



## Ichigo Hotel July 2018 Fiscal Period Corporate Presentation

September 13, 2018

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

We express our deepest condolences to all those affected by the recent heavy rainfall in western Japan, Typhoon Jebi, and the Hokkaido earthquake, and our wishes for the earliest possible recovery.



# World-Class Excellence

Ichigo's  
Hiromi Miyake

**ICHIGO**



---

## July 2018 Results

- ✓ July 2018 Highlights
- ✓ July 2018 Earnings Breakdown
- ✓ Variable Rents Up on Strong Hotel Operating Results
- ✓ Earnings Stability via Geographic Diversification
- ✓ Across-the-Board Actions to Grow Earnings
- ✓ Value-Add Capex – Smile Hotel Tokyo Asagaya
- ✓ Value-Add Capex – Valie Hotel Tenjin

## Ongoing Earnings Growth

- ✓ Asset Sale & Acquisition to Maximize Shareholder Value
- ✓ January 2019 Acquisition: Court Hotel Kurashiki
- ✓ Portfolio Growth
- ✓ Value-Add Capex Driving Earnings (Capex Plan)
- ✓ First J-REIT No Fixed Fee, Performance Fee-Only Structure

## January 2019 and July 2019 Forecasts

- ✓ January 2019 Forecast
- ✓ July 2019 Forecast

## Appendices

Portfolio Details, Hotel Market Environment, Loan Details & Shareholder Composition

# July 2018 Results

---

# July 2018 Highlights

	Achievements	Drivers
Net Income	JPY 854M +JPY 56M (+7.0%) YOY	<ul style="list-style-type: none"> <li>Continued organic and accretive acquisition-driven earnings growth</li> </ul>
RevPAR	JPY 8,537 (12 variable rent hotels) +JPY 285 (+3.5%) YOY	<ul style="list-style-type: none"> <li>ADR +3.9% YOY</li> </ul>
NOI	JPY 1.64B +JPY 117M (+7.7%) YOY	<ul style="list-style-type: none"> <li>Organic growth +JPY 58M (+3.9%)</li> <li>Accretive acquisition growth +JPY 58M (+3.8%) (1 asset acquisition in Hiroshima)</li> </ul>
FFO	JPY 4,671 +JPY 384 (+9.0%) YOY	<ul style="list-style-type: none"> <li>NOI growth driving increased cash flows</li> </ul>
Dividend	JPY 3,352 +JPY 251 (+8.1%) YOY	<ul style="list-style-type: none"> <li>+JPY 85 (+2.6%) vs. forecast</li> </ul>
NAV	JPY 146,317 +JPY 3,272 (+2.3%) vs. previous period	<ul style="list-style-type: none"> <li>Unrealized gains +JPY 4.8B → +JPY 5.7B (+17.1% vs. previous period)</li> </ul>

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 + Liability for Asset Retirement Obligation +/- Losses/Gains on Sales +/- Extraordinary Losses/Gains) / Number of Shares Outstanding  
 NAV = BPS + Unrealized Capital Gains (Except for Smile Hotel Asakusa using Sale Price minus Period-End Book Value)

# July 2018 Earnings Breakdown

(JPY million)

	July 2017 Actual	July 2018 Actual (A)	Forecast (B) (March 2018)	vs. Forecast (B) - (A)	Major Variation Factors (vs. Forecast)
<b>Operating Revenue</b>	<b>1,687</b>	<b>1,814</b>	<b>1,810</b>	<b>+3</b>	
Variable Rent	757	803	799	+3	Above forecast: 5 hotels; On forecast: 1 hotel; Below forecast: 6 hotels
Fixed Rent	870	952	952	–	
Other	60	58	58	–	
<b>Operating Expenses</b>	<b>714</b>	<b>771</b>	<b>788</b>	<b>-17</b>	
Repair & Maintenance	19	20	31	-10	Effective cost control
Depreciation	280	310	314	-3	
<b>Operating Profit</b>	<b>973</b>	<b>1,042</b>	<b>1,022</b>	<b>+20</b>	
<b>Recurring Profit</b>	<b>799</b>	<b>855</b>	<b>833</b>	<b>+21</b>	
<b>Net Income</b>	<b>798</b>	<b>854</b>	<b>833</b>	<b>+21</b>	
<b>Dividend</b>	<b>JPY 3,101</b>	<b>JPY 3,352</b>	<b>JPY 3,267</b>	<b>+JPY 85</b>	+2.6% vs. forecast +8.1% (+JPY 251) YOY
<b>FFO</b>	<b>JPY 4,287</b>	<b>JPY 4,671</b>	<b>JPY 4,605</b>	<b>+JPY 66</b>	
<b>NOI</b>	1,523	1,640	1,624	+16	
<b>Post-Depreciation NOI</b>	1,243	1,329	1,309	+20	
<b>Capex</b>	210	246	289	-43	Effective cost control
<b>Book Value</b>	49,649	51,448	–	–	

# Variable Rents Up on Strong Hotel Operating Results

## Variable Rent Hotels (12 Hotels)

	Feb 1, 2017 - Jul 31, 2017	Feb 1, 2018 - Jul 31, 2018	Difference	YOY
Room Revenue (JPY M)	2,730	2,836	+105	+3.9%
Revenue (JPY M)	3,134	3,261	+126	+4.0%
RevPAR (JPY)	8,252	8,537	+285	+3.5%
Occupancy	93.4%	92.9%	-0.4%	-0.5%
ADR (JPY)	8,837	9,186	+348	+3.9%

## Total Portfolio (20 Hotels)

	Feb 1, 2017 - Jul 31, 2017	Feb 1, 2018 - Jul 31, 2018	Difference	YOY
Room Revenue (JPY M)	4,126	4,262	+135	+3.3%
Revenue (JPY M)	4,621	4,762	+140	+3.0%
RevPAR (JPY)	7,213	7,432	+219	+3.0%
Occupancy	89.7%	89.4%	-0.3%	-0.4%
ADR (JPY)	8,038	8,313	+276	+3.4%

\* Excludes Grandpark-Inn Yokohama. Operating results before the acquisition are based on data provided by previous owner.

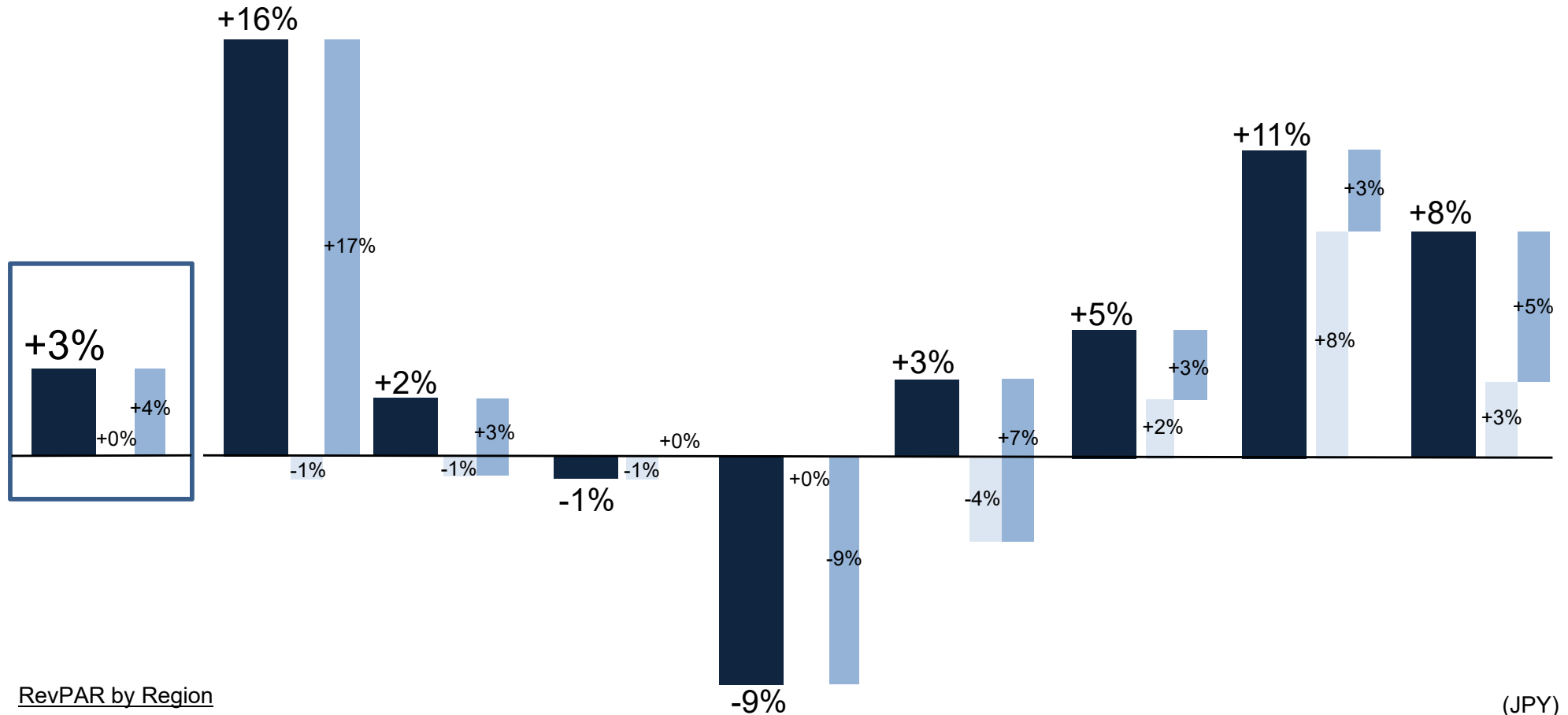


# Earnings Stability via Geographic Diversification

YOY by Region (Feb – Jul 2018)

RevPAR    Occupancy    ADR

18 Hotels (excludes Grandpark-Inn Yokohama, Hotel Suave Kobe Asuta, and Hotel Livemax Nihombashi-Hakozaki)



RevPAR by Region

	(JPY)							
<b>Total</b> 18 Hotels	Hokkaido 3	Tokyo 2	Tokai/Chubu 4	Kyoto 2	Osaka 2	Chugoku/ Shikoku 3	Kyushu 1	Okinawa 1
<b>7,594</b>	9,123	7,933	6,299	10,516	8,540	5,754	9,268	8,965



# Across-the-Board Actions to Grow Earnings

## Grow Revenues

- Value-Add Capex
  - ✓ Guest room and lobby renovations (Smile Hotel Tokyo Asagaya)
  - ✓ Entrance and lobby renovation (Valie Hotel Tenjin)
  - ✓ Renovation to add 4 new guest rooms (Smile Hotel Kyoto Shijo)  
Capex JPY 46.0M, Rent increase: JPY 7.2M p.a., ROI 15.7%
- Optimizing Use of Common Areas
  - ✓ New retail tenant in unused space (Smile Hotel Kyoto Shijo)  
Café offering guests the opportunity to experience Japanese musical instruments and tea ceremony
  - ✓ Increased parking (Valie Hotel Tenjin)
- Operator change upon expiration of fixed-rent contract
  - ✓ Bringing in new operator to drive higher earnings (Hotel Suave Kobe Asuta, March 2019)



New Retail Tenant at Smile Hotel Kyoto Shijo

## Effective Cost Control

- Reduced hotel operating expenses
  - ✓ Reduced water consumption via high-efficiency, flow-regulating valves (Nest Hotel Sapporo Ekimae and 7 other hotels)  
Capex: JPY 15.8M, Cost savings: JPY 4.4M p.a., ROI 28.1%
  - ✓ Reworked building services contract (Nest Hotel Matsuyama)

# Value-Add Capex – Smile Hotel Tokyo Asagaya

Completed all phases of a full-renovation to respond to increasing leisure and inbound needs

- Forecast rent increase JPY 39.6M p.a. (NOI +20% vs. pre-acquisition)
- ROI 34.7% (Total renovation cost JPY 114M)



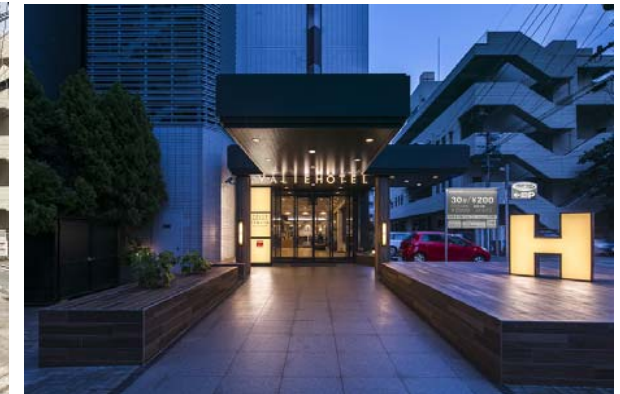
# Value-Add Capex – Valie Hotel Tenjin

- Completed entrance and entry lobby renovations to drive higher earnings
- Guest room renovations in 2015 and the launch of a new restaurant and lounge in 2016 increased ADR +24% & NOI +70% vs. pre-acquisition
  - Improvements targeted at attracting more female guests and tourist demand

Before



After

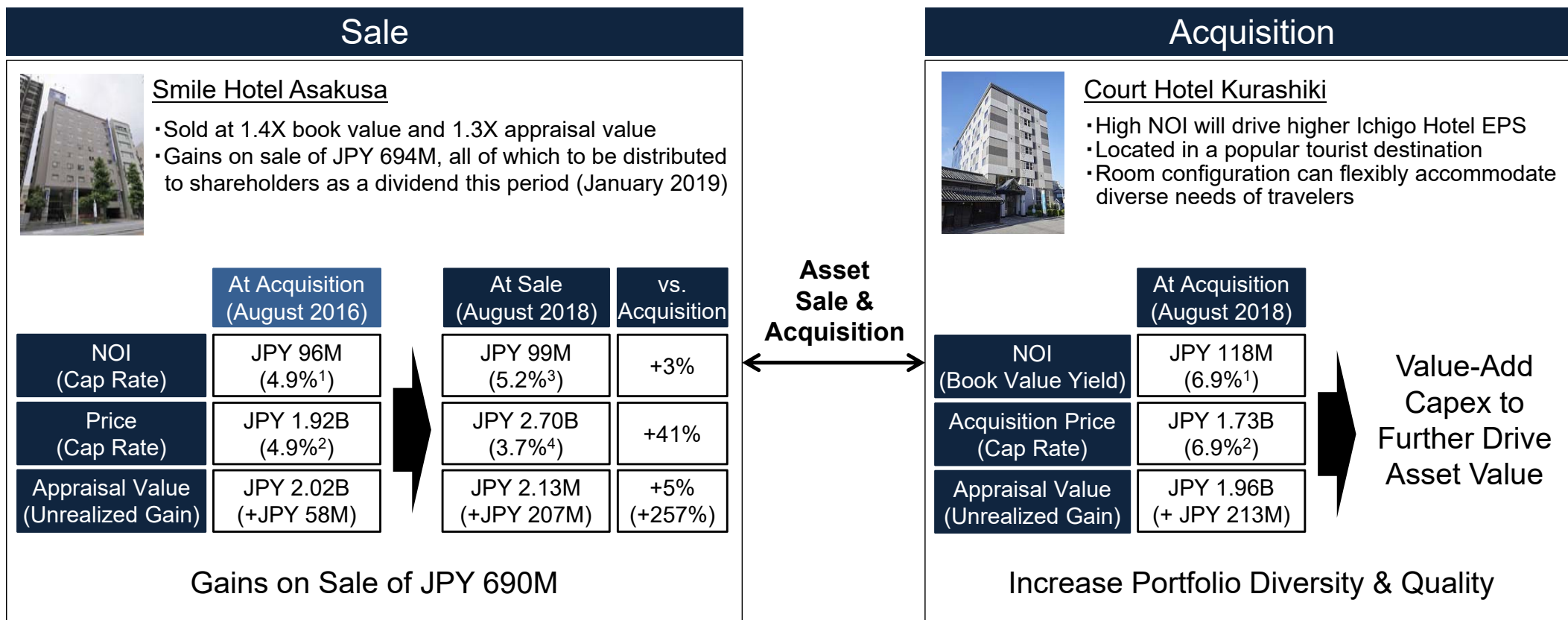


# Ongoing Earnings Growth

---

# Asset Sale & Acquisition to Maximize Shareholder Value

- Accelerate Organic Growth and Maximize Gains on Asset Sale in a Strong Seller's Market
- Fully Distribute Gains on Sale as a Dividend to Shareholders and Reinvest Principal Proceeds in Hotel with Strong Growth Potential



## Maximize Shareholder Value

<sup>1</sup> Appraisal NOI divided by acquisition date book value

<sup>2</sup> Appraisal NOI divided by acquisition price

<sup>3</sup> Actual NOI (Feb 2017 – Jan 2018) divided by sale date book value

<sup>4</sup> Actual NOI (Feb 2017 – Jan 2018) divided by sale price

# January 2019 Acquisition: Court Hotel Kurashiki

- Acquired from Ichigo (2337), Ichigo Hotel's sponsor
- 6.9% NOI Yield, +23% NOI vs. Smile Hotel Asakusa Sold in August
- Further Earnings Growth Expected on Back of Growing Inbound and Business Demand



## Hotel Overview

Acquisition Price	JPY 1.73B
Appraisal Value	JPY 1.96B
NOI (NOI Yield)	JPY 118M (6.9%) (appraisal basis)
Asset Type	Stay-only hotel
Location	2-2-26 Chuo, Kurashiki, Okayama
Leasable Area	3,964.19m <sup>2</sup>
Structure	RC 8F
Date Built	March 1993
Occupancy	100% (as of July 31, 2018)

## Major Tourist Spots

- Kurashiki Bikan Historical Quarter<sup>1</sup>
- Kojima Area (Jeans Street)
- Tamashima Area
- Mitsui Outlet Park Kurashiki
- Kurashiki Muscat Stadium
- Ohara Museum of Art
- Okayama Koraku-en (One of the Three Great Gardens of Japan)
- Mt. Washuzan Observatory
- Great Seto Bridge

## Business Demand

- Third populous city in the Chugoku region (after Hiroshima and Okayama)
- Okayama Prefectural Office
- Mizushima Coastal Industrial Complex






## Convenient Access

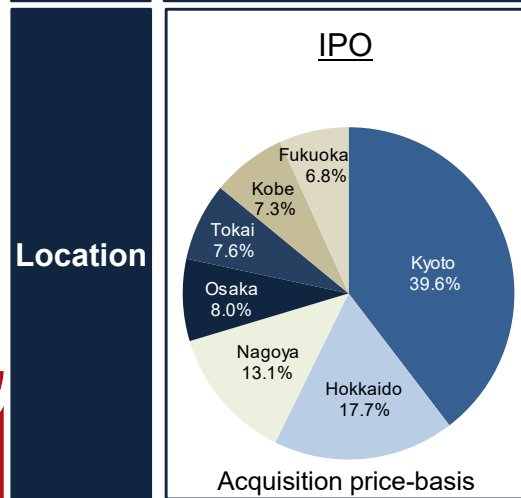
- 35 min. by bus to Okayama Airport
- 10 min. by train to Shin Kurashiki Station (Shinkansen station)
- 3 train lines to Kurashiki: JR Sanyo & Hakubi and Mizushima Coastal



<sup>1</sup> Kurashiki Bikan Historical Quarter is a tourist destination popular for its historical Edo-period buildings, attracting 3.85 million tourists in 2016.

# Portfolio Growth

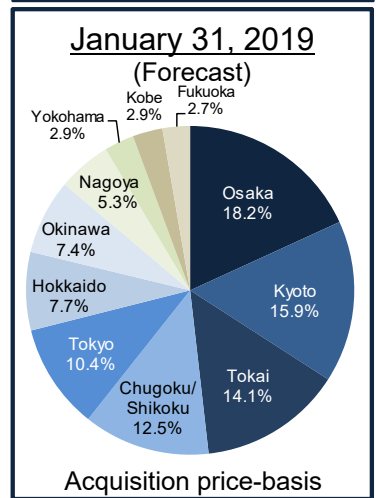
	IPO (November 30, 2015)	January 2017 Fiscal Period	July 2017 Fiscal Period	January 2018 Fiscal Period	January 2019 Fiscal Period
Hotels	<p><u>Portfolio Size</u> 9 hotels JPY 20.4B (Appraisal Value JPY 21.3B)</p> <p><u>IPO Acquisitions</u> 9 hotels JPY 20.4B (Appraisal NOI Yield 5.9%)</p>  <p>Hokkaido: 2 Kyoto: 2 Nagoya: 1 Tokai: 1 Osaka: 1 Kobe: 1 Fukuoka: 1</p>	<p><u>Portfolio Size</u> 19 hotels JPY 47.6B (Appraisal Value JPY 51.6B)</p> <p><u>PO Acquisitions</u> 10 hotels JPY 27.2B (Appraisal NOI Yield 5.5%)</p>  <p>Hokkaido: 1 Tokyo: 3 Tokai: 2 Osaka: 1 Chugoku/Shikoku: 2 Okinawa: 1</p>	<p><u>Portfolio Size</u> 20 hotels JPY 49.1B (Appraisal Value JPY 53.7B)</p> <p><u>Acquisition</u> 1 hotel JPY 1.4B (Appraisal NOI Yield 5.0%)</p>  <p>Yokohama: 1</p>	<p><u>Portfolio Size</u> 21 hotels JPY 50.9B (Appraisal Value JPY 56.3B)</p> <p><u>Acquisition</u> 1 hotel JPY 1.8B (Appraisal NOI Yield 6.3%)</p>  <p>Chugoku/Shikoku: 1</p>	<p><u>Portfolio Size</u> 21 hotels JPY 50.7B</p> <p><u>Acquisition</u> 1 hotel JPY 1.7B (Appraisal NOI Yield 6.9%)</p>  <p>Chugoku/Shikoku: 1</p> <p><u>Sale</u> 1 hotel JPY 2.7B</p>



Geographic Diversification  
Supports Earnings Stability

→

Steady Portfolio Growth  
via Acquisitions





# Value-Add Capex Driving Earnings (Capex Plan)

- Renovating Low-Return Spaces to Add Six New Rooms
- Capturing Changes in Market Demand with High-Return Capex

	Nest Hotel Naha	Hotel Wing International Nagoya	Court Hotel Kurashiki
Capex Details	Convert suite to 3 guest rooms, and renovate guest rooms and hallways	Convert storage space to 4 new guest rooms	Renovate guest rooms and hallways
Purpose	Drive earnings by adding high-occupancy rooms	Conversion of non-revenue generating space to revenue generating space	Drive earnings via improving rooms and guest spaces
Capex Amount	JPY 50.0M	JPY 14.5M (excludes operator contribution)	JPY 50.0M
Forecast Rent Increase	JPY 8.0M	JPY 2.8M	JPY 8.3M
Forecast ROI	16.0%	19.3%	16.8%
Capex Timing	January 2019	September 2018	December 2018

\* Forecast rent increase

\* Capex at Hotel Wing International Nagoya is joint investment with the lessor

# First J-REIT No Fixed Fee, Performance Fee-Only Structure (1)

- Proposing Amendments to Ichigo Hotel's AM Fee Structure to Increase Shareholder Alignment

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 pro-active, dynamic (vs. static) management of Ichigo Hotel assets on behalf of shareholders

Note: The change in AM fee structure will be effective upon approval by Ichigo Hotel's shareholders at its shareholder meeting on October 27, 2018.

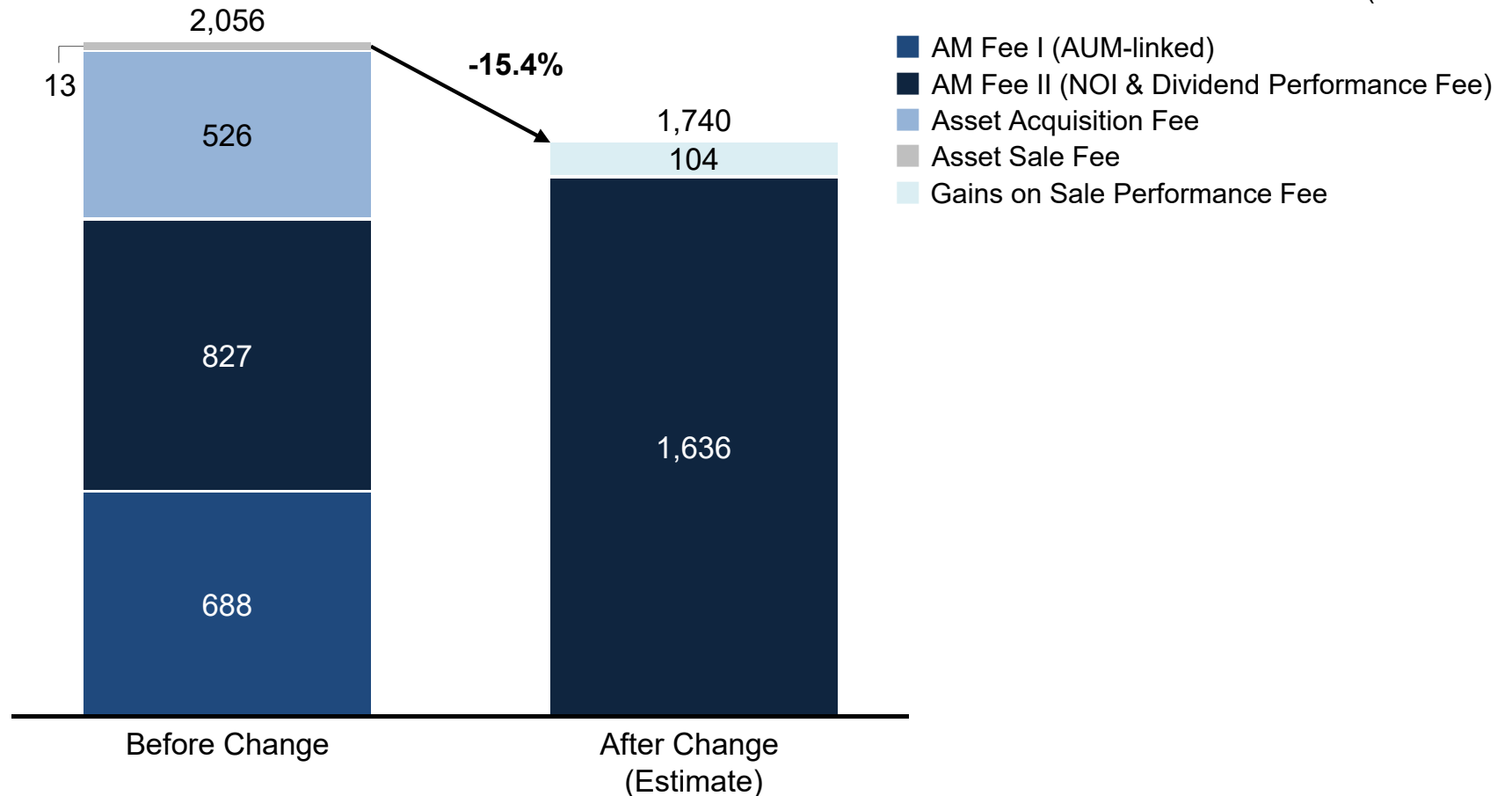
# First J-REIT No Fixed Fee, Performance Fee-Only Structure (2)

New Fee Structure 15% Lower on an Actual To-Date + Forecast Basis

(Cumulative sum of actual AM fees since Ichigo Hotel's listing (Jan 2016 – Jul 2018) plus forecast AM fees (Jan 2019 – Jul 2019))

Actual AM Fees (Jan 2016 – Jul 2018) + Forecast AM Fees (Jan 2019 – Jul 2019)

(JPY million)



# January 2019 and July 2019 Forecasts

---

# January 2019 Forecast

## Dividend JPY 5,429, +64.4% YOY Resulting from Full Distribution of Gains on Sale as Dividend to Shareholders

(JPY million)

	Jan 2018 Actual (A)	Jan 2019 Previous Forecast (April 2018)	Jan 2019 Revised Forecast (B)	(B) - (A)	Major Factors for Variation
<b>Operating Revenue</b>	<b>1,782</b>	<b>2,424</b>	<b>2,448</b>	<b>+666</b>	
Variable Rent	748	715	711	-36	Expected RevPAR at Variable Rent Hotels: JPY 8,300 (+0.4% YOY)
Fixed Rent	974	959	984	+9	Increase due to acquisition and sale
Other	59	749	752	+693	Gains on sale: +694
<b>Operating Expenses</b>	<b>747</b>	<b>863</b>	<b>874</b>	<b>+126</b>	Increase in property tax due to acquisition: +7 Increase in shareholder meeting-related expenses: +5 Increase in asset sale-related expenses: +96
Repair & Maintenance	15	19	20	+4	
Depreciation	302	309	312	+10	Increase in capex conducted in Jan 2018 through Jan 2019 fiscal periods
<b>Operating Profit</b>	<b>1,034</b>	<b>1,560</b>	<b>1,574</b>	<b>+539</b>	
<b>Recurring Profit</b>	<b>842</b>	<b>1,372</b>	<b>1,385</b>	<b>+542</b>	
<b>Net Income</b>	<b>841</b>	<b>1,371</b>	<b>1,384</b>	<b>+542</b>	
<b>Dividend</b>	<b>JPY 3,302</b>	<b>JPY 5,377</b>	<b>JPY 5,429</b>	<b>+JPY 2,127</b>	+1.0% (+JPY 52) vs. previous forecast +64.4% YOY
<b>FFO</b>	<b>JPY 4,586</b>	<b>JPY 3,977</b>	<b>JPY 4,030</b>	<b>-JPY 556</b>	Increase due to asset sale-related expenses
<b>NOI</b>	1,620	1,562	1,583	-37	
<b>Post-Depreciation NOI</b>	1,318	1,253	1,270	-47	
<b>Capex</b>	283	303	379	+96	Value-add capex for acquired hotel: +50

# July 2019 Forecast

- Operating Revenue Increase via Acquisition and Sale
- Gains on Sale Not Incorporated in Forecast

(JPY million)

	July 2018 Actual (A)	July 2019 Forecast (B)	(B) - (A)	Major Factors for Variation
<b>Operating Revenue</b>	<b>1,814</b>	<b>1,823</b>	<b>+9</b>	
Variable Rent	803	794	-8	Expected RevPAR at Variable Rent Hotels: JPY 8,572 (+0.3% YOY)
Fixed Rent	952	963	+10	Increase due to asset sale & acquisition: +15 Decrease due to revised lease contract (Hotel Suave Kobe Asuta): -5
Other	58	64	+6	Increase due to revised lease contract (Hotel Suave Kobe Asuta)
<b>Operating Expenses</b>	<b>771</b>	<b>811</b>	<b>+39</b>	Increase in asset management fees due to change in AM fee structure: +13
Repair & Maintenance	20	21	+1	
Depreciation	310	323	+13	Increase in capex conducted in Jul 2018 through Jul 2019 fiscal periods
<b>Operating Profit</b>	<b>1,042</b>	<b>1,011</b>	<b>-30</b>	
<b>Recurring Profit</b>	<b>855</b>	<b>827</b>	<b>-27</b>	
<b>Net Income</b>	<b>854</b>	<b>827</b>	<b>-27</b>	
<b>Dividend</b>	<b>JPY 3,352</b>	<b>JPY 3,243</b>	<b>-JPY 109</b>	-3.3% YOY
<b>FFO</b>	<b>JPY 4,671</b>	<b>JPY 4,567</b>	<b>-JPY 104</b>	
<b>NOI</b>	<b>1,640</b>	<b>1,644</b>	<b>+3</b>	
<b>Post-Depreciation NOI</b>	<b>1,329</b>	<b>1,320</b>	<b>-9</b>	
<b>Capex</b>	<b>246</b>	<b>310</b>	<b>+64</b>	

\* Reflects the change in AM fee structure effective upon approval at the shareholder meeting to be held on October 27, 2018

## Appendix: Portfolio Details

---

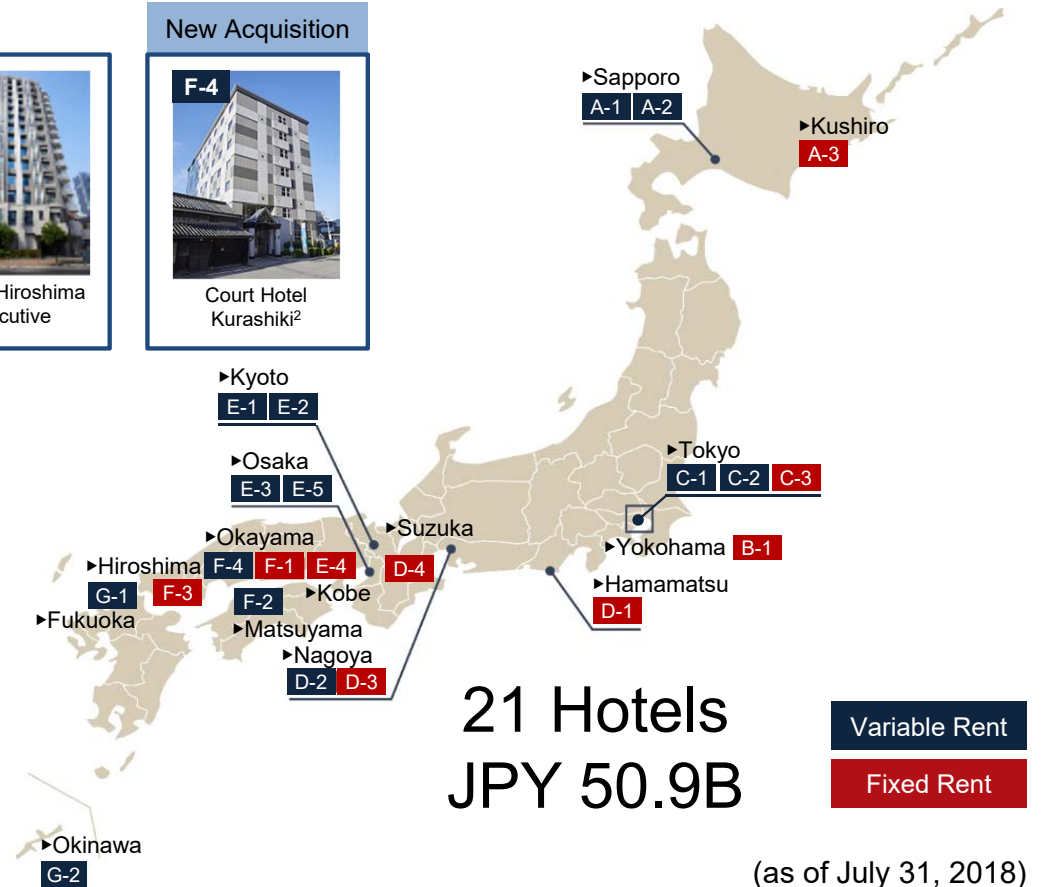
# Hotel Map

Tokyo			Kanto	Hokuriku/Tokai				Hokkaido		
 C-1 Smile Hotel Tokyo Asagaya	 C-2 Smile Hotel Asakusa <sup>1</sup>	 C-3 Hotel Livemax Nihombashi- Hakozaki	 B-1 Grandpark-Inn Yokohama	 D-1 Comfort Hotel Hamamatsu	 D-2 Hotel Wing International Nagoya	 D-3 Comfort Hotel Central International Airport	 D-4 Comfort Hotel Suzuka	 A-1 Nest Hotel Sapporo Ekimae	 A-2 Nest Hotel Sapporo Odori	 A-3 Comfort Hotel Kushiro

Kinki (Kyoto/Osaka/Kobe)			Chugoku/Shikoku			New Acquisition
 E-1 Smile Hotel Kyoto Shijo	 E-2 Hotel Vista Premio Kyoto	 E-3 Chisun Inn Osaka Hommachi	 F-1 Comfort Hotel Okayama	 F-2 Nest Hotel Matsuyama	 F-3 Urbain Hiroshima Executive	 F-4 Court Hotel Kurashiki <sup>2</sup>

Kyushu/Okinawa	
 E-4 Hotel Suave Kobe Asuta	 E-5 Nest Hotel Osaka Shinsaibashi
 G-1 Valie Hotel Tenjin	 G-2 Nest Hotel Naha



21 Hotels  
JPY 50.9B

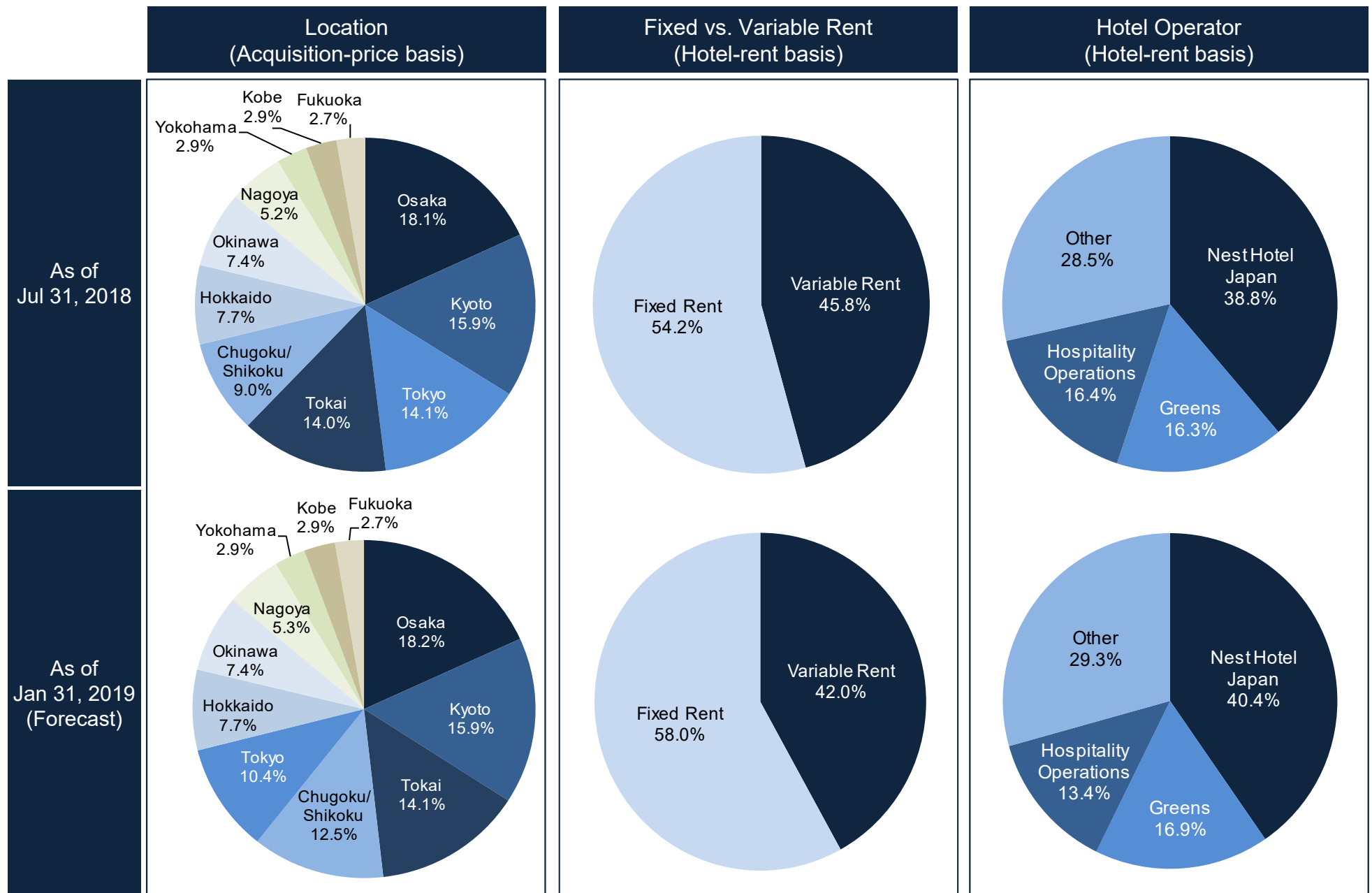
Variable Rent  
Fixed Rent

(as of July 31, 2018)

<sup>1</sup> Smile Hotel Asakusa sold on August 1, 2018  
<sup>2</sup> Court Hotel Kurashiki acquired on August 31, 2018



# Multi-Faceted Portfolio Diversification



\* Location is based on Acquisition Price; Hotel Operator and Fixed vs. Variable Rent Hotels are based upon hotel rent (Jul 2018 period).

# Individual Hotel Summary

	Hotel No.	Hotel Name	Lease Terms	Location	Leasable Area (m <sup>2</sup> )	Acquisition Price (JPY M)	Book Value (JPY M) (A)	Jul 2018 Appraisal		Unrealized Gains (JPY M) (B) - (A)
								Value (JPY M) (B)	Cap Rate (%)	
Hotel	A-1	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo, Hokkaido	5,734.93	2,160	2,148	2,490	5.4	+341
	A-2	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo, Hokkaido	5,638.78	1,450	1,472	1,700	5.3	+227
	A-3	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	3,180.58	300	299	421	5.5	+121
	B-1	Grandpark-Inn Yokohama	Fixed Rent	Yokohama	1,183.26	1,490	1,507	1,560	4.6	+52
	C-1	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	2,721.70	3,910	3,997	4,130	4.4	+132
	C-2	Smile Hotel Asakusa	Variable + Fixed Rent	Tokyo	1,793.43	1,920	1,912	2,700	-	+787
	C-3	Hotel Livemax Nihombashi-Hakozaki	Fixed Rent	Tokyo	853.00	1,360	1,342	1,440	4.5	+97
	D-1	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	4,173.92	1,550	1,494	1,810	5.4	+315
	D-2	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya, Aichi	5,255.66	2,670	2,695	2,920	4.9	+224
	D-3	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	11,599.63	5,308	5,309	5,890	4.0	+580
	D-4	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	2,186.65	300	294	377	5.0	+82
	E-1	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	4,891.84	4,480	4,558	4,810	4.6	+251
	E-2	Hotel Vista Premio Kyoto	Variable + Fixed Rent	Kyoto	3,867.66	3,600	3,589	4,050	4.2	+460
	E-3	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	3,690.00	1,630	1,700	1,990	4.5	+289
	E-4	Hotel Suave Kobe Asuta	Fixed Rent	Kobe, Hyogo	4,633.16	1,490	1,443	1,700	4.9	+256
	E-5	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	8,057.26	7,600	7,748	7,690	4.5	-58
	F-1	Comfort Hotel Okayama	Fixed Rent	Okayama	5,543.70	1,200	1,198	1,260	5.3	+61
	F-2	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	6,671.94	1,610	1,650	1,890	5.7	+239
	F-3	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	2,756.20	1,800	1,857	2,080	5.3	+222
	G-1	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	1,910.94	1,380	1,450	2,120	4.5	+669
G-2	Nest Hotel Naha	Variable + Fixed Rent	Naha, Okinawa	9,240.20	3,750	3,775	4,130	5.3	+354	
<b>21 Hotels</b>					<b>95,584.44</b>	<b>50,958</b>	<b>51,448</b>	<b>57,158</b>	<b>-</b>	<b>+5,709</b>
<b>(Reference) 20 Hotels (excluding Smile Hotel Asakusa)</b>					<b>93,791.01</b>	<b>49,038</b>	<b>49,535</b>	<b>54,458</b>	<b>4.7</b>	<b>+4,922</b>

\* While Hotel Suave Kobe Asuta's lease contract includes a variable rent clause, it has never been triggered. Because Ichigo Hotel does not anticipate receiving variable rent at this hotel, it has been classified as a fixed rent hotel.

# Individual Hotel Operating Results

(year-on-year)

Hotel No.	Hotel Name	Lease Terms	Location	No. of Guest Rooms	July 2018 (January 2018 - July 2018)			
					RevPAR (JPY)	Occupancy (%)	ADR (JPY)	Revenue (JPY M)
A-1	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo, Hokkaido	162	10,591 (+15.8%)	98.0 (+0.3%)	10,812 (+15.4%)	373.7 (+15.8%)
A-2	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo, Hokkaido	121	12,667 (+20.0%)	97.4 (+0.9%)	13,006 (+19.0%)	303.4 (+19.6%)
A-3	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	126	3,833 (+5.1%)	71.8 (-5.2%)	5,337 (+10.8%)	87.4 (-1.9%)
B-1	Grandpark-Inn Yokohama	Fixed Rent	Yokohama	175	–	–	–	–
C-1	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	112	8,809 (+6.7%)	95.4 (+0.2%)	9,230 (+6.4%)	183.9 (+7.6%)
C-2	Smile Hotel Asakusa	Variable + Fixed Rent	Tokyo	96	6,910 (-3.8%)	94.4 (-2.9%)	7,319 (-1.0%)	125.1 (-4.0%)
D-1	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	196	4,662 (-5.3%)	79.3 (-0.6%)	5,881 (-4.7%)	165.4 (-5.3%)
D-2	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya, Aichi	220	5,396 (-8.5%)	86.9 (-2.9%)	6,209 (-5.8%)	242.3 (-8.3%)
D-3	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	346	8,312 (+3.7%)	90.8 (+2.4%)	9,152 (+1.3%)	571.5 (+2.2%)
D-4	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	105	4,616 (-1.3%)	74.9 (-7.7%)	6,162 (+7.0%)	88.8 (-1.7%)
E-1	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	144	9,474 (-10.1%)	98.1 (-1.7%)	9,658 (-8.6%)	261.8 (-6.7%)
E-2	Hotel Vista Premio Kyoto	Variable + Fixed Rent	Kyoto	84	12,299 (-6.2%)	93.7 (+4.3%)	13,120 (-10.1%)	205.0 (-3.8%)
E-3	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	130	7,203 (-4.7%)	88.8 (-2.3%)	8,114 (-2.5%)	169.5 (-4.7%)
E-5	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	302	9,116 (+6.0%)	94.0 (-4.6%)	9,693 (+11.1%)	532.0 (+4.0%)
F-1	Comfort Hotel Okayama	Fixed Rent	Okayama	208	5,612 (+10.1%)	90.1 (+4.9%)	6,231 (+5.0%)	220.1 (+9.5%)
F-2	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	190	5,334 (+1.2%)	88.8 (+1.8%)	6,005 (-0.5%)	271.3 (+1.3%)
F-3	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	171	6,393 –	90.4 –	7,073 –	197.9 –
G-1	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	77	9,268 (+10.5%)	96.4 (+7.7%)	9,612 (+2.6%)	138.5 (+8.8%)
G-2	Nest Hotel Naha	Variable + Fixed Rent	Naha, Okinawa	198	8,965 (+7.9%)	90.2 (+3.2%)	9,937 (+4.6%)	454.6 (+9.7%)
	Other	Fixed Rent		181	4,757 (-3.9%)	80.8 (-1.8%)	5,887 (-2.1%)	170.1 –
	Variable Rent Hotels			1,836	8,537 (+3.5%)	92.9 (-0.5%)	9,186 (+3.9%)	3,261.1 (+4.0%)
	Fixed Rent Hotels			1,508	5,911 (+2.1%)	84.5 (-0.2%)	6,991 (+2.4%)	1,501.2 (+1.0%)
	<b>Total</b>			<b>3,344</b>	<b>7,432 (+3.0%)</b>	<b>89.4 (-0.4%)</b>	<b>8,313 (+3.4%)</b>	<b>4,762.3 (+3.0%)</b>

\* Data for 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. In addition, data for Grandpark-Inn Yokohama is not shown except for No. of Guest Rooms, as the hotel operator 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 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
Real Estate (A) Management Revenue	1,814,064	129,917	105,752	18,419	98,227	55,796	55,361	151,441	15,442	133,671	75,000	82,834	226,005	45,900	88,905	65,038	130,639	335,710
Fixed Rent	952,653	31,129	23,766	18,419	30,041	15,839	55,361	151,441	15,442	30,744	75,000	39,600	64,581	45,900	36,167	21,664	41,531	256,020
Variable Rent	803,401	98,787	81,824	-	68,084	39,956	-	-	-	102,926	-	43,234	161,408	-	52,738	43,374	89,106	21,959
Other Rent	58,010	-	160	-	101	-	-	-	-	-	-	-	16	-	-	-	-	57,731
Real Estate (B) Management Expenses	173,452	9,034	10,565	5,480	8,665	3,723	3,395	14,270	3,083	10,695	9,221	4,671	19,797	5,525	6,294	4,516	7,857	46,654
Outsourcing Fees	16,769	600	600	900	2,347	600	600	570	540	639	1,475	915	1,232	490	580	600	1,080	3,000
Insurance	2,536	146	154	81	87	55	93	273	47	147	101	98	240	137	195	54	233	388
Repair Expenses & Equipment	20,740	2,868	1,126	58	2,455	333	-	418	301	4,758	85	157	5,068	496	454	170	1,702	286
Taxes	105,497	4,993	8,182	4,030	3,367	2,326	2,430	12,553	1,786	4,789	7,144	3,130	12,846	3,860	4,528	3,326	4,423	21,775
Other Expenses	27,908	425	503	410	407	407	271	456	408	359	415	370	408	541	535	365	418	21,203
(C) NOI (A) - (B)	1,640,612	120,882	95,186	12,939	89,562	52,072	51,966	137,171	12,359	122,976	65,778	78,162	206,208	40,374	82,611	60,522	122,781	289,056
(D) Depreciation	310,913	13,205	18,426	4,790	25,591	13,634	14,430	29,344	4,119	15,204	13,237	5,627	33,665	12,296	20,031	8,992	32,292	46,021
Net Rental Income	1,329,698	107,677	76,759	8,149	63,970	38,437	37,536	107,826	8,240	107,771	52,541	72,534	172,542	28,077	62,580	51,529	90,489	243,034

\* Rents for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive, and retail rents are included in Other, as the operators did not provide consent to disclose the data. NOI for Other includes NOI for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive which are JPY 75 million, JPY 46.7 million, JPY 33.1 million, JPY 37.4 million, and JPY 58.4 million, respectively. Depreciation for Other includes depreciation for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive which are JPY 8.5 million, JPY 12.7 million, JPY 9.1 million, JPY 2.2 million, and JPY 13.5 million, respectively.



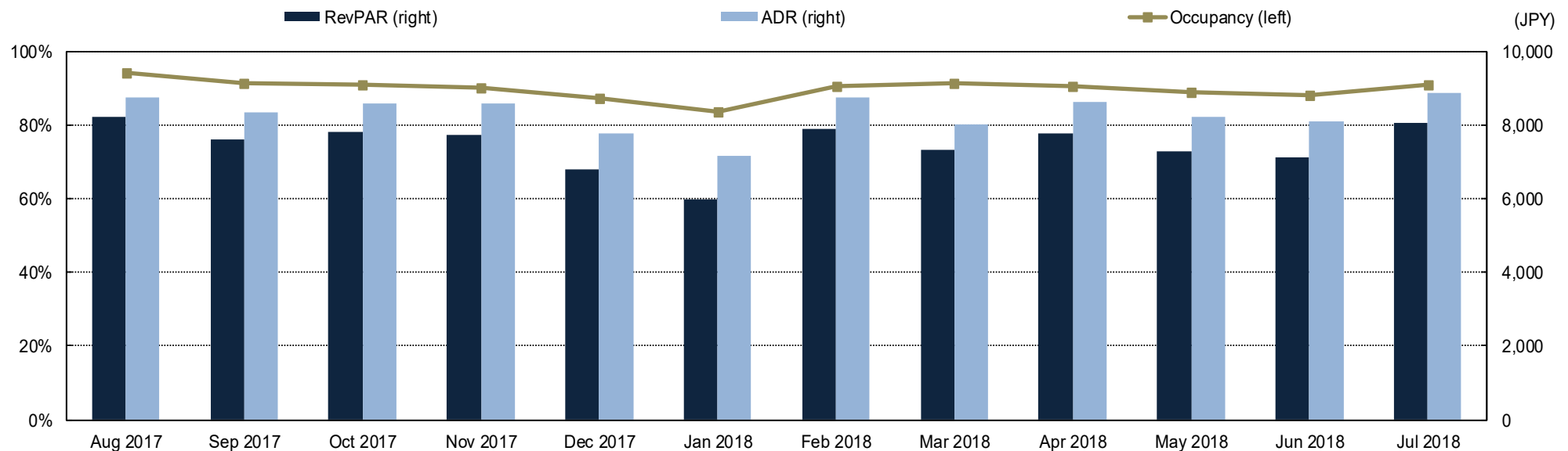
# Fixed/Variable Rent, RevPAR, ADR & Occupancy Trends

## Fixed/Variable Rent

(JPY thousand)

	Jul 2016		Jan 2017		Jul 2017		Jan 2018		Jul 2018	
	Rent	Ratio	Rent	Ratio	Rent	Ratio	Rent	Ratio	Rent	Ratio
Fixed Rent	423,063	54.6%	878,775	56.3%	930,906	55.1%	1,034,015	58.0%	1,010,663	55.7%
Fixed Rent from Operators	387,253	50.0%	823,979	52.8%	870,228	51.6%	974,852	54.7%	952,653	52.5%
Other (Rent from Retail Tenants)	35,810	4.6%	54,796	3.5%	60,678	3.6%	59,163	3.3%	58,010	3.2%
Variable Rent	351,895	45.4%	681,959	43.7%	757,077	44.9%	748,007	42.0%	803,401	44.3%
<b>Total</b>	<b>774,959</b>	<b>100.0%</b>	<b>1,560,734</b>	<b>100.0%</b>	<b>1,687,985</b>	<b>100.0%</b>	<b>1,782,023</b>	<b>100.0%</b>	<b>1,814,064</b>	<b>100.0%</b>

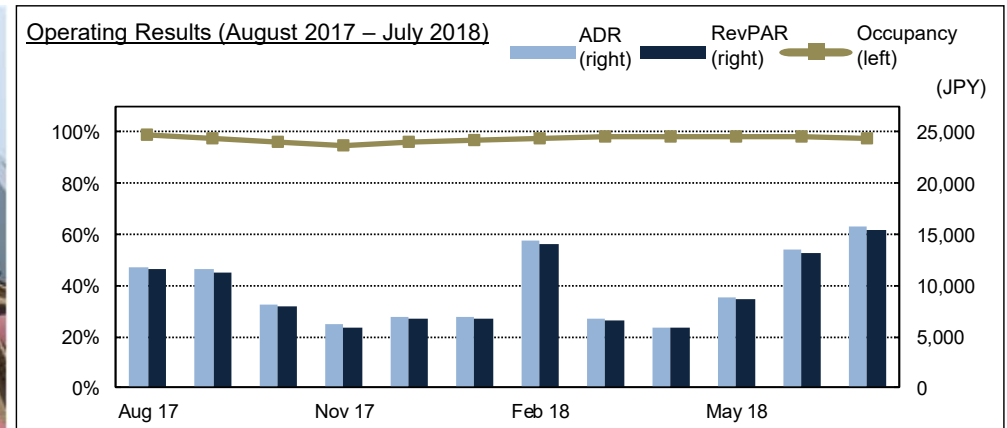
## Operating Results (Feb 2018 – July 2018)



# Variable Rent Hotel Details

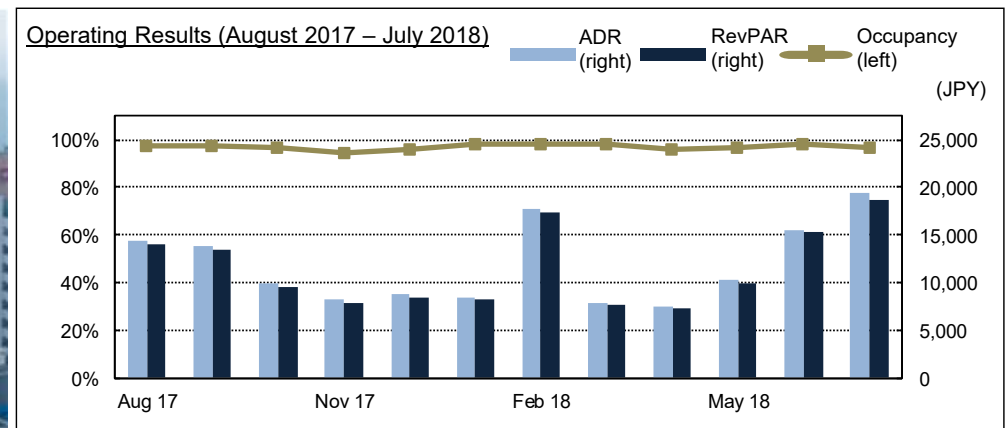
## A-1 Nest Hotel Sapporo Ekimae

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



## A-2 Nest Hotel Sapporo Odori

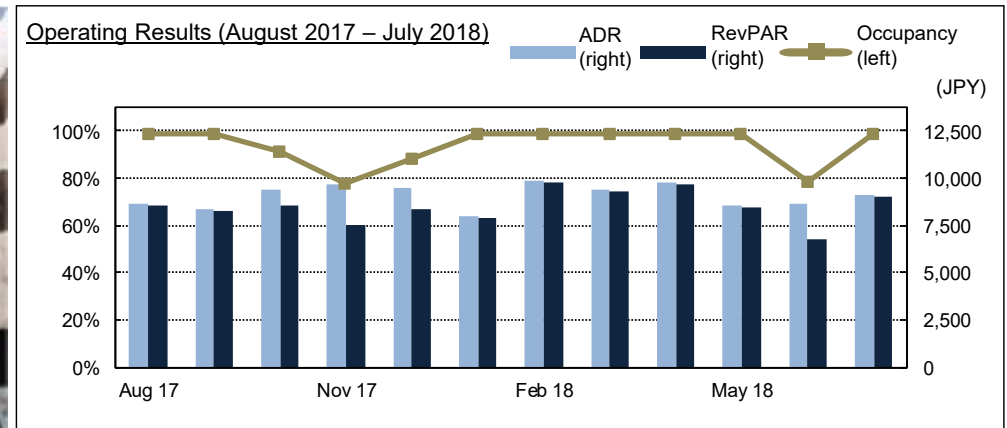
<b>Location</b>	Sapporo, Hokkaido
<b>Access</b>	4-minute walk from Odori Station on Sapporo City Metro Namboku Line
<b>Operator</b>	Nest Hotel Japan Corporation
<b>Guest Rooms</b>	121
<b>Acquisition Price</b>	JPY 1.45B



# Variable Rent Hotel Details

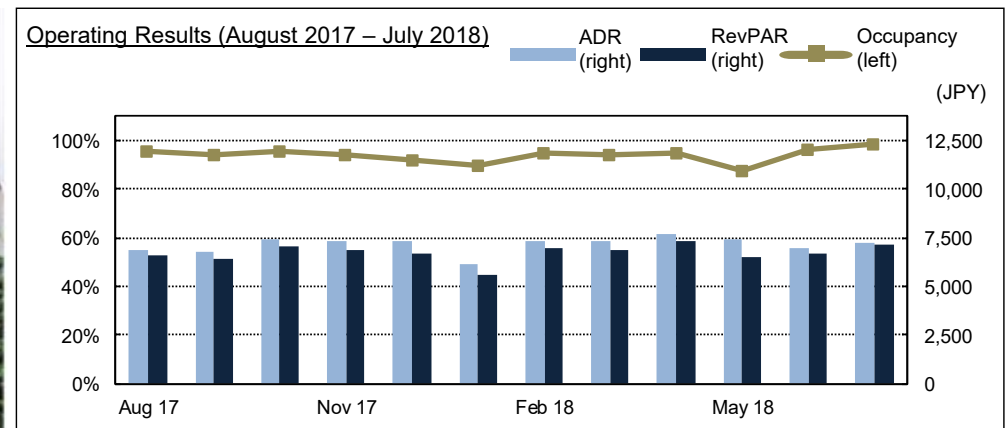
## C-1 Smile Hotel Tokyo Asagaya

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



## C-2 Smile Hotel Asakusa

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

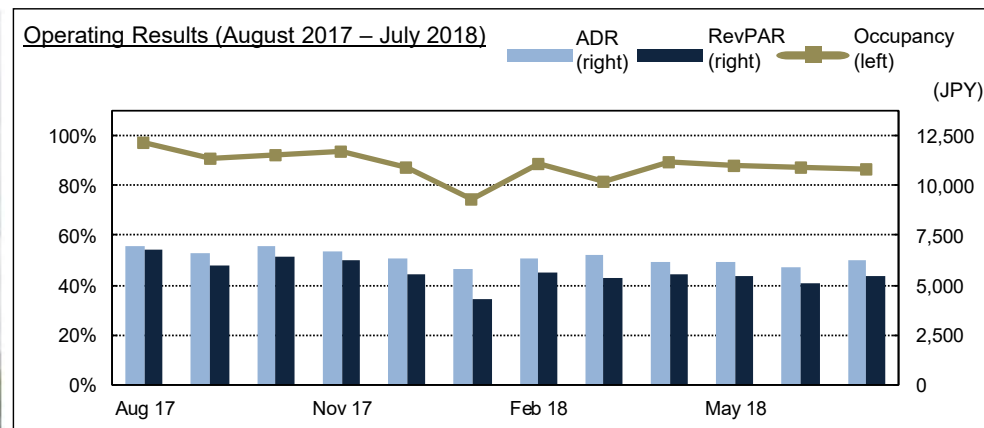


Smile Hotel Asakusa was sold on August 1, 2018.

# Variable Rent Hotel Details

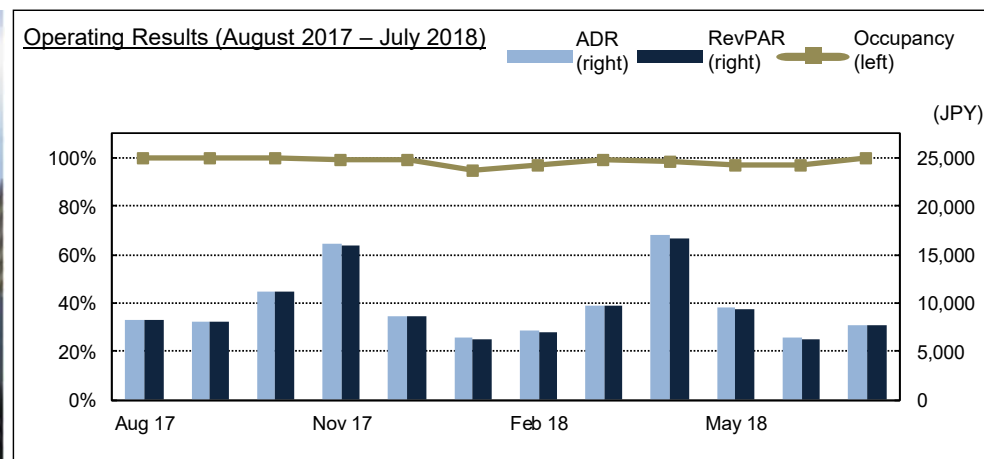
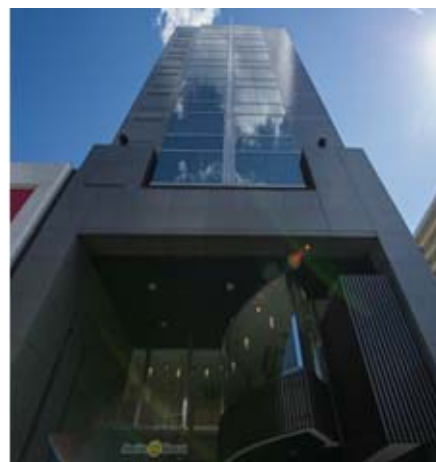
## D-2 Hotel Wing International Nagoya

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



## E-1 Smile Hotel Kyoto Shijo

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

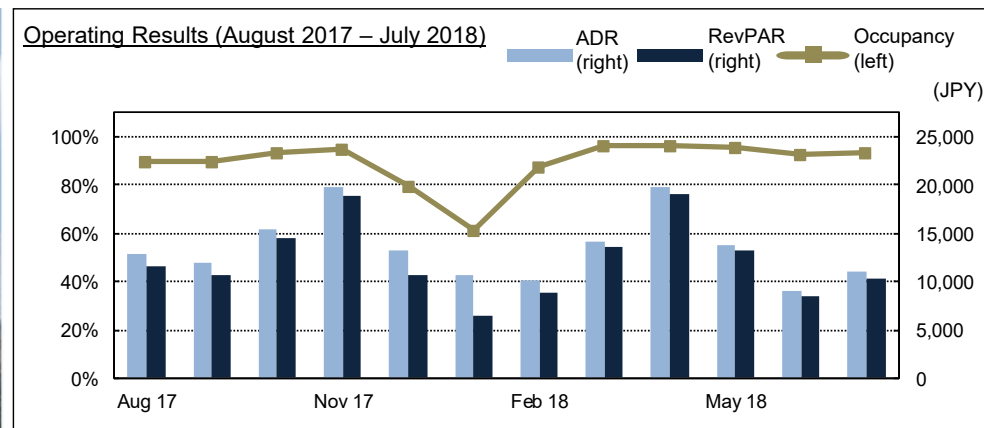




# Variable Rent Hotel Details

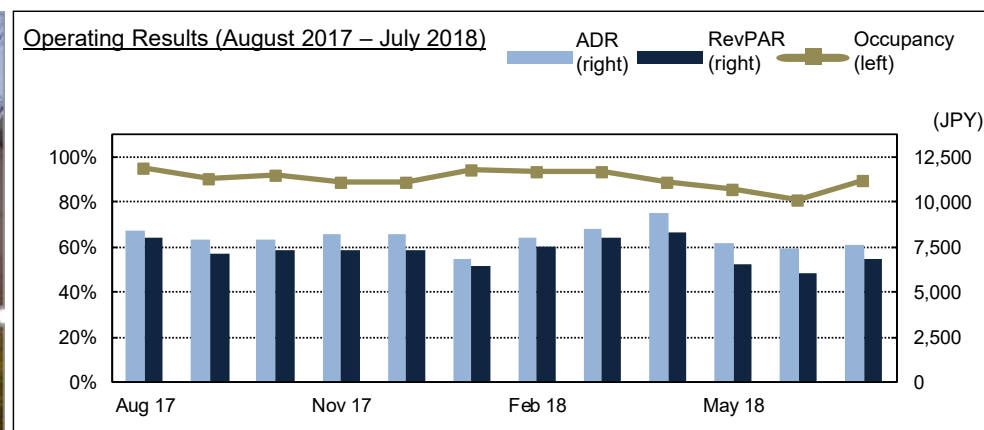
## E-2 Hotel Vista Premio Kyoto

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



## E-3 Chisun Inn Osaka Hommachi

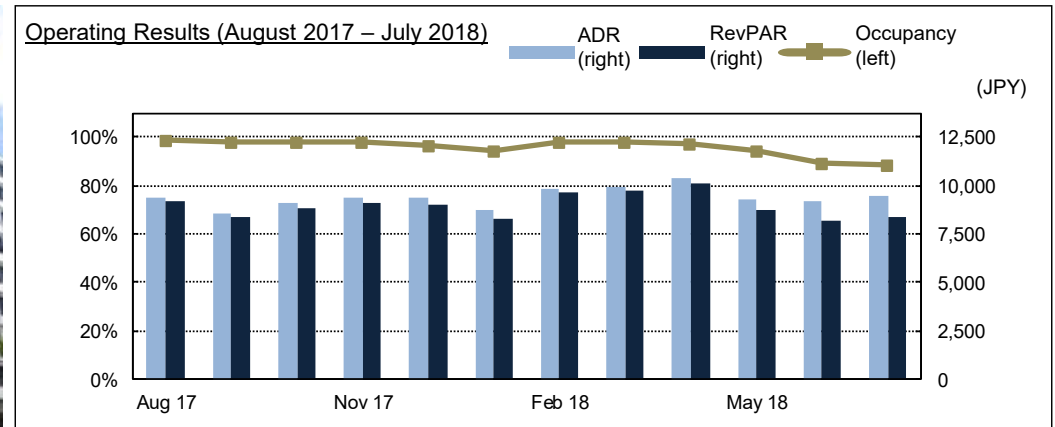
<b>Location</b>	Osaka
<b>Access</b>	5-minute walk from Sakaisuji-Hommachi Station on Osaka Municipal Subway Chuo Line
<b>Operator</b>	SHR Hotel Lease Co., Ltd.
<b>Guest Rooms</b>	130
<b>Acquisition Price</b>	JPY 1.63B



# Variable Rent Hotel Details

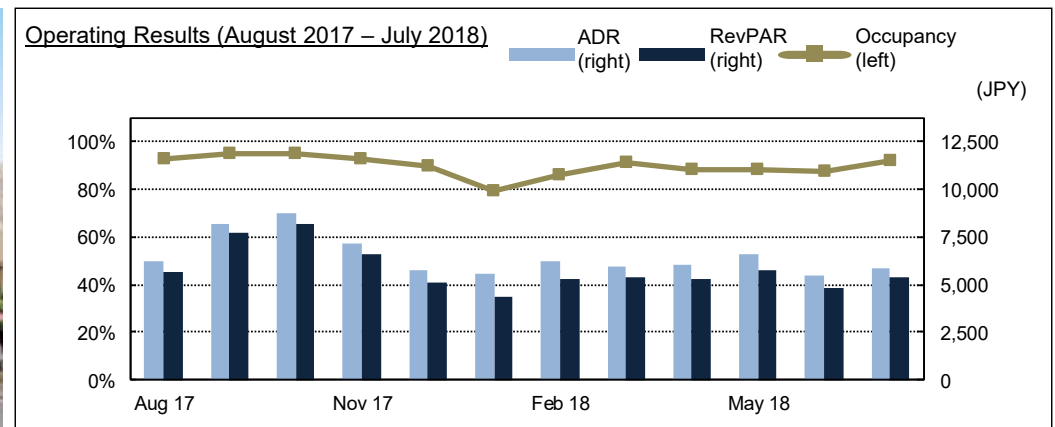
## E-5 Nest Hotel Osaka Shinsaibashi

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



## F-2 Nest Hotel Matsuyama

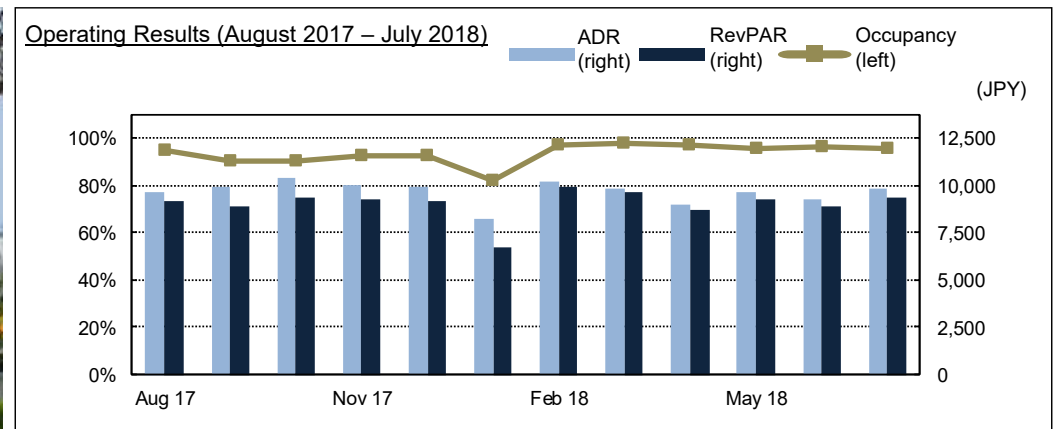
<b>Location</b>	Matsuyama, Ehime
<b>Access</b>	25-minute drive from Matsuyama Airport, 3-minute walk from Katsuyamacho Station on Iyo Railway Jonan Line
<b>Operator</b>	Nest Hotel Japan Corporation
<b>Guest Rooms</b>	190
<b>Acquisition Price</b>	JPY 1.61B



# Variable Rent Hotel Details

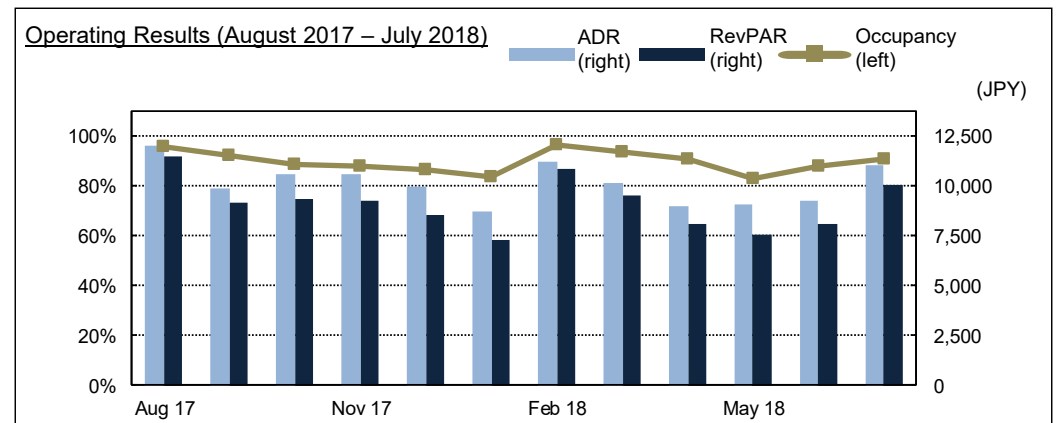
## G-1 Valie Hotel Tenjin

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



## G-2 Nest Hotel Naha

<b>Location</b>	Naha, Okinawa
<b>Access</b>	7-minute drive from Naha Airoirt, 5-minute walk from Asahibashi Station on Okinawa Urban Monorail
<b>Operator</b>	Nest Hotel Japan Corporation
<b>Guest Rooms</b>	198
<b>Acquisition Price</b>	JPY 3.75B



# Fixed Rent Hotel Details

## A-3 Comfort Hotel Kushiro

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



## B-1 Grandpark-Inn Yokohama

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



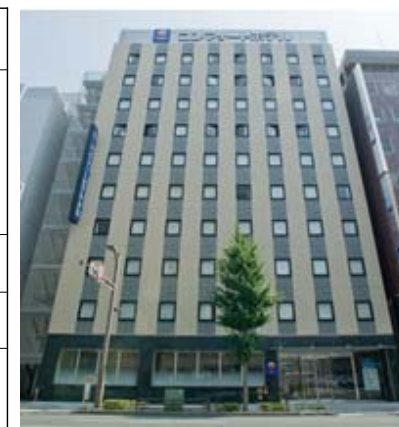
## C-3 Hotel Livemax Nihombashi-Hakozaki

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



## D-1 Comfort Hotel Hamamatsu

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



# Fixed Rent Hotel Details

## D-3 Comfort Hotel Central International Airport

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



## D-4 Comfort Hotel Suzuka

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



## E-4 Hotel Suave Kobe Asuta

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



## F-1 Comfort Hotel Okayama

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



# Fixed Rent Hotel Details

---

## F-3 Urbain Hiroshima Executive

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



# Appendix: Hotel Market Environment

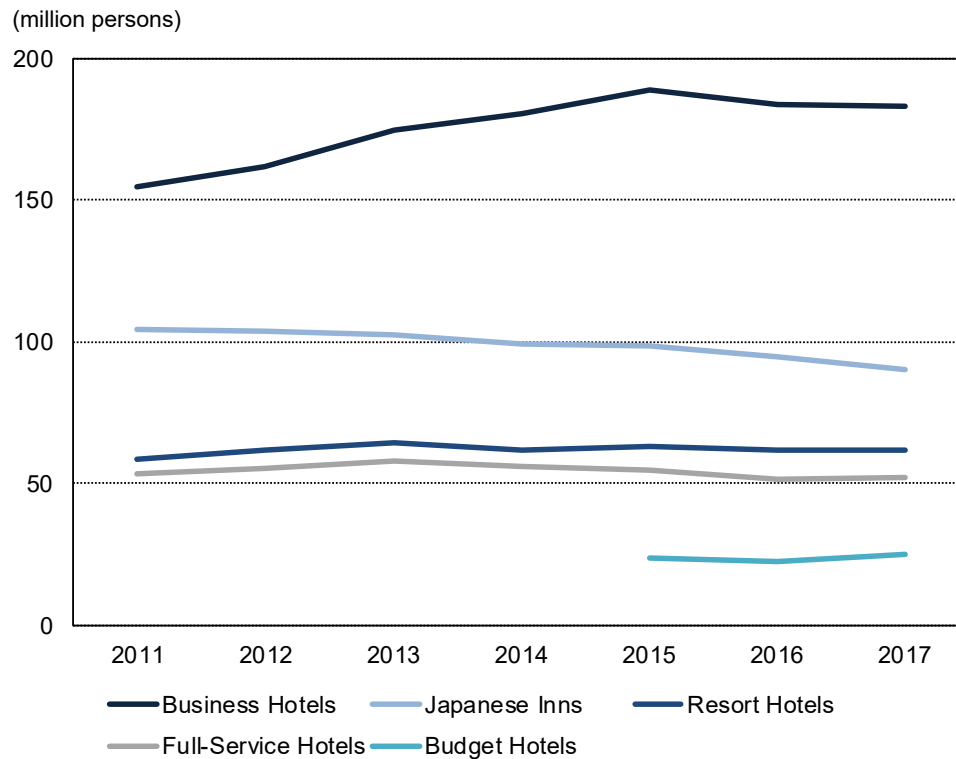
---

# Hotel Market Environment (1)

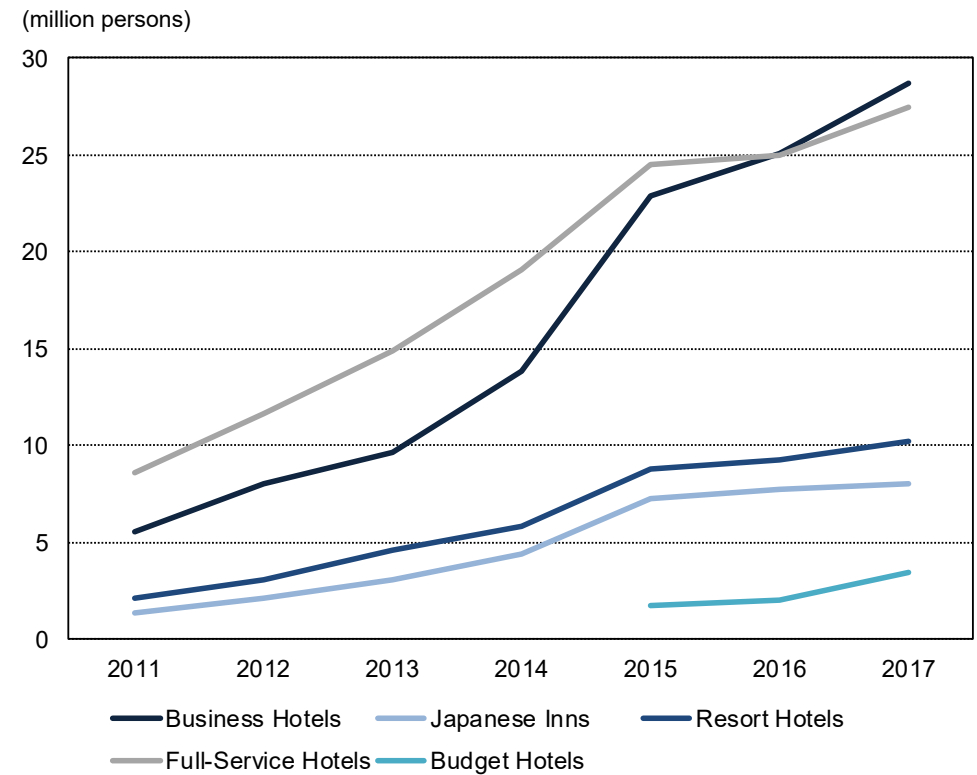
## Business hotel demand remains robust and growing

- Inbound business hotel guests: +420% (vs. 2011)
- Continued growth expected due to increasing domestic and inbound tourism; Government target of 40 million inbound tourists by 2020

No. of Guests by Hotel Type (Japanese Guests)



No. of Guests by Hotel Type (Inbound Guests)



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

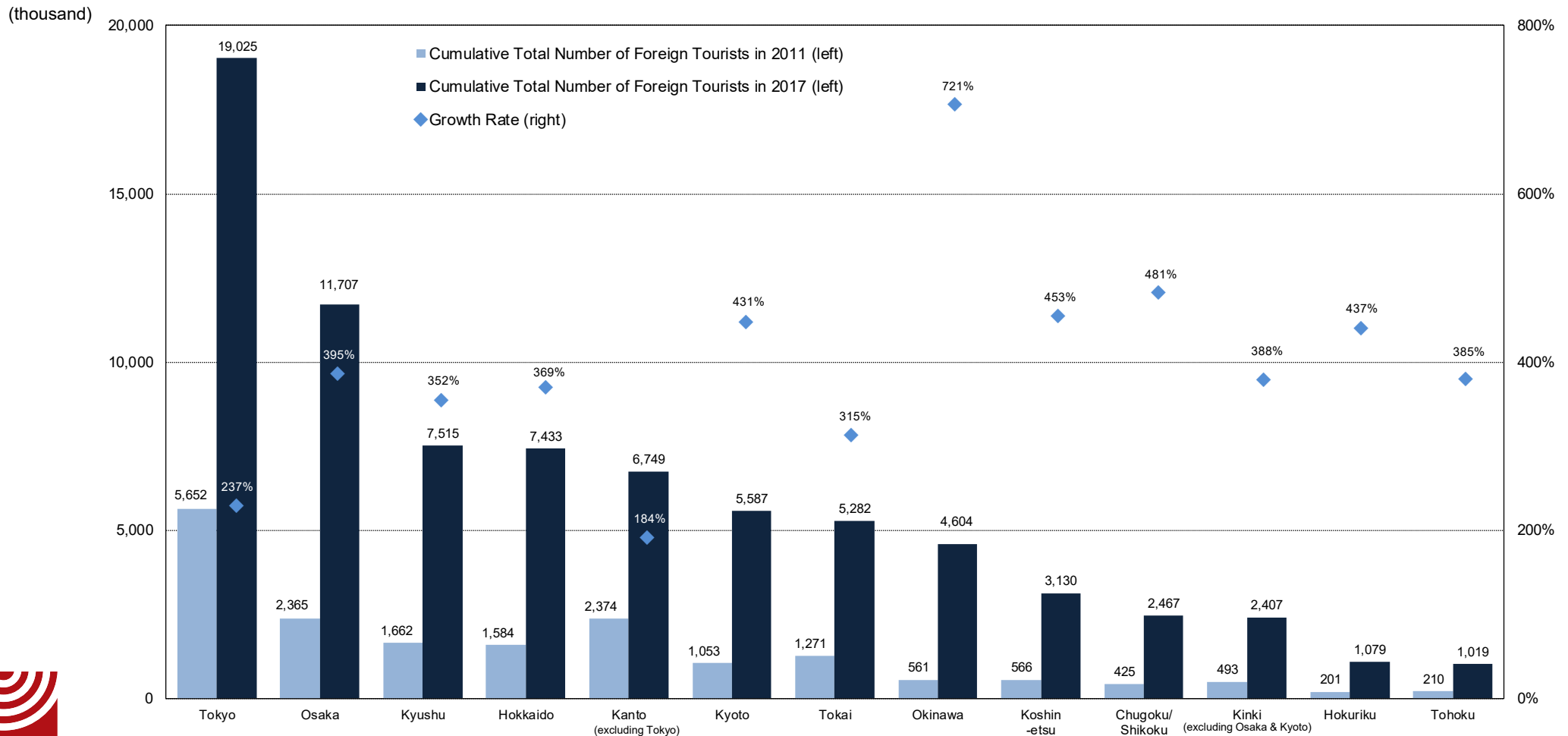


# Hotel Market Environment (2)

## Inbound Tourism Growth in Not Only Tokyo

- Cumulative total number of inbound hotel guests up in all regions since 2011
- Hotel guests in regional areas account for 41% of total inbound hotel guests in 2017

Inbound Hotel Guests by Regional Area (2011 vs. 2017)

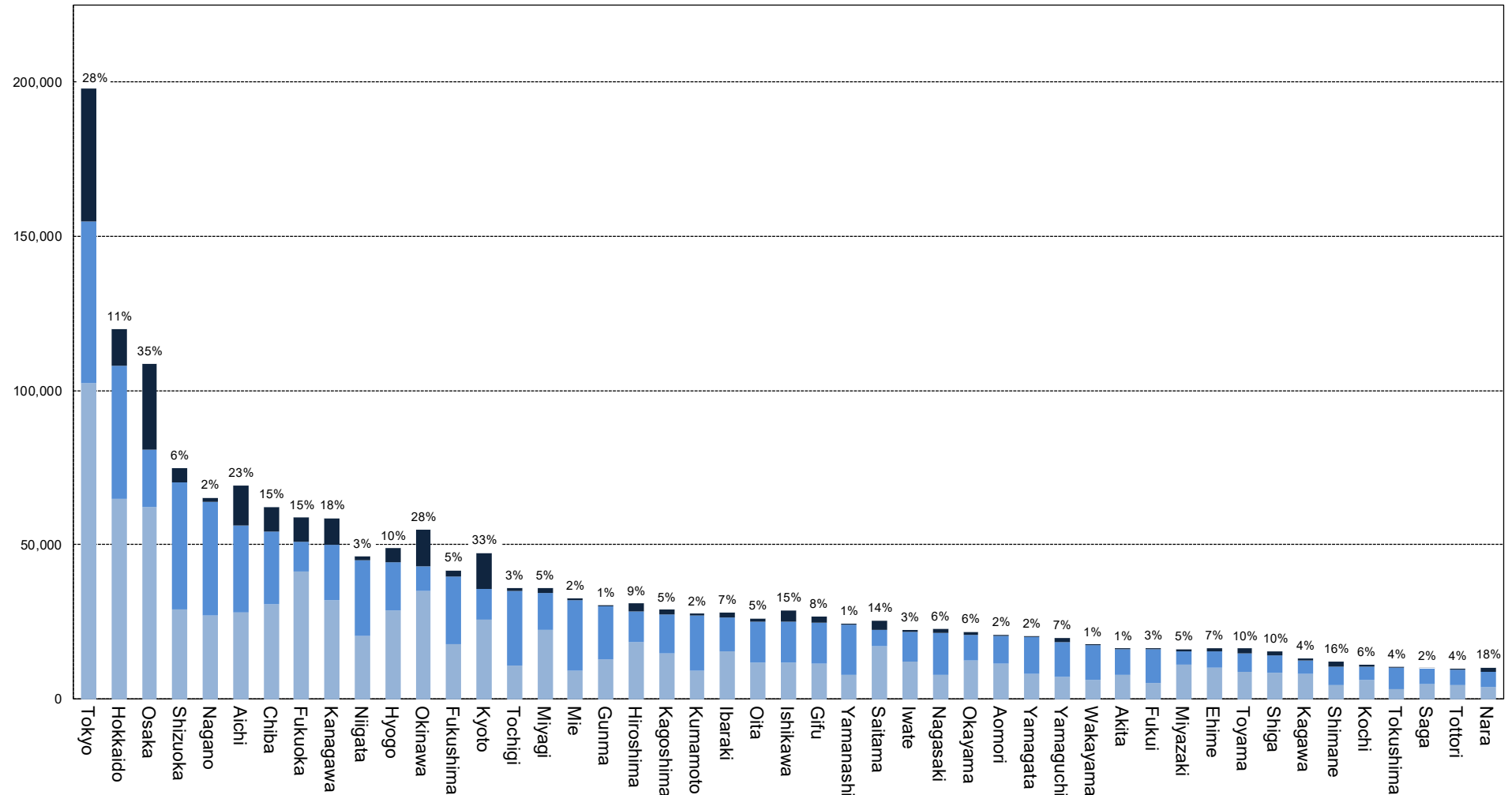


\* Calculated by Ichigo Investment Advisors based on Japan Tourism Agency (JTA) "Statistical Survey of Travelers"

# Hotel Market Environment (3)

## New Hotel Room Supply by Prefecture

- New Supply
- Japanese Inns
- Hotels



\* The percentage shows the 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 Restaurant Weekly (June 1, 2018 edition).

## Appendix: Loan Details & Shareholder Composition

---

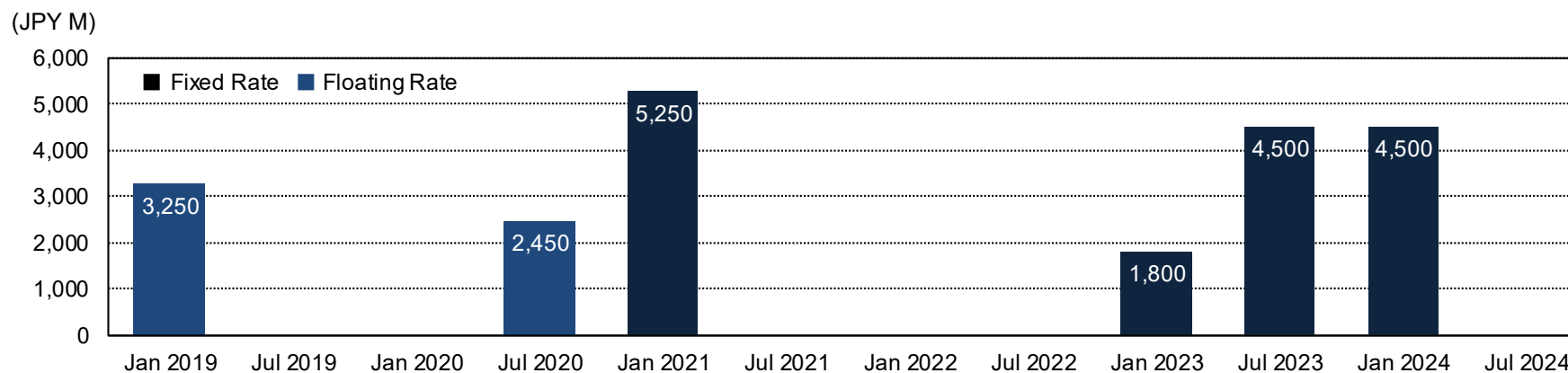
# Stable Financial Base

- Loans with shorter maturities are floating rate to take advantage of current low interest rates
- 74% of loans are fixed to hedge against a rise in interest rates

## Outstanding Loan Balance

	Jul 31, 2016	Jan 31, 2017	Jul 31, 2017	Jan 31, 2018	Jul 31, 2018
<b>Amount</b>	JPY 8.50B	JPY 19.50B	JPY 19.95B	JPY 21.75B	JPY 21.75B
<b>Long-Term Loan Ratio</b>	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Fixed Rate Ratio</b>	61.8%	73.1%	71.4%	73.8%	73.8%
<b>Average Interest Rate</b>	0.91%	0.89%	0.88%	0.88%	0.88%
<b>Average Remaining Maturity</b>	3.6 years	4.5 years	4.1 years	3.6 years	3.1 years
<b>LTV (Total Assets Basis)</b>	36.2%	36.6%	37.1%	39.2%	39.1%

## Distribution of Loan Maturities

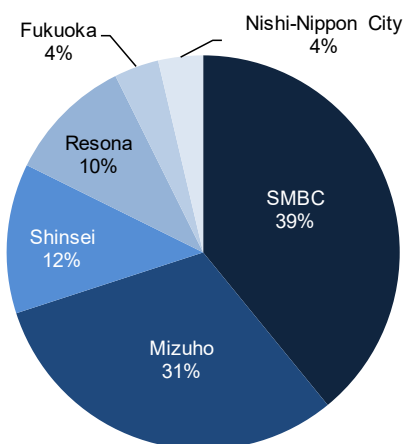


# Loan Details

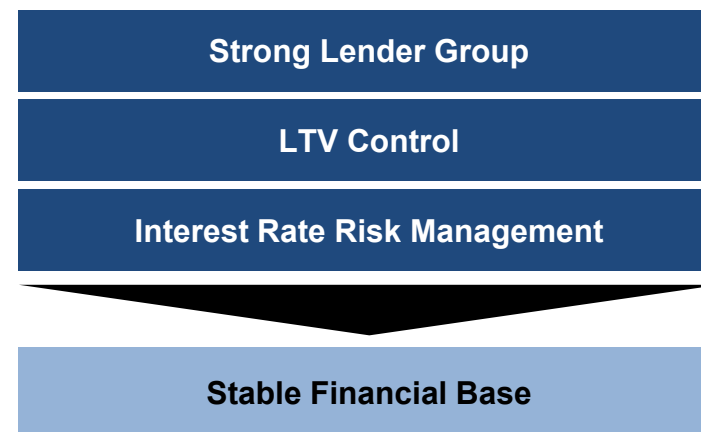
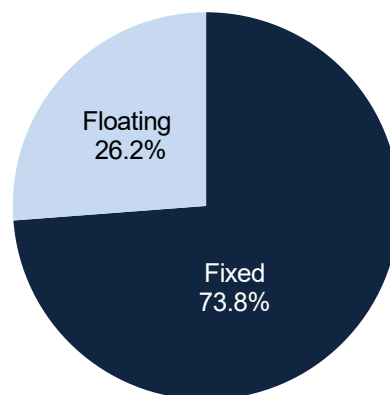
## Loan Balances

Loan	Lender	Amount (JPY million)	Floating/Fixed	Interest Rate (%)	Borrowing Date	Maturity
Term Loan I	SMBC, Mizuho, Shinsei, Resona	3,250	Floating	0.65364	November 30, 2015	November 30, 2018
Term Loan II	SMBC, Mizuho, Shinsei, Resona	5,250	Fixed	1.08000	November 30, 2015	November 30, 2020
Term Loan III	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	2,000	Floating	0.60364	August 17, 2016	February 28, 2020
Term Loan IV	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	4,500	Fixed	0.90750	August 17, 2016	February 28, 2023
Term Loan V	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	4,500	Fixed	0.98500	August 17, 2016	August 31, 2023
Term Loan VI	SMBC	450	Floating	0.55364	March 27, 2017	February 28, 2020
Term Loan VII	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	1,800	Fixed	0.78750	August 1, 2017	January 31, 2023
<b>Total</b>		<b>21,750</b>		<b>Average 0.88%</b>	<b>Average Remaining Loan Term</b>	<b>3.1 years</b>

## Lender Composition



## Fixed vs. Floating

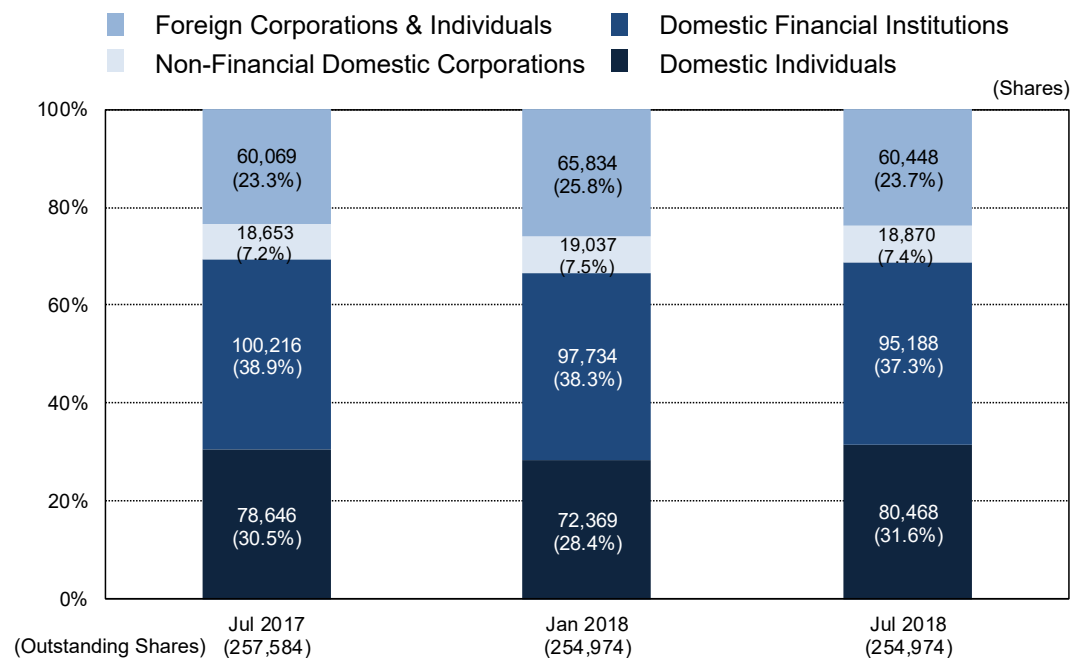


# Shareholder Composition

## Major Shareholders (as of July 31, 2018)

Name	No. of Shares	Share
1 The Master Trust Bank of Japan, Trust Account	26,220	10.3%
2 Japan Trustee Services Bank, Ltd., Trust Account	25,754	10.1%
3 Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	12,569	4.9%
4 SIX SIS LTD.	10,957	4.3%
5 GOLDMAN SACHS INTERNATIONAL	8,675	3.4%
6 The Nomura Trust and Banking Co., Ltd., Investment Trust Account	8,452	3.3%
7 Ichigo Inc. (Sponsor)	6,500	2.5%
8 Ichigo Trust Pte. Ltd.	6,424	2.5%
9 Morgan Stanley MUFG Securities	5,076	2.0%
10 CGML - LONDON EQUITY	4,465	1.8%
	<b>115,092</b>	<b>45.1%</b>

## Shareholdings by Shareholder Type



Note: 2,610 shares were cancelled on November 28, 2017.

## Shareholders by Shareholder Type

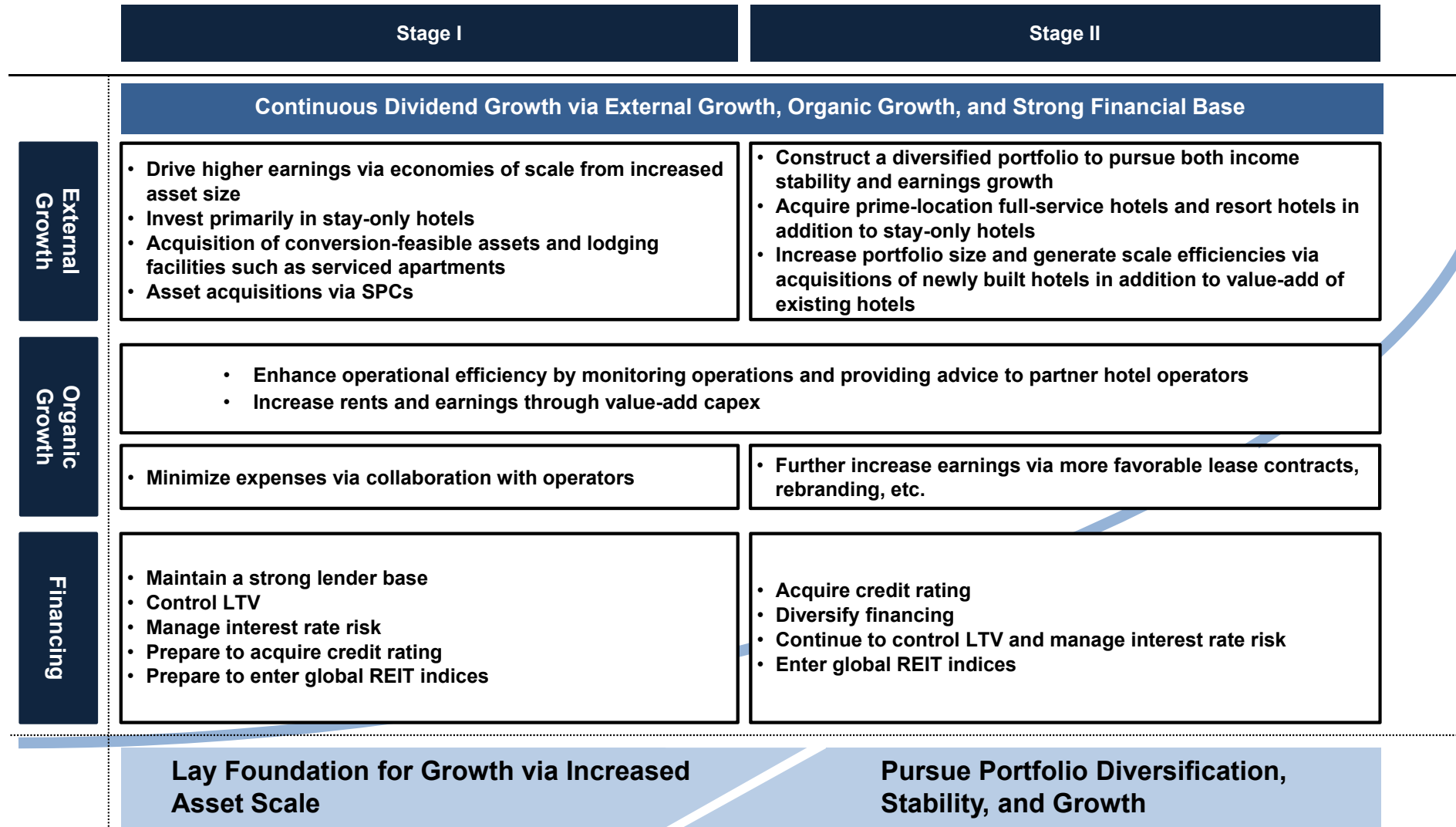
	Jul 31, 2017	Jan 31, 2018	Jul 31, 2018	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals	10,705	10,503	11,299	97.0%
Domestic Financial Institutions	51	53	54	0.5%
City banks, trust banks	8	8	7	0.1%
Regional banks	4	4	4	0.0%
Other (including securities companies)	39	41	43	0.4%
Non-Financial Domestic Corporations	178	179	183	1.6%
Foreign Corporations & Individuals	56	90	107	0.9%
<b>Total</b>	<b>10,990</b>	<b>10,825</b>	<b>11,643</b>	<b>100.0%</b>

## Appendix: Other

---

# Growth Strategy Roadmap

## Flexibly Responding to Market Environment





# Ichigo Hotel's Sponsor Ichigo (2337)

Core Businesses: Asset Management, Real Estate Value-Add, Clean Energy

- Manages Ichigo Hotel (3463), Ichigo Office (8975), 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

## Key Ichigo Subsidiaries

**Ichigo**  
(TSE First Section 2337)

**Ichigo Preserves and Improves Real Estate**



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.

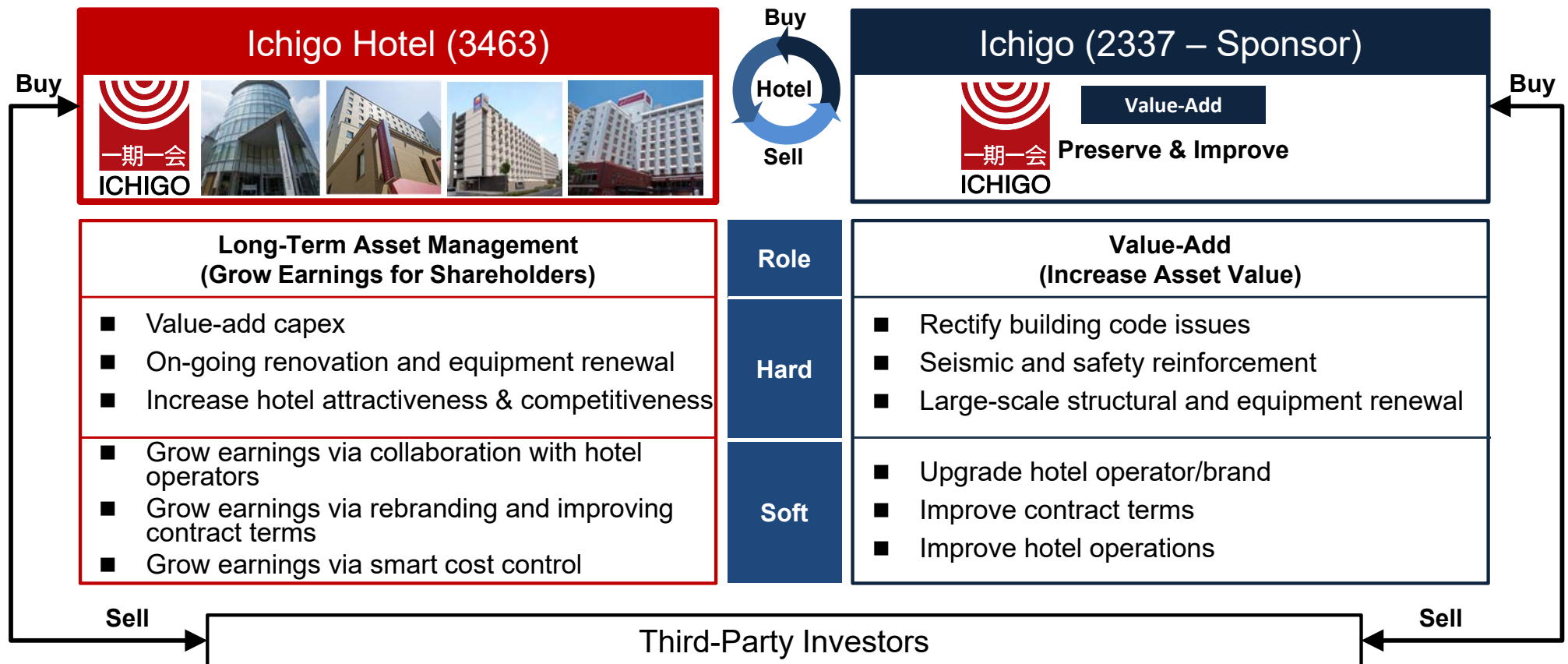


<b>Ichigo Investment Advisors</b>	Asset manager of Ichigo Hotel (3463), Ichigo Office (8975), and Ichigo Green (9282)
<b>Ichigo Estate</b>	Real estate value-add
<b>Ichigo ECO Energy</b>	Clean energy business focusing on utility-scale solar power production, making purposeful use of unused land nationwide
<b>Ichigo Owners</b>	Real estate owner services company
<b>Ichigo Land Shinchiku</b>	Real estate value-add
<b>Ichigo Real Estate Services Fukuoka</b>	Real estate business centered on Fukuoka in Kyushu region
<b>Ichigo Marché</b>	Operates Matsudo Nanbu wholesale market in Chiba Prefecture
<b>Miyako City</b>	Operates Miyako City shopping mall in Miyazaki Prefecture



# Ichigo Hotel (3463) and Ichigo Synergies

- 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



# Portfolio Growth Potential via Ichigo Sponsor Support

## 20 Hotels (JPY 47.8B) in Sponsor Pipeline as of July 31, 2018

- Locations: Major cities such as Tokyo, Yokohama, Osaka, Fukuoka, Kumamoto, and Okinawa
- New hotels also in-development

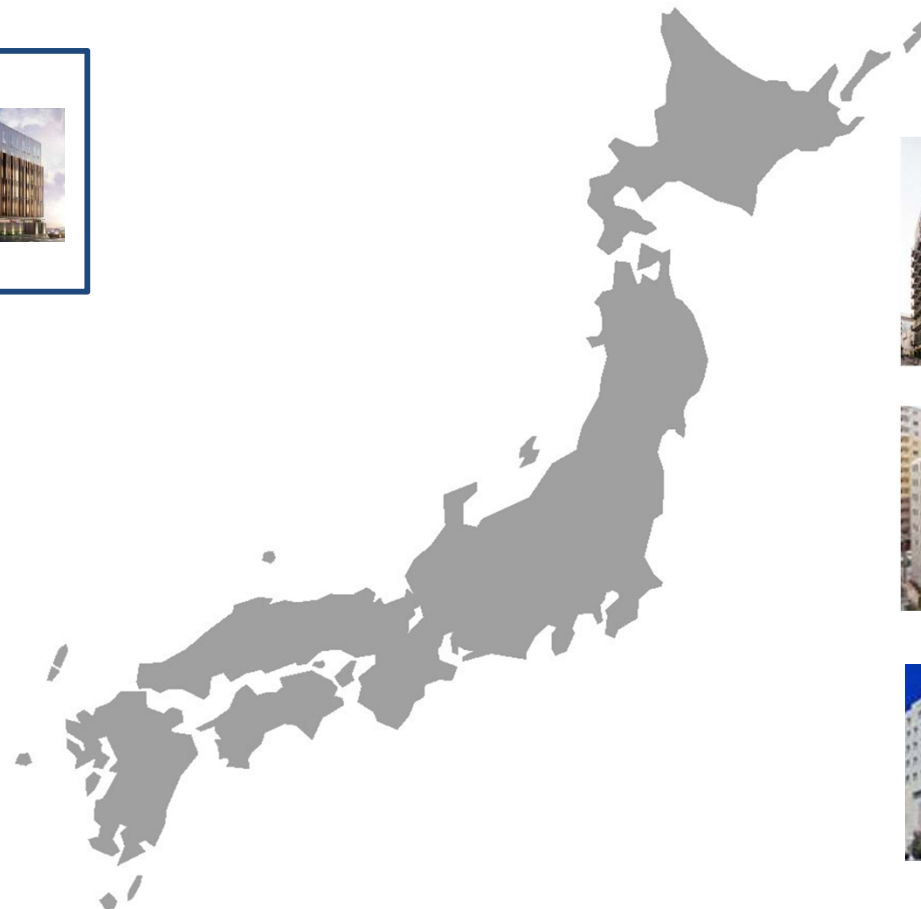
### Completed

**New Hotel**  
Kanazawa  
Opened: Dec 2017



### In-Development

**Hotel Development**  
Kyoto  
Expected Completion:  
Sep 2018



Yokohama



Shinjuku



Fukuoka



Kumamoto



Osaka



Osaka



Hokkaido



Fukuoka



Fukuoka

# Ichigo Sustainability Activities

## Ichigo Sustainability Policy

Ichigo believes that working on behalf of society and the environment is a fundamental social responsibility and will support the sustainable growth of Ichigo and Ichigo Office REIT. Ichigo has thus made sustainability a key priority, and has established the following Sustainability Policy to actively work to reduce Ichigo's environmental impact and support sustainable outcomes.

### **1. Harmony with the Environment**

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

### **2. Energy Conservation, CO2 Emissions Reduction, and Recycling**

Ichigo seeks to contribute to a low-carbon, low-waste society by lowering its energy consumption, extending the useful life of its assets, actively recycling and reducing waste and water consumption.

### **3. 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.

### **4. Training and Awareness**

Ichigo promotes understanding of its Sustainability Policy and works to increase sustainability awareness among all Ichigo employees. Ichigo will also promote sustainability in coordination with Ichigo stakeholders, seeking understanding and cooperation on sustainability from Ichigo partner companies and tenants.

### **5. Sustainability Performance Communication and Disclosure**

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

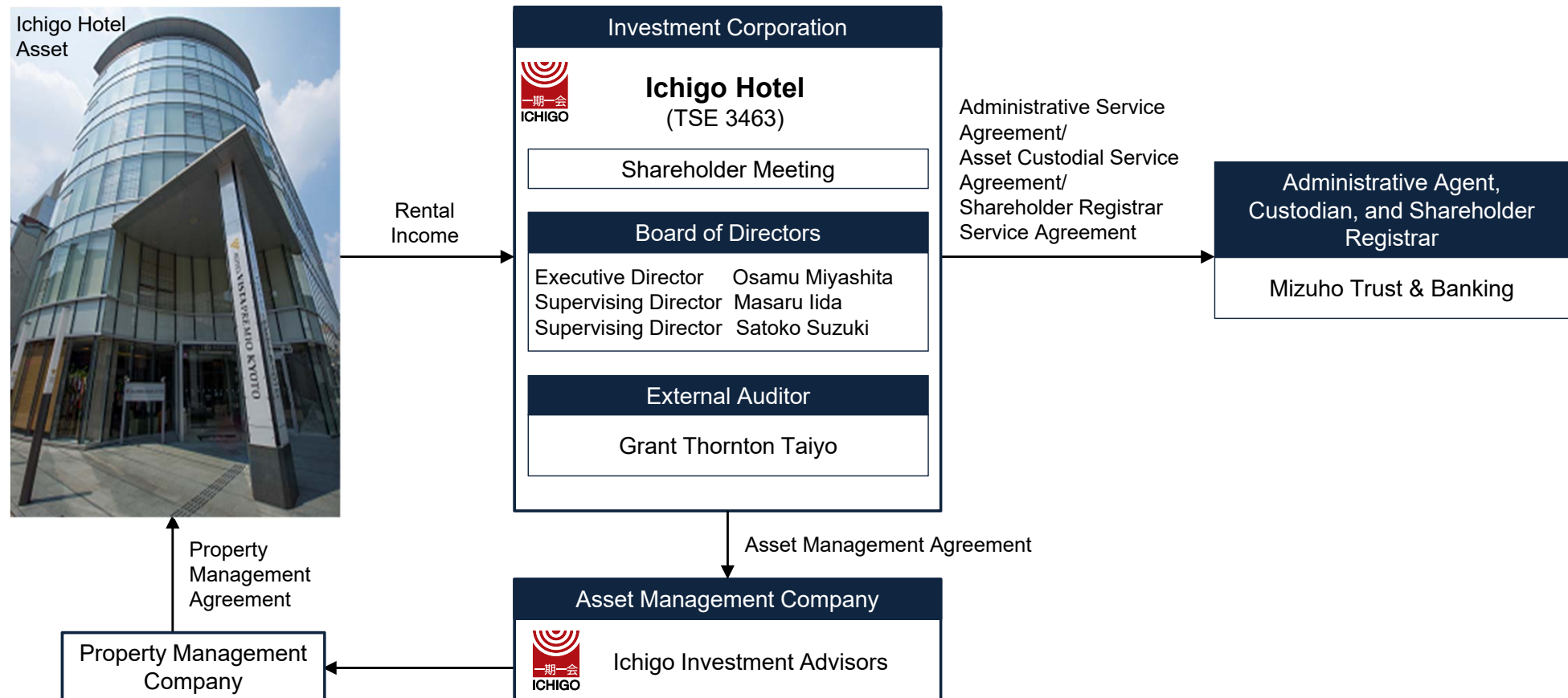
### **6. Green Procurement**

Ichigo will implement green procurement measures, such as environmentally-sensitive building materials and sustainable design, in Ichigo's building renovations, as well as selecting partner companies based on their environmental sustainability initiatives.

# Global Best-Practice Corporate Governance

Proactive in ESG investments and asset management to build an attractive long-term asset portfolio

- All Ichigo Hotel Directors are independent, third party, non-Ichigo employees
- External advisors participate in the asset management company's decision-making process
- Ongoing monitoring of conflicts of interests (Risk & Compliance Committee)



# Ichigo Hotel Overview

---

## Ichigo Hotel

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

## Asset Management Company

<b>Name</b>	Ichigo Investment Advisors Co., Ltd.
<b>President</b>	Wataru Orii
<b>Registration &amp; Membership</b>	Financial Instruments Dealer License (Investment Management Services, Investment Advisory & Agency Services, and Type II Financial Instruments Services) Minister of Finance, Kanto Financial Bureau #318

# 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.



Contact:

**Ichigo Hotel IR Desk (3463)**

TEL: +81-3-3502-4892

E-mail: [ir\\_ichigo-hotel@ichigo.gr.jp](mailto:ir_ichigo-hotel@ichigo.gr.jp)

[www.ichigo-hotel.co.jp/english](http://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.