-	-1	
Non-operating expense	81	176	+95	Increase in interest rate due to new loans in January 2017: +95
Recurring Profit	392	784	+392	
Net Income	391	783	+392	
Dividend per Share	JPY 2,825	JPY 3,043	+218	
NOI	699	1,511	+812	
Post-Depreciation NOI	598	1,229	+631	
Capex	69	272	+203	

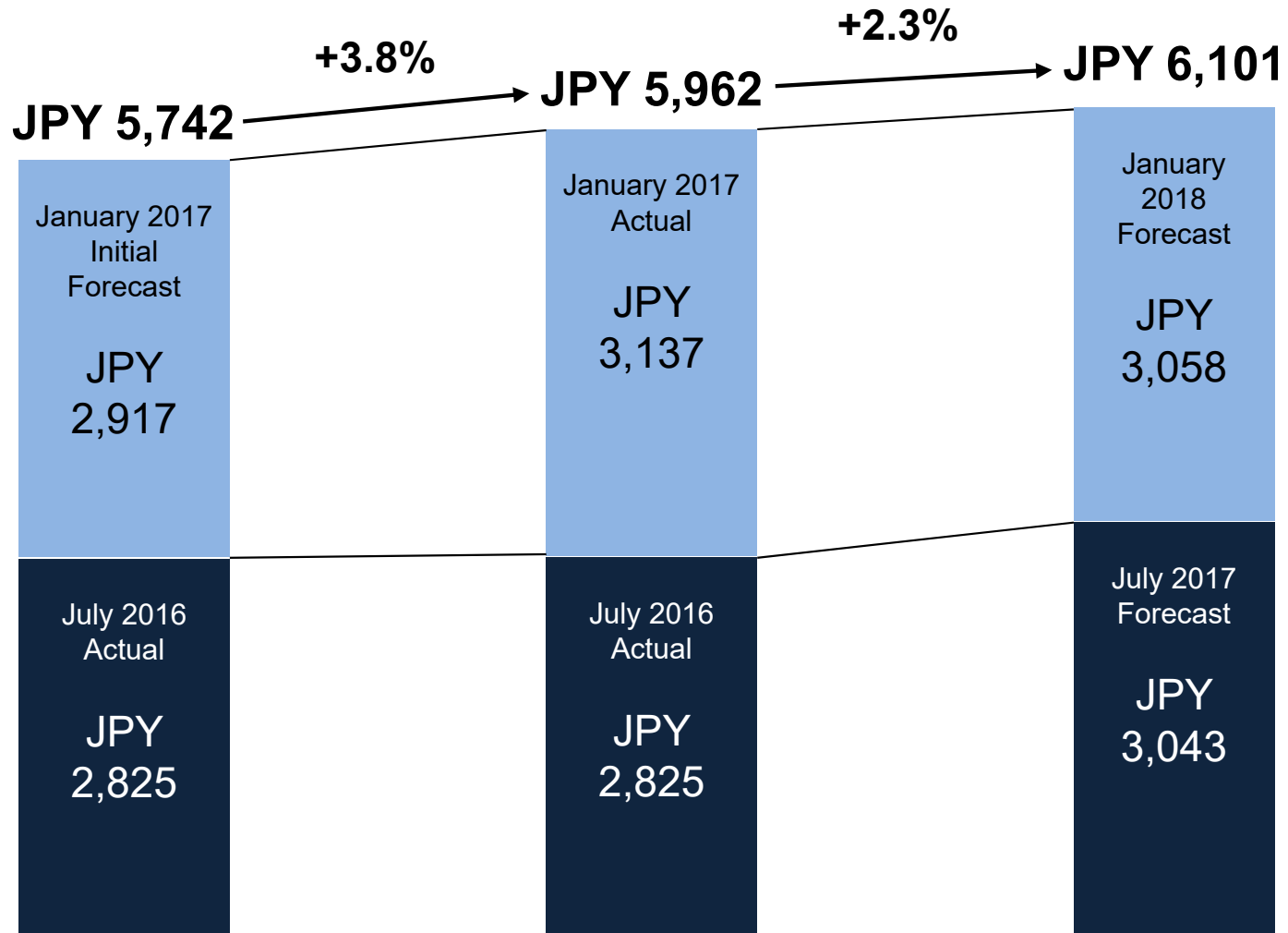
January 2018 Fiscal Period Forecast

- ✓ Dividend Forecast: JPY 3,058 -JPY 79 (-2.5%) vs. Jan 2017
- ✓ Higher NOI will help offset taxes on 10 newly-acquired hotels
(Tax impact on Dividend: -JPY 200)

(JPY million)

	January 2017 Actual (A)	January 2018 Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	1,560	1,698	+138	Expected RevPAR of Variable Rent Hotels: JPY 8,193 (+2.2% vs. January 2017)
Variable Rent	681	725	+44	Increase in variable rent from full operation of newly acquired hotels: +36 Increase in variable rent from RevPAR growth: +8
Fixed Rent	823	908	+85	Increase in fixed rent from 10 newly acquired hotels and 1 hotel to be acquired: +85
Other	54	65	+11	Increase in rent from retail tenants of newly acquired hotels: +11
Operating Expense	581	730	+149	Increase in property and city planning taxes for newly acquired hotels: +51 Increase in expenses on newly acquired hotels and 1 hotel to be acquired Other rental expenses: +16 Asset management fees: +36 Depreciation: +19
(Repair & Maintenance)	9	22	+13	
(Depreciation)	268	287	+19	
Operating Profit	978	967	-11	
Non-operating income	—	—	—	
Non-operating expense	169	178	+9	Increase in interest cost over the entire period due to new loans in January 2017: +7
Recurring Profit	809	788	-21	
Net Income	808	787	-21	
Dividend per Share	JPY 3,137	JPY 3,058	-79	
NOI	1,458	1,523	+65	
Post-Depreciation NOI	1,189	1,236	+47	
Capex	256	285	+29	

Continued Dividend Growth



Portfolio Details

Hotel Map

Tokyo





C-1
Smile Hotel
Tokyo Asagaya



C-2
Smile Hotel
Asakusa



C-3
Hotel Livemax
Nihombashi-
Hakozaki

Hokkaido/Tohoku



A-1
Nest Hotel Sapporo
Ekimae



A-2
Nest Hotel
Sapporo Odori



A-3
Comfort Hotel
Kushiro

Kinki



E-1
Smile Hotel
Kyoto Shijo



E-2
Hotel Vista
Premio Kyoto



E-3
Chisun Inn
Osaka Hommachi




E-4
Hotel Suave
Kobe Asuta




E-5
Nest Hotel Osaka
Shinsaibashi

Chugoku/Shikoku



F-1
Comfort Hotel
Okayama



F-2
Nest Hotel
Matsuyama

Kyushu/Okinawa



G-1
Valie Hotel
Tenjin




G-2
Nest Hotel
Naha



Kanto

Acquisition on Mar 27, 2017
(Expected)



B-1
Grandpark-Inn
Yokohama


Hokuriku/Tokai




D-1
Comfort Hotel
Hamamatsu



D-2
Hotel Wing
International
Nagoya



D-3
Comfort Hotel
Central
International
Airport



D-4
Comfort Hotel
Suzuka

Acquired at IPO

Acquired in Aug 2016

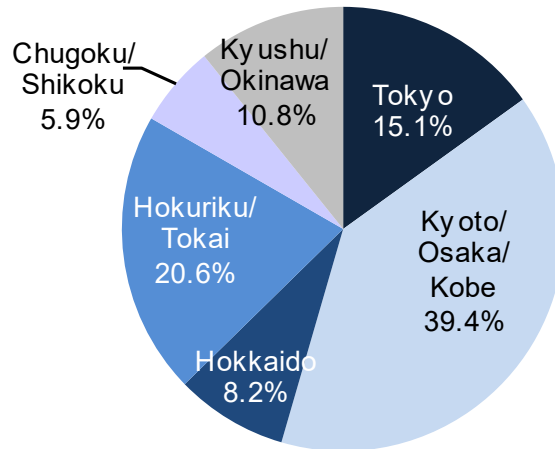
Mar 2017 Acquisition

Cash Flow Stability via Diversification

Portfolio Characteristics

(As of January 31, 2017)

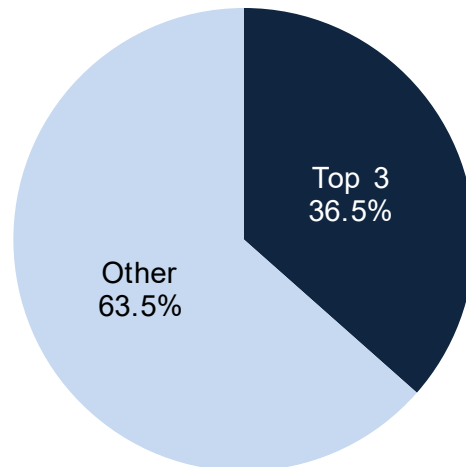
Location



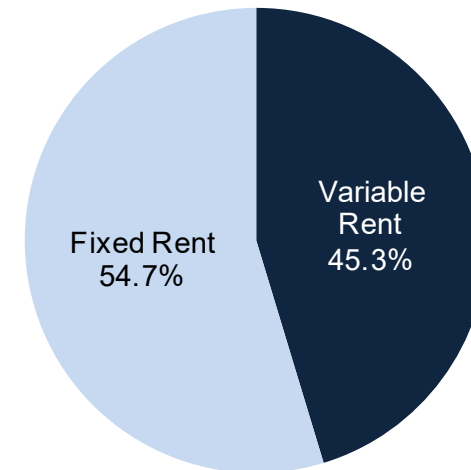
Hotel Type



Portfolio Concentration



Fixed vs. Variable Rent



* Location and Portfolio Concentration are based on Acquisition Price; Fixed vs. Variable Rent is based upon Jan 2017 period hotel revenues.

Hotel Summary (as of January 31, 2017)

	Hotel No.		Hotel Name	Contract	Location	Leasable Area (m ²)	Acquisition Price (JPY M)	Book Value (JPY M) (A)	Jan 2017 Appraisal		Unrealized Gains (JPY M) (B)-(A)
									Value (JPY M) (B)	Cap rate (%)	
Hotel	A-1	004	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo, Hokkaido	5,734.93	2,160	2,166	2,350	5.5	+183
	A-2	008	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo, Hokkaido	5,638.78	1,450	1,502	1,620	5.4	+117
	A-3	018	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	3,180.58	300	305	421	5.5	+115
	C-1	012	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	2,721.70	3,910	3,936	4,030	4.4	+93
	C-2	014	Smile Hotel Asakusa	Variable + Fixed Rent	Tokyo	1,793.43	1,920	1,931	2,090	4.1	+158
	C-3	016	Hotel Livemax Nihombashi-Hakozaki	Fixed Rent	Tokyo	853.00	1,360	1,369	1,440	4.5	+70
	D-1	006	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	4,173.92	1,550	1,535	1,690	5.6	+154
	D-2	003	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya, Aichi	5,255.66	2,670	2,714	2,850	5.0	+136
	D-3	011	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	11,599.63	5,308	5,350	5,880	4.0	+530
	D-4	019	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	2,186.65	300	305	376	5.0	+70
	E-1	001	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	4,891.84	4,480	4,539	4,870	4.8	+331
	E-2	002	Hotel Vista Premio Kyoto	Variable + Fixed Rent	Kyoto	3,867.66	3,600	3,614	3,950	4.4	+336
	E-3	005	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	3,690.00	1,630	1,645	1,840	4.5	+195
	E-4	007	Hotel Suave Kobe Asuta	Fixed Rent	Kobe, Hyogo	4,633.16	1,490	1,481	1,640	5.1	+158
	E-5	010	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	8,057.26	7,600	7,766	7,680	4.5	-86
	F-1	017	Comfort Hotel Okayama	Fixed Rent	Okayama	5,543.70	1,200	1,210	1,240	5.3	+29
	F-2	015	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	6,671.94	1,610	1,639	1,670	5.7	+31
	G-1	009	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	1,910.94	1,380	1,419	2,040	4.5	+621
	G-2	013	Nest Hotel Naha	Variable + Fixed Rent	Naha, Okinawa	9,240.20	3,750	3,769	3,970	5.3	+200
Total of 19 Assets						91,644.98	47,668	48,204	51,647	4.7	+3,442

Hotel-Specific Operating Results

(vs. previous period in parentheses)

Hotel No.	Hotel Name	Location	No. of Guest Rooms	January 2017 (August 2016 - January 2017)								
				RevPAR (JPY)		Occupancy (%)		ADR (JPY)		Revenue (JPY M)		
A-1	004	Nest Hotel Sapporo Ekimae	Hokkaido	162	8,298	(+13.9%)	96.7	(+8.1%)	8,580	(+5.4%)	310.5	(+8.9%)
A-2	008	Nest Hotel Sapporo Odori	Hokkaido	119	9,985	(+6.2%)	96.1	(+2.8%)	10,395	(+3.3%)	241.4	(+6.4%)
A-3	018	Comfort Hotel Kushiro	Hokkaido	126	4,072	(+1.5%)	76.9	(+0.9%)	5,293	(+0.6%)	101.2	(+1.9%)
C-1	012	Smile Hotel Tokyo Asagaya	Tokyo	112	7,981	(-4.0%)	98.5	(-1.1%)	8,102	(-2.9%)	170.2	(-3.9%)
C-2	014	Smile Hote Asakusa	Tokyo	96	6,749	(-0.3%)	95.4	(-1.1%)	7,071	(+0.8%)	124.2	(-0.4%)
D-1	006	Comfort Hotel Hamamatsu	Shizuoka	196	5,084	-	80.5	-	6,314	-	183.4	-
D-2	003	Hotel Wing International Nagoya	Aichi	220	5,222	-	84.9	-	6,149	-	239.2	-
D-3	011	Comfort Hotel Central International Airport	Aichi	346	7,407	(-4.4%)	84.1	(-5.3%)	8,804	(+0.9%)	528.2	(-4.3%)
D-4	019	Comfort Hotel Suzuka	Mie	105	4,560	(-4.8%)	75.8	(-6.0%)	6,016	(+1.3%)	90.3	(-4.1%)
E-1	001	Smile Hotel Kyoto Shijo	Kyoto	138	11,055	(-11.2%)	99.6	(-0.5%)	11,094	(-10.7%)	297.6	(-9.9%)
E-2	002	Hotel Vista Premio Kyoto	Kyoto	84	12,893	(+6.8%)	90.0	-	14,319	(+6.9%)	212.7	(+7.2%)
E-3	005	Chisun Inn Osaka Hommachi	Osaka	130	7,418	(-10.2%)	86.3	(-4.9%)	8,592	(-5.5%)	177.4	(-10.2%)
E-5	010	Nest Hotel Osaka Shinsaibashi	Osaka	302	8,337	(-3.2%)	94.0	(-1.1%)	8,870	(-2.2%)	508.4	(-3.6%)
F-1	017	Comfort Hotel Okayama	Okayama	208	5,380	(+5.8%)	87.0	(-0.2%)	6,186	(+6.0%)	215.7	(+10.9%)
F-2	015	Nest Hotel Matsuyama	Ehime	190	4,985	(+14.1%)	83.2	(+12.9%)	5,993	(+1.0%)	257.1	(+8.4%)
G-1	009	Valie Hotel Tenjin	Fukuoka	77	8,394	(+3.7%)	85.7	(-4.6%)	9,794	(+8.7%)	129.0	(+5.9%)
G-2	013	Nest Hotel Naha	Okinawa	193	8,880	(+6.0%)	88.9	(-1.4%)	9,994	(+7.4%)	455.9	(+5.5%)
Other				181	4,897	(-24.7%)	80.1	(-9.6%)	6,116	(-16.8%)	175.7	(-23.8%)
Variable Rent Hotels (12 Hotels)				1,823	8,020	(+0.2%)	91.3	(-0.4%)	8,784	(+0.6%)	3,123.7	(+0.2%)
Fixed Rent Hotels (7 Hotels)				1,162	5,643	(-5.7%)	81.9	(-3.9%)	6,893	(-1.8%)	1,294.5	(-4.8%)
Total (19 Hotels)				2,985	7,095	(-1.7%)	87.6	(-1.7%)	8,096	-	4,418.2	(-1.3%)

* Data for Hotel Wing International Nagoya and Comfort Hotel Hamamatsu are not included above, as the hotel operators have not given consent to disclose the data. In addition, 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. 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.

Individual Hotel Financials

(JPY thousand)

No.		A-1	A-2	A-3	C-1	C-2	D-1	D-3	D-4	E-1	E-2	E-3	E-5	F-1	F-2	G-1	G-2		
Hotel Name	Total	Nest Hotel Sapporo Ekimae	Nest Hotel Sapporo Odori	Comfort Hotel Kushiro	Smile Hotel Tokyo Asagaya	Smile Hotel Asakusa	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	Valie Hotel Tenjin	Nest Hotel Naha	Other	
(A)	Real Estate Management Revenue	1,560,734	102,665	83,367	16,835	80,031	49,719	55,361	138,414	14,114	168,614	91,672	36,000	196,564	41,951	76,276	60,905	130,130	218,108
	Fixed Rent	823,979	32,392	23,385	16,835	25,650	14,064	55,361	138,414	14,114	34,644	75,000	36,000	57,565	41,951	31,481	24,752	55,461	146,903
	Variable Rent	681,959	70,273	59,982	—	54,380	35,655	—	—	—	133,970	16,672	—	138,999	—	44,792	36,153	74,668	16,411
	Other Rent	54,795	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	54,793
(B)	Real Estate Management Expenses	102,566	8,013	10,629	1,438	3,245	1,141	5,547	1,416	1,269	7,850	9,347	5,078	2,654	1,460	2,079	4,216	2,952	34,224
	Outsourcing Fees	16,346	600	600	922	2,189	698	600	580	553	600	1,475	870	1,246	922	1,087	600	1,087	1,713
	Insurance	2,438	154	163	78	81	52	100	265	45	161	106	105	231	133	187	57	223	289
	Repair Expenses & Equipment	8,727	1,275	783	57	524	9	120	160	290	1,921	476	588	756	—	363	—	1,123	280
	Taxes	48,325	5,113	8,298	—	29	—	4,456	—	—	4,803	6,874	3,130	40	—	—	3,192	—	12,386
	Other Expenses	26,728	870	784	380	420	381	271	410	380	365	415	383	380	404	441	365	518	19,555
(C)	NOI (A)-(B)	1,458,168	94,652	72,738	15,396	76,786	48,577	49,814	136,997	12,844	160,763	82,324	30,921	193,910	40,491	74,196	56,689	127,177	183,883
(D)	Depreciation	268,204	12,181	16,424	4,428	20,799	12,921	14,320	28,306	3,940	15,848	12,485	4,266	28,390	11,569	16,103	8,114	28,281	29,823
(E)	Net Rental Income (C)-(D)	1,189,963	82,470	56,313	10,968	55,987	35,656	35,493	108,691	8,904	144,915	69,839	26,655	165,519	28,921	58,093	48,575	98,896	154,060

* Rents for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, and retail rents are included in "Other," as the tenants did not provide consent to disclose the data. NOI for Other includes NOI for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki which are JPY 68.9 million, JPY 46.6 million, and JPY 32.0 million, respectively. Depreciation for Other includes depreciation for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki, which are JPY 8.0 million, JPY 12.7 million, and JPY 9.1 million, respectively.

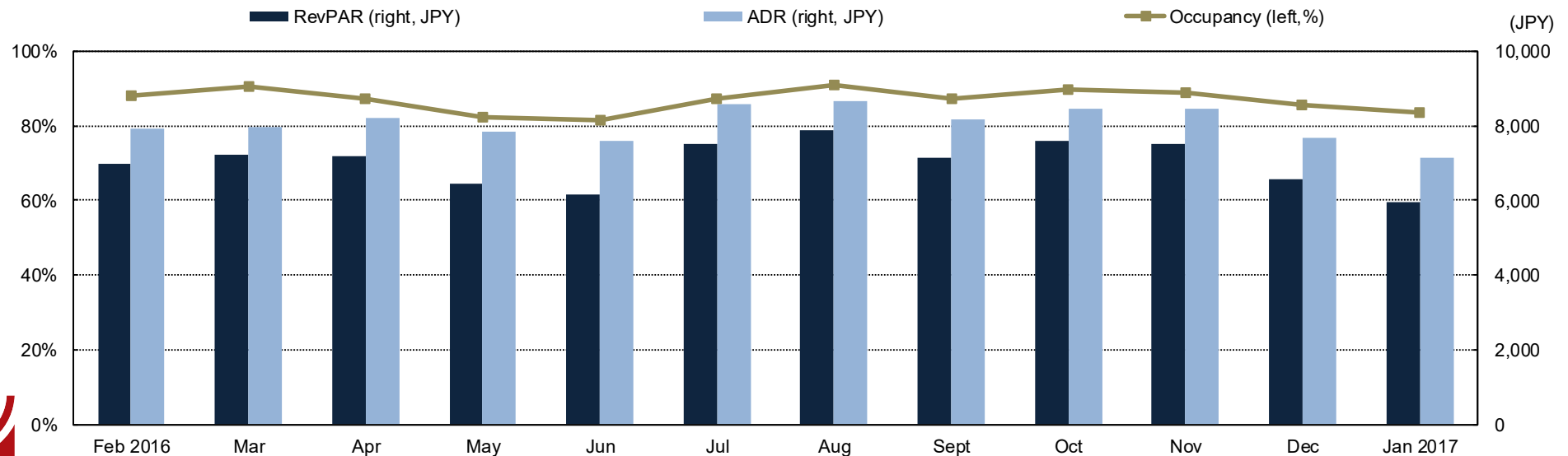
Fixed/Variable Rent, RevPAR, ADR, & Occupancy Trends

Fixed/Variable Rent (Revenue Basis)

(JPY thousand)

	Jan 2016		Jul 2016		Jan 2017	
	Revenue	Ratio	Revenue	Ratio	Revenue	Ratio
Fixed Rent	131,079	66.2%	423,063	54.6%	878,775	56.3%
Fixed Rent from Each Operator	119,616	60.4%	387,253	50.0%	823,979	52.8%
Other (Rent from Retail Tenants)	11,463	5.8%	35,810	4.6%	54,796	3.5%
Variable Rent	66,870	33.8%	351,895	45.4%	681,959	43.7%
Total	197,950	100.0%	774,959	100.0%	1,560,734	100.0%

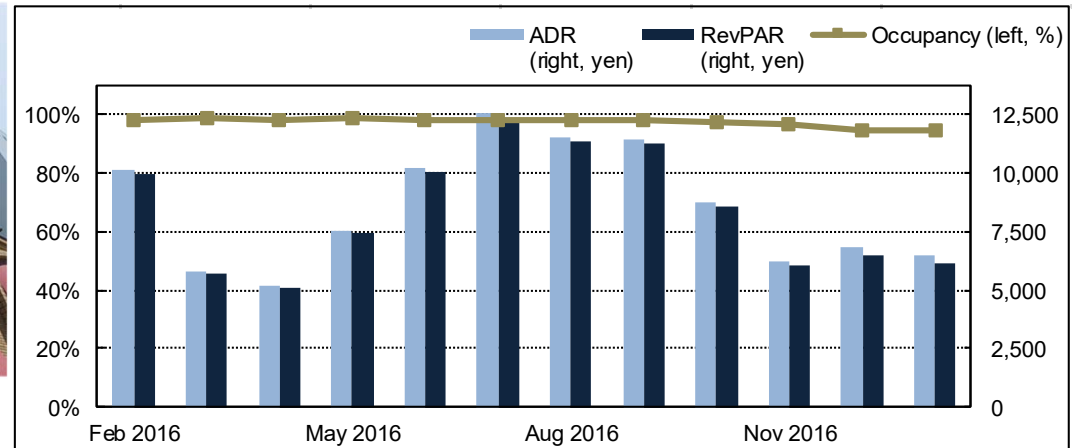
Operating Results (Feb 2016 – Jan 2017)



Individual Hotel Details (Variable Rent Hotels)

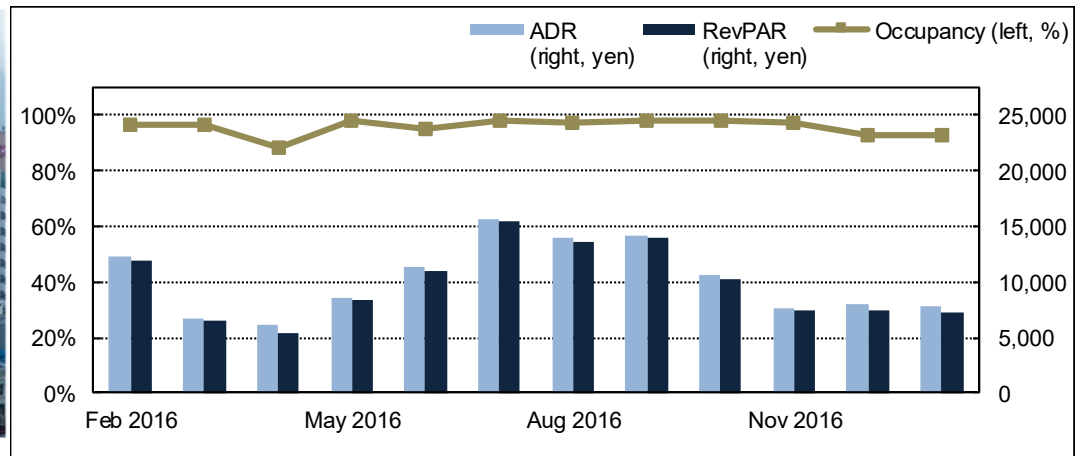
A-1 Nest Hotel Sapporo Ekimae

Location	Sapporo City, Hokkaido
Transportation	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

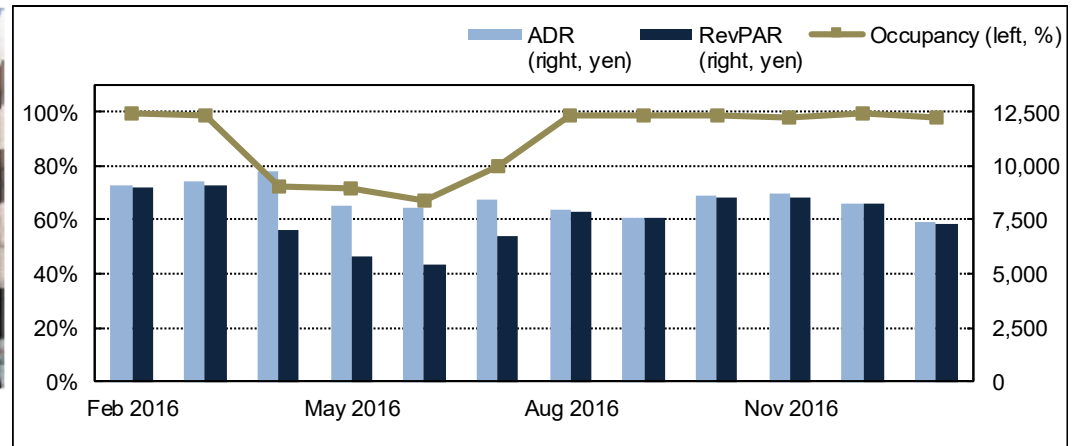
Location	Sapporo City, Hokkaido
Transportation	4-minute walk from Odori Station on Sapporo City Metro Namboku Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	119
Acquisition Price	JPY 1.45B



Individual Hotel Details (Variable Rent Hotels)

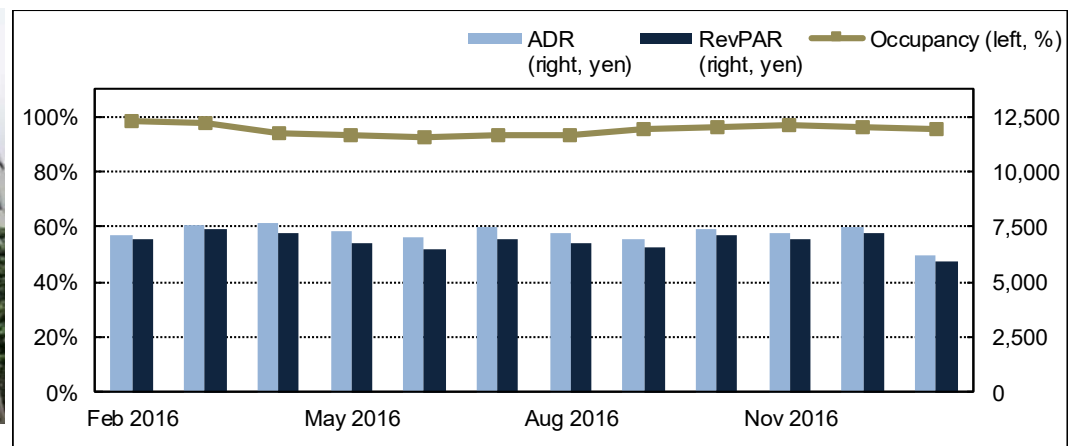
C-1 Smile Hotel Tokyo Asagaya

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



C-2 Smile Hotel Asakusa

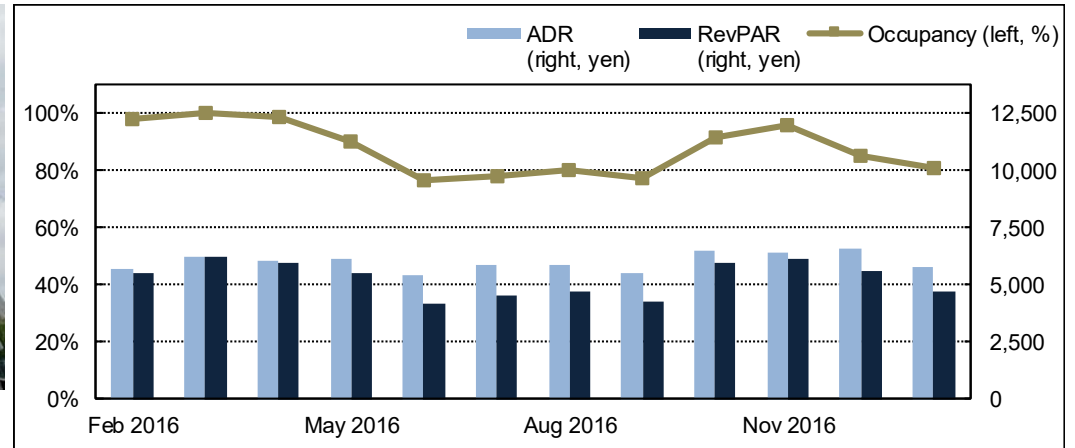
Location	Taito-ku, Tokyo
Transportation	11-minute walk from Asakusa Station on the Tokyo Metro Ginza Line
Operator	K.K. Hospitality Operations
Guest Rooms	96
Acquisition Price	JPY 1.92B



Individual Hotel Details (Variable Rent Hotels)

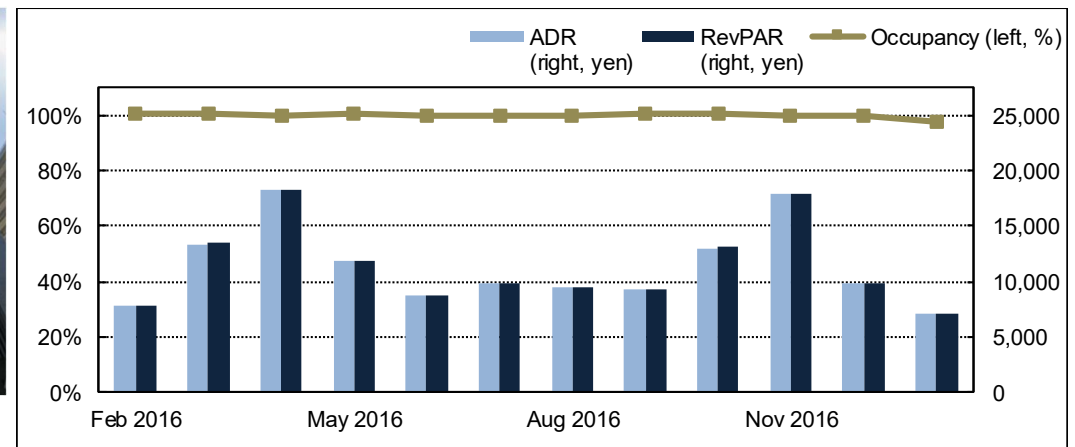
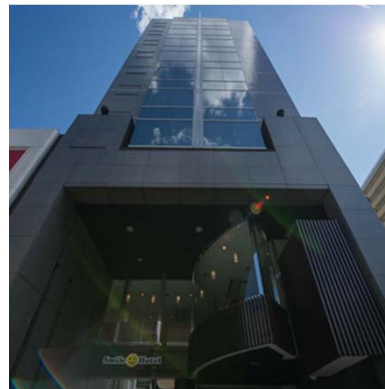
D-2 Hotel Wing International Nagoya

Location	Nagoya City, Aichi
Transportation	2-minute walk from Marunouchi Station on both Nagoya Subway Network Sakuradori Line and Tsurumai Line
Operator	Forbes Co., Ltd.
Guest Rooms	220
Acquisition Price	JPY 2.67B



E-1 Smile Hotel Kyoto Shijo

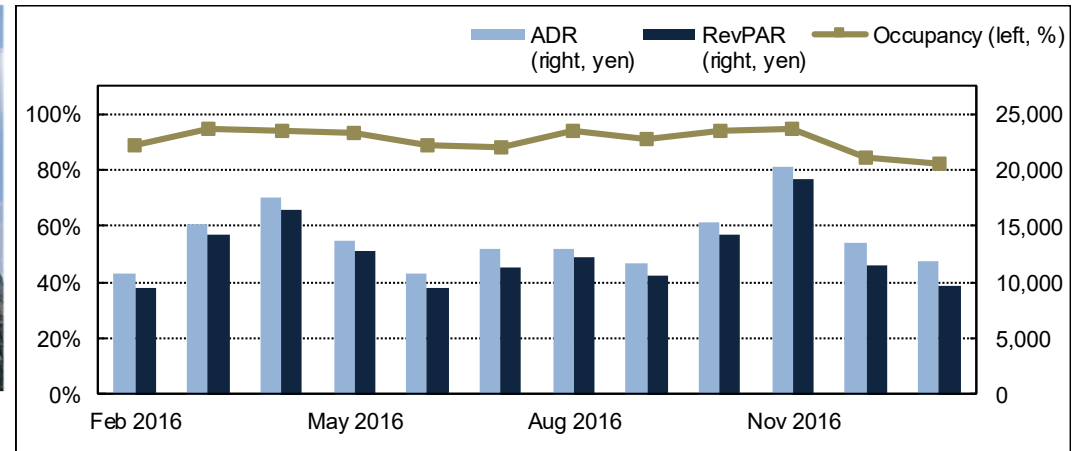
Location	Kyoto City, Kyoto
Transportation	5-minute walk from Shijo Station on Kyoto City Subway Karasuma Line and Karasuma Station on Hankyu Kyoto Main Line
Operator	K.K. Hospitality Operations
Guest Rooms	138
Acquisition Price	JPY 4.48B



Individual Hotel Details (Variable Rent Hotels)

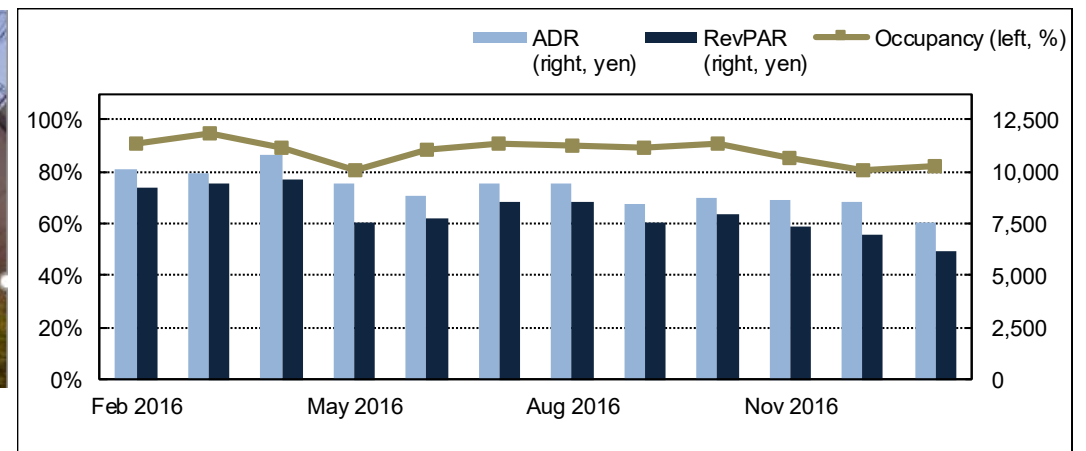
E-2 Hotel Vista Premio Kyoto

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



E-3 Chisun Inn Osaka Hommachi

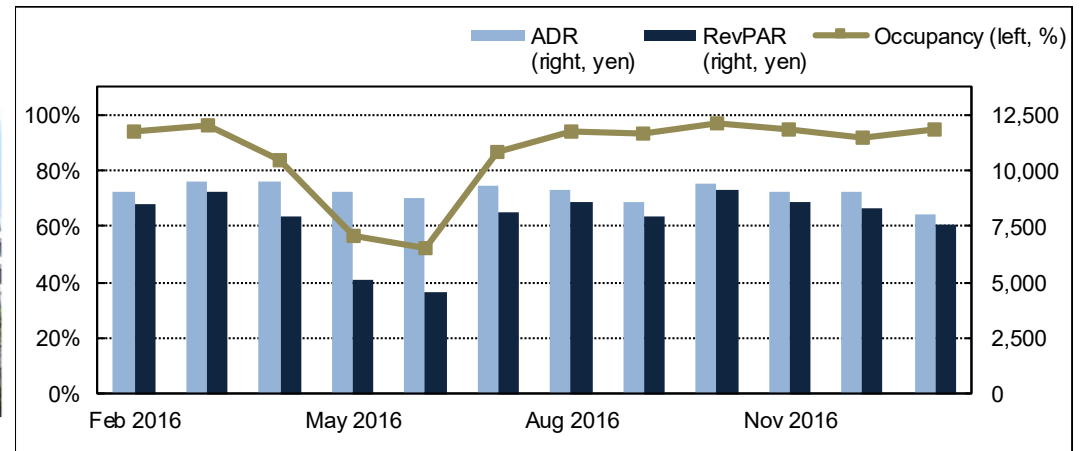
Location	Osaka City, Osaka
Transportation	5-minute walk from Sakaisuji-Hommachi Station on Osaka Municipal Subway Chuo Line
Operator	SHR Hotel Lease Co., Ltd.
Guest Rooms	130
Acquisition Price	JPY 1.63B



Individual Hotel Details (Variable Rent Hotels)

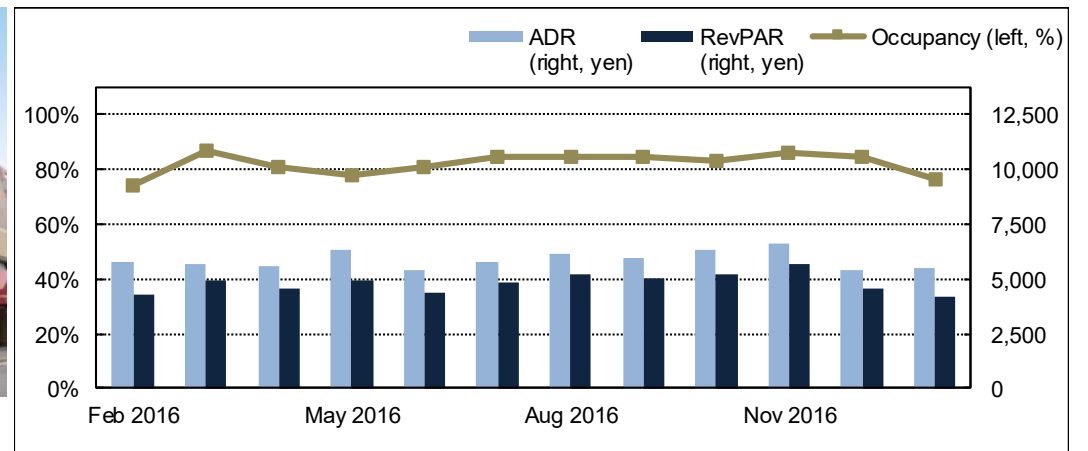
E-5 Nest Hotel Osaka Shinsaibashi

Location	Osaka City, Osaka
Transportation	1-minute walk from Nagahoribashi Station on Osaka Municipal Subway Sakaisuji Line and Nagahoritsurumi-Ryokuchi Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	302
Acquisition Price	JPY 7.60B



F-2 Nest Hotel Matsuyama

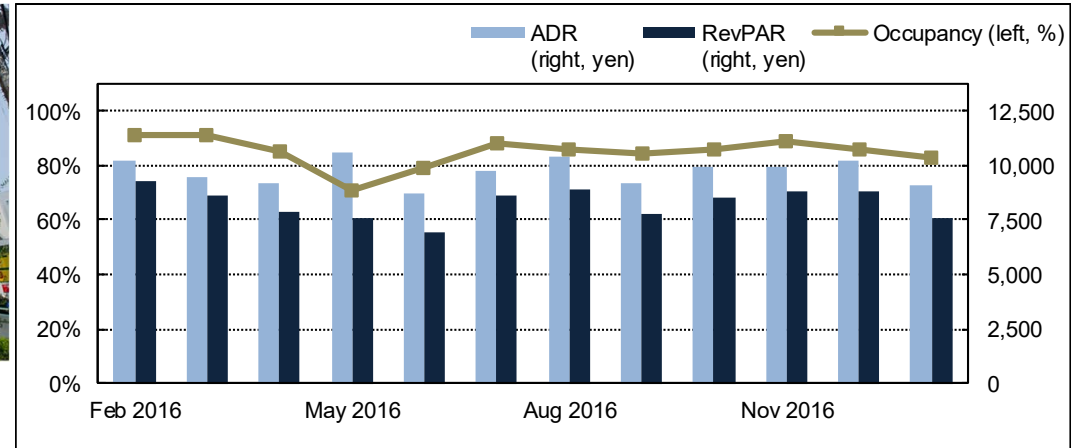
Location	Matsuyama City, Ehime
Transportation	25-minute drive from Matsuyama Airport, 3-minute walk from Katsuyamacho Station on Iyo Railway Jonan Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	190
Acquisition Price	JPY 1.61B



Individual Hotel Details (Variable Rent Hotels)

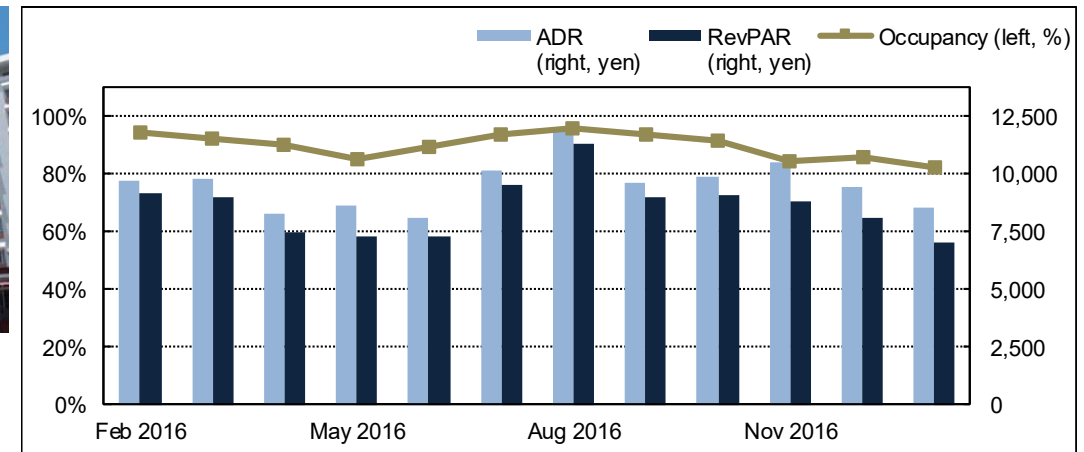
G-1 Valie Hotel Tenjin

Location	Fukuoka City, Fukuoka
Transportation	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

Location	Naha City, Okinawa
Transportation	7-minute drive from Naha Airport, 5-minute walk from Asahibashi Station on Okinawa Urban Monorail
Operator	Nest Hotel Japan Corporation
Guest Rooms	193
Acquisition Price	JPY 3.75B



Individual Hotel Details (Fixed Rent Hotels)

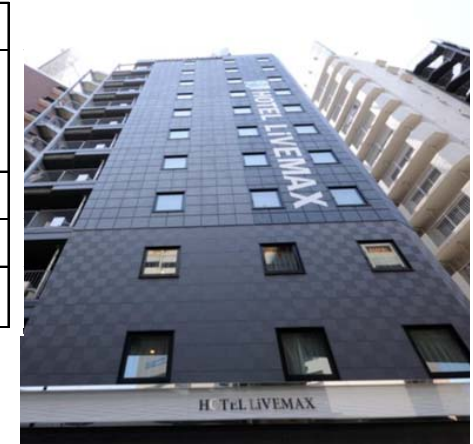
A-3 Comfort Hotel Kushiro

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



C-3 Hotel Livemax Nihombashi-Hakozaki

Location	Chuo-ku, Tokyo
Transportation	3-minute walk from Suitengu 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 City, Shizuoka
Transportation	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



D-3 Comfort Hotel Central International Airport

Location	Tokoname City, Aichi
Transportation	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



Individual Hotel Details (Fixed Rent Hotels)

D-4 Comfort Hotel Suzuka

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



E-4 Hotel Suave Kobe Asuta

Location	Kobe City, Hyogo
Transportation	2-minute walk from Shinnagata Station on JR Kobe Line (Sanyo Main Line)
Operator	Hotel Tetora
Guest Rooms	133
Acquisition Price	JPY 1.49B



F-1 Comfort Hotel Okayama

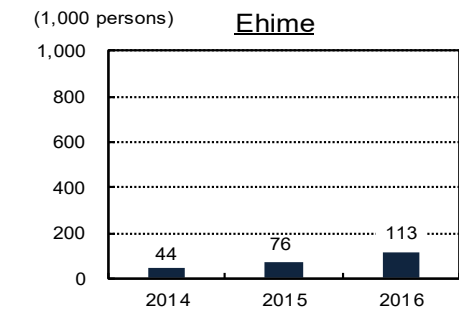
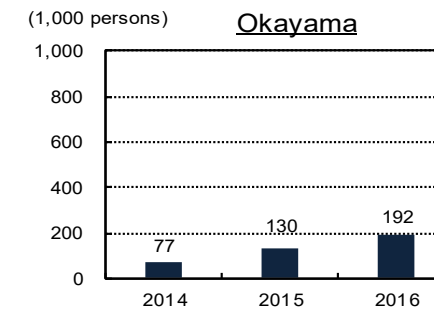
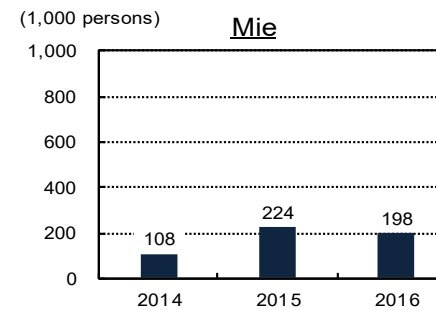
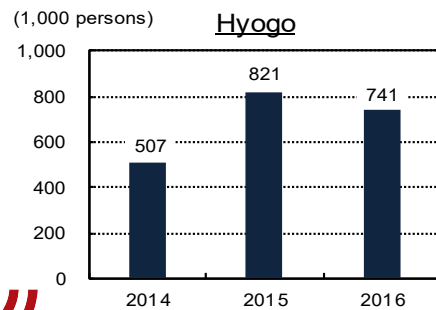
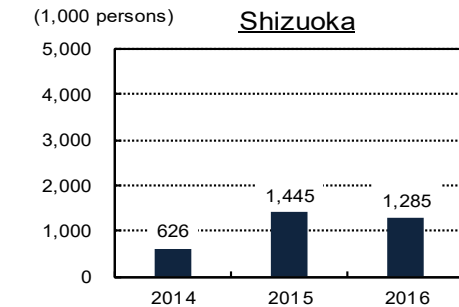
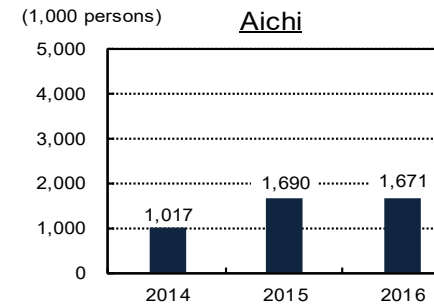
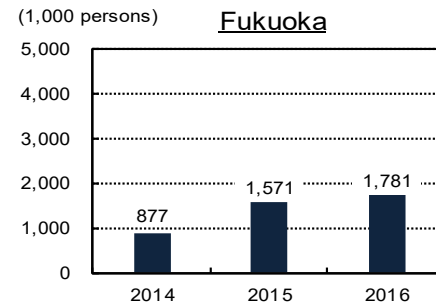
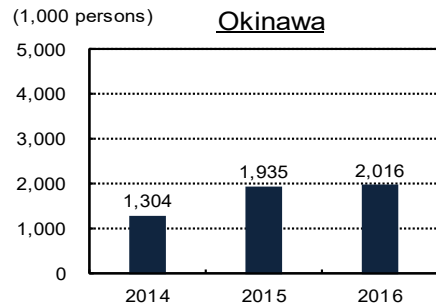
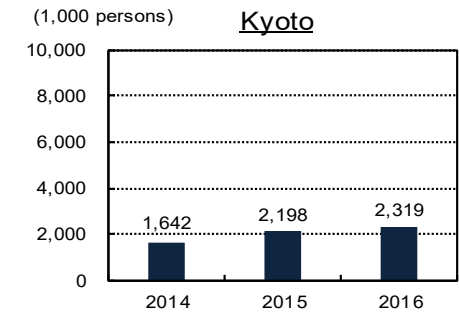
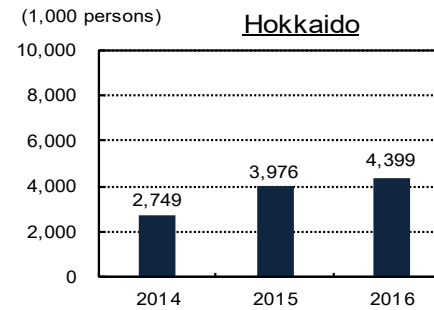
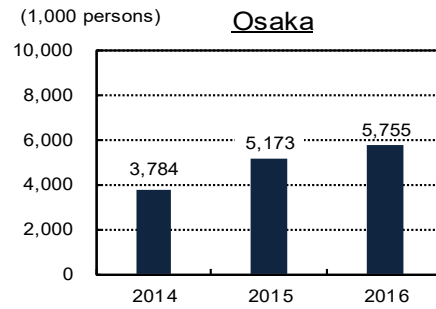
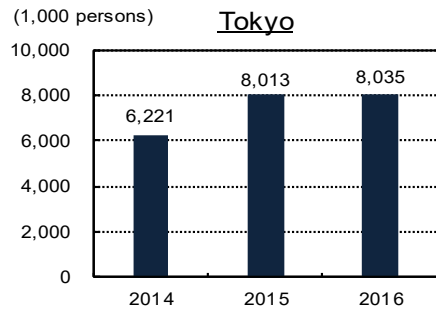
Location	Okayama City, Okayama
Transportation	15-minute walk from Okayama Station on Sanyo Shinkansen, Sanyo Main Line, Uno Line
Operator	Greens Co., Ltd
Guest Rooms	208
Acquisition Price	JPY 1.20B



Hotel Market Environment

Hotel Market Environment (1)

Trends in Number of Inbound Guests per Region

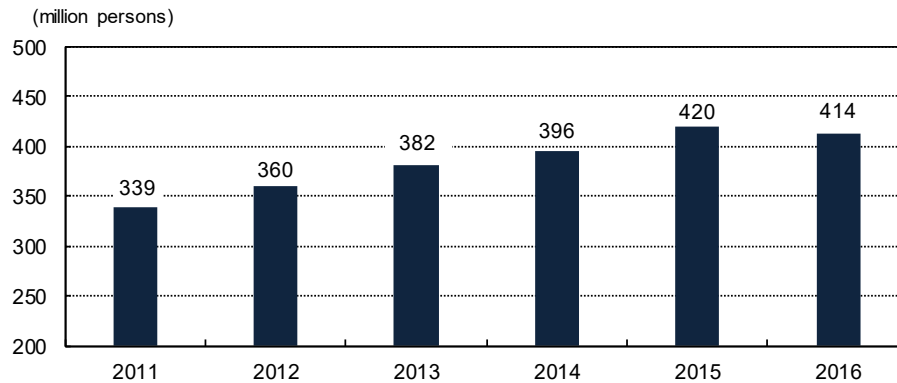


* Data prepared by Ichigo Investment Advisors based on the Japan Tourism Agency (JTA) "Statistical Survey of Travelers" (lodging facilities with ten or more employees).

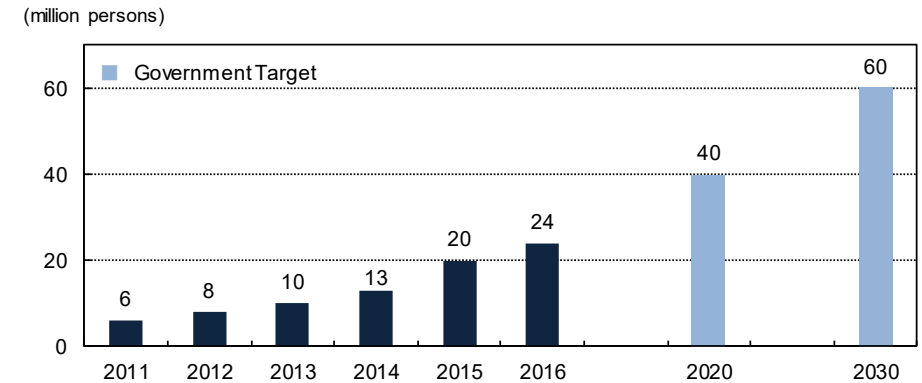
Hotel Market Environment (2)

Record 24M Inbound Tourists Visited Japan in 2016, +21.8% vs. 2015

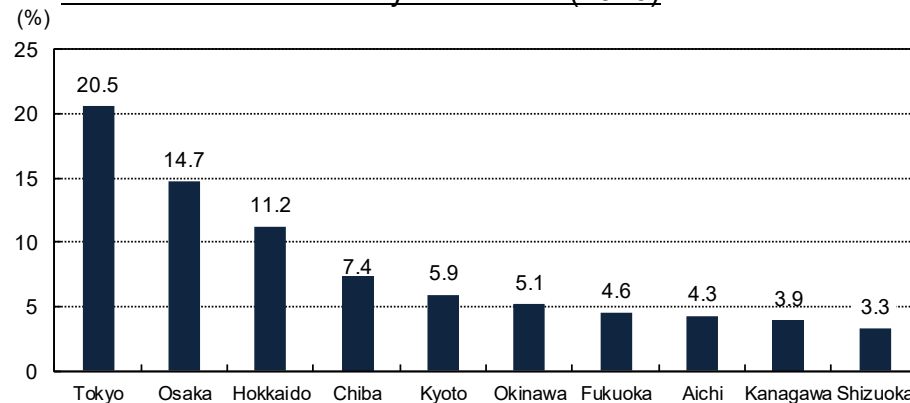
No. of Guests Staying At Japanese Hotels



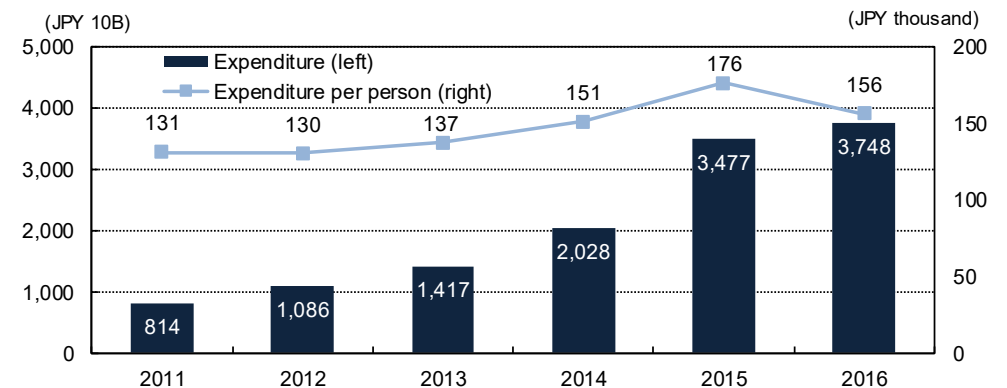
No. of Inbound Tourists



Inbound Tourist Ratio by Prefecture (2016)



Inbound Tourist Expenditure Trends



* Data prepared by Ichigo Investment Advisors based on the Japan Tourism Agency (JTA) "Statistical Survey of Travelers" (lodging facilities with ten or more employees), with the exception of No. of Inbound Tourists, which is based on the Japan National Tourism Organization (JNTO) "Number of Inbound Tourists."

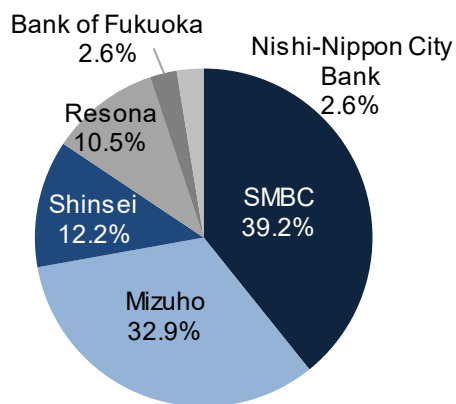
Appendices

Loan Details

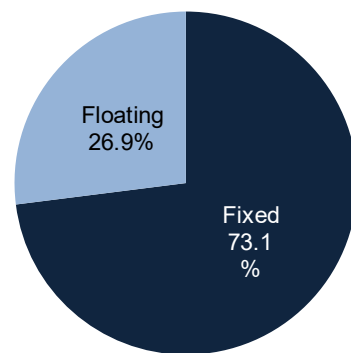
Loan Balances

Borrowing	Lenders	Balance (JPY B)	Borrowing Rate	Drawdown Date	Maturity Date
Term Loan I	SMBC, Mizuho, Shinsei, Resona	3.25	0.63000%	November 30, 2015	November 30, 2018
Term Loan II	SMBC, Mizuho, Shinsei, Resona	5.25	1.08000%	November 30, 2015	November 30, 2020
Term Loan III	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	2.00	0.58000%	August 17, 2016	February 28, 2020
Term Loan IV	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	4.50	0.90750%	August 17, 2016	February 28, 2023
Term Loan V	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	4.50	0.98500%	August 17, 2016	August 31, 2023
Total		19.50	Average 0.89%		Average Remaining Term 4.5 yrs

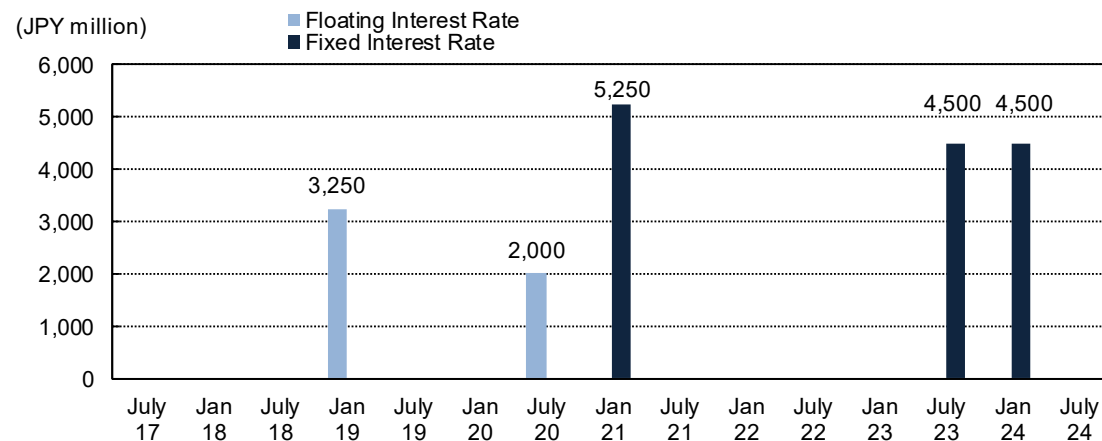
Lender Composition



Contractual Terms



Distribution of Loan Maturities

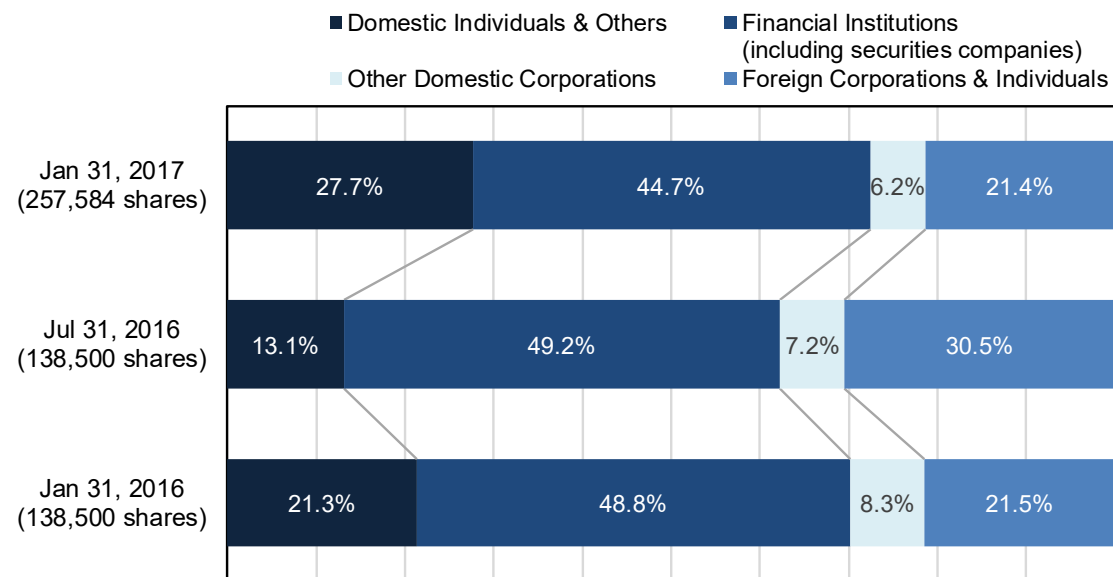


Shareholder Composition (as of January 31, 2017)

Major Shareholders

Name	Shares	%
1 Japan Trustee Services Bank, Ltd., Trust Account	40,529	15.7%
2 Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	25,630	9.9%
3 The Master Trust Bank of Japan, Trust Account	22,777	8.8%
4 SIX SIS LTD.	11,177	4.3%
5 Morgan Stanley MUFG Securities	7,526	2.9%
6 The Nomura Trust and Banking Co., Ltd., Investment Trust Account	7,089	2.7%
7 Ichigo Inc. (Sponsor)	6,500	2.5%
8 Ichigo Trust Pte. Ltd.	6,424	2.4%
9 MSCO CUSTOMER SECURITIES	6,062	2.3%
10 STATE STREET BANK AND TRUST COMPANY 505223	3,022	1.1%
Total	136,736	53.0%

Number of Shares by Shareholder Type



Number of Shareholders by Type

	Jan 31, 2016	Jul 31, 2016	Jan 31, 2017	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals & Others	4,198	3,339	9,656	97.1%
Financial Institutions (including securities companies)	38	44	52	0.5%
City banks, trust banks	5	4	5	0.1%
Regional banks	3	4	3	0.0%
Other (including securities companies)	30	36	44	0.4%
Other Domestic Corporations	96	65	181	1.8%
Foreign Corporations & Individuals	38	56	57	0.6%
Total	4,370	3,504	9,946	100.0%



Ichigo Hotel REIT Overview

Investment Corporation

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	Wataru Orii

Disclaimer

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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.