



Ichigo Hotel July 2020 Fiscal Period Corporate Presentation

September 14, 2020

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



We would like to express our deepest condolences to all those across the world affected by the Covid-19 pandemic and to all those in Japan affected by Typhoon Haishen (aka Typhoon No. 10), and our wishes for the earliest possible recovery.



**Make The World
More Sustainable**



World-Class Excellence

Ichigo's
Hiromi Miyake



Ichigo



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ICHIGO
TOP PARTNER

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**Ichigo is a
J.League Top Partner**

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July 2020 Results

July 2020 Highlights

	Results	Details
Net Income	JPY 170M -JPY 633M (-78.8%) YOY	<ul style="list-style-type: none"> No variable rent from March to July Reached agreement with one operator to reduce its current rent & adjust upward its forward variable rent
RevPAR	JPY 2,556 (11 variable rent hotels) -JPY 5,024 (-66.3%) YOY	<ul style="list-style-type: none"> Occupancy: 49.0% (vs. 90.5% in previous period) ADR: JPY 5,220 (vs. JPY 8,375 in previous period)
NOI	JPY 787M -JPY 825M (-51.2%) YOY	<ul style="list-style-type: none"> NOI down on no asset sales and lower variable rents
FFO	JPY 2,009 -JPY 2,487 (-55.3%) YOY	<ul style="list-style-type: none"> FFO down on lower NOI
Dividend	JPY 670 -JPY 2,484 (-78.8%) YOY	<ul style="list-style-type: none"> -JPY 203 (-23.3%) vs. revised forecast announced on April 27
NAV	JPY 132,668 -JPY 8,171 (-5.8% vs. previous period)	<ul style="list-style-type: none"> Total unrealized gains: +JPY 2.2B

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

July 2020 Earnings Breakdown

(JPY million)

	July 2019 Actual	Jul 2020 Actual (A)	Forecast (B) (Announced Apr 2020)	vs. Forecast (A) - (B)	Major Variation Factors (vs. Forecast)
Operating Revenue	1,789	953	1,038	-85	
Variable Rent	735	-25	41	-66	Variable rent adjustment: -66
Fixed Rent	984	935	953	-18	Decrease in fixed rent: -18
Other (Gains on Sales, etc.)	70	42	43	-	
Operating Expenses	797	581	607	-25	
Repair & Maintenance	18	21	31	-10	Effective cost controls
Depreciation	328	336	338	-2	
Operating Profit	992	371	431	-60	
Recurring Profit	805	171	223	-51	
Net Income	804	170	222	-51	
Dividend	JPY 3,154	JPY 670	JPY 873	-JPY 203	-23.3% vs. forecast -78.8% (-JPY 2,484) YOY
FFO	JPY 4,496	JPY 2,009	-	-	
NOI	1,611	787	863	-76	
Post-Depreciation NOI	1,283	450	525	-74	
Capex	256	128	356	-228	Effective cost controls
Book Value	54,984	52,294	-	-	

Operating Results Down YOY due to Covid-19 Impact

Variable Rent Hotels (11 Hotels)

	Feb 1, 2019 - Jul 31, 2019	Feb 1, 2020 - Jul 31, 2020	Change	YOY
Room Revenue (JPY M)	2,424	610	-1,814	-74.8%
Total Revenue (JPY M)	2,742	707	-2,034	-74.2%
RevPAR (JPY)	7,581	2,556	-5,024	-66.3%
Occupancy	90.5%	49.0%	-41.5%	-45.9%
ADR (JPY)	8,375	5,220	-3,154	-37.7%

Total Portfolio (18 Hotels)

	Feb 1, 2019 - Jul 31, 2019	Feb 1, 2020 - Jul 31, 2020	Change	YOY
Room Revenue (JPY M)	3,764	1,059	-2,705	-71.9%
Total Revenue (JPY M)	4,120	1,172	-2,947	-71.5%
RevPAR (JPY)	7,010	2,335	-4,675	-66.7%
Occupancy	88.8%	44.3%	-44.5%	-50.1%
ADR (JPY)	7,895	5,267	-2,628	-33.3%

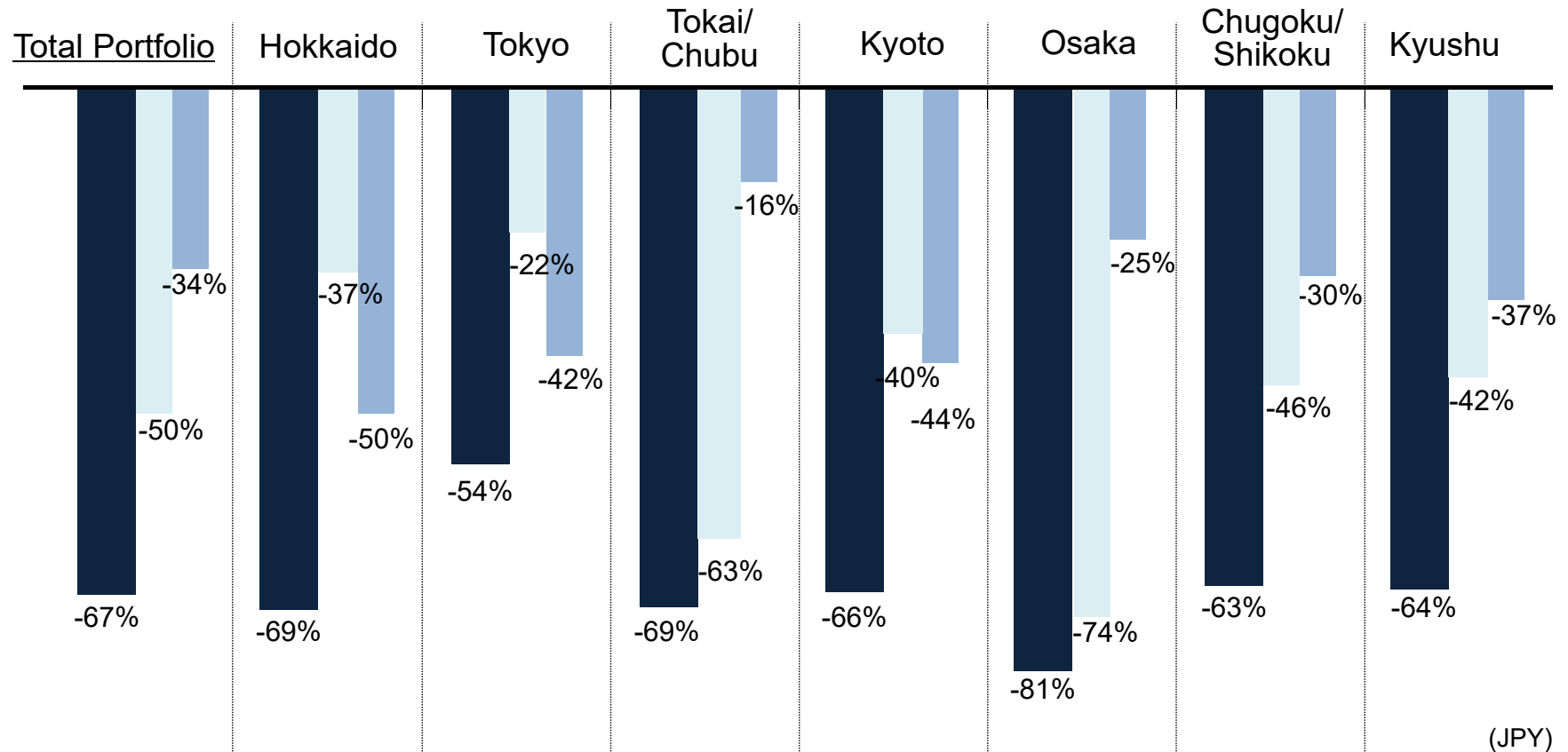
* Excludes Hotel Wing International Kobe Shin Nagata Ekimae, Valie Hotel Hiroshima, HOTEL EMIT SHIBUYA, Grandpark-Inn Yokohama, and Washington Hotel Plaza Shimonoseki Eki Nishi. Operating results before acquisition are based on data provided by previous owner.

RevPAR Down by Over 50% in All Areas

YOY by Region (Feb 2020 – Jul 2020)

■ RevPAR ■ Occupancy ■ ADR

18 Hotels (excludes Grandpark-Inn Yokohama, Hotel Wing International Kobe Shin Nagata Ekimae, Valie Hotel Hiroshima, HOTEL EMIT SHIBUYA, and Washington Hotel Plaza Shimonoseki Eki Nishi)



	(JPY)						
RevPAR	2,940	3,740	1,967	2,629	1,326	2,344	2,258
No. Hotels	3	2	4	1	2	4	2
% of Total Portfolio Rental Income	7%	8%	30%	3%	11%	19%	5%



Covid-19 Response

Safety Measures and Services for Guests

- Hand sanitizers, periodic disinfections, and mandatory mask-wearing for employees
- Confirming guest and staff health
- Offering remote work options

Temporarily Closed 9 Hotels during Nationwide State of Emergency

Hotel	Date Closed	Status
Smile Hotel Kyoto Shijo	April 13, 2020	Reopened on July 1, 2020
Chisun Inn Osaka Hommachi	April 17, 2020	Scheduled to reopen on October 1, 2020
Nest Hotel Osaka Shinsaibashi	April 17, 2020	TBD
Hotel Wing International Nagoya	April 18, 2020	Reopened on June 1, 2020
Grandpark-Inn Yokohama	April 19, 2020	Reopened on June 1, 2020
Valie Hotel Tenjin	May 1, 2020	Reopened on August 1, 2020
Court Hotel Kurashiki	May 1, 2020	Reopened on September 1, 2020
Urbain Hiroshima Executive	May 7, 2020	Reopened on May 28, 2020
	August 17, 2020	TBD
Valie Hotel Hiroshima	May 10, 2020	Scheduled to reopen on September 15, 2020

Asset Management Company Safety Measures

- Remote work from March 2020
- Social distancing at office via flextime and limiting office utilization to 30-40%

Ichigo J.League Shareholder Program

Represents Two Firsts for a Shareholder Program in Japan

- 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 (55,000 shareholders total)
- 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 development.



FY20/2 Shareholder Program

- Free tickets for 85 games
 - c. 400 tickets
- (Program started mid-season)

Ichigo Kids J.League Events

- c. 350 participants
- ✓ Escort players onto field
- ✓ Join pre-match warm-ups
- ✓ High-fives with players
- ✓ Carry club flags
- ✓ Unfurl center-circle flags

Actions to Drive Earnings Growth

Achieving Organic Rent 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
	Jun 2020	Smile Hotel Tokyo Asagaya	Variable+Fixed Rent	Lease Expiry	<ul style="list-style-type: none"> Increased fixed rent Increased variable rent
	Oct 2020	Comfort Hotel Okayama	Fixed Rent	Rebranding	<ul style="list-style-type: none"> Operator change to Hakata Hotels Increased fixed rent & added variable rent
	Oct 2020	Valie Hotel Tenjin	Variable+Fixed Rent	Rebranding	<ul style="list-style-type: none"> Operator change to Hakata Hotels Revised variable rent clause
	Feb 2021	Grandpark-Inn Yokohama	Fixed Rent	Rebranding	<ul style="list-style-type: none"> Added GOP-linked variable rent
Plan	2020~2021	3 Hotels	Variable+Fixed Rent	Lease Expiry	<ul style="list-style-type: none"> Operator to be selected from among multiple candidates, including the current operator

Previous: Increased revenue by revising leases upon renewal to current market rents

Current: Early lease terminations by operators and rent reduction & variable-rent only contract requests upon lease renewal are increasing

Operator Change to Generate Higher Earnings (1)

Valie Hotel Tenjin

- Hotel operator change from third-party operator to Ichigo-owned Hakata Hotels
- Scheduled to rebrand and reopen as The OneFive Fukuoka Tenjin
- Revising variable rent component of lease to increase earnings upside on top of fixed rent
- Deploying Ichigo's PROPERA AI-based hotel revenue management system (operating track record: Earnings +10-40%) to drive higher earnings & customer satisfaction



Scheduled to rebrand and reopen as The OneFive Fukuoka Tenjin on October 10, 2020. Minimum guaranteed rent will temporarily be zero between October 1, 2020 to January 31, 2021.

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)

Operator Change to Generate Higher Earnings (2)

Grandpark-Inn Yokohama

- Hotel operator change to nine hours Inc. (currently operates 16 capsule hotels and 6 standard hotels)
- Will be rebranded (New hotel name to be determined)
- New lease adds GOP-linked variable rent to current fixed rent-only lease (GOP = Gross Operating Profit)



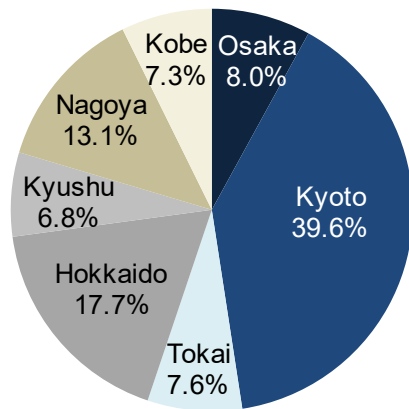
nine hours	
Name	nine hours Inc.
Address	3-19-1 Kanda Nishikicho, Chiyoda-ku, Tokyo
Representative	Keisuke Yui, Representative Director & Founder Takahiro Matsui, Representative Director & CEO
Establishment Date	August 2013
Paid-In Capital	JPY 45 million
Principal Business	Planning, development, operations of capsule hotels and related consulting services
Relationship to Ichigo Hotel/IIA	None

* Scheduled to rebrand and reopen on February 1, 2021

Highly-Stable, Diversified Hotel Portfolio

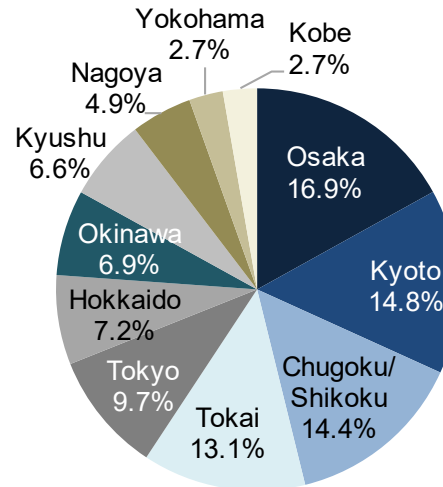
Geographic Diversification

November 30, 2015 (IPO)

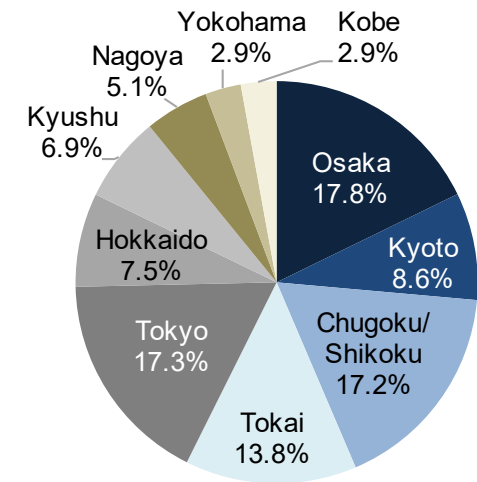


Acquisition-price basis

July 31, 2019



July 31, 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

Portfolio Lease Details

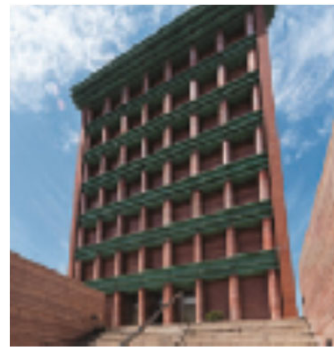


Lease Term	Fixed Rent	Fixed + Variable Rent		Total
Contract	Lease	Lease	Lease	–
Fixed Rent	Yes	Yes	Yes	–
Variable Rent	–	Fixed Portion of Revenue Upside	Fixed Portion of Hotel GOP	–
Rental Income (Jan 2020 Actual)	JPY 462M (50.8%)	JPY 129M (14.2%)	JPY 318M (34.9%)	JPY 910M (100%)
Number of Hotels	9 Hotels	3 Hotels	11 Hotels	23 Hotels
Total Acquisition Price	JPY 14.39B (27.7%)	JPY 5.79B (11.2%)	JPY 31.74B (61.1%)	JPY 51.91B (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 EMIT SHIBUYA	–

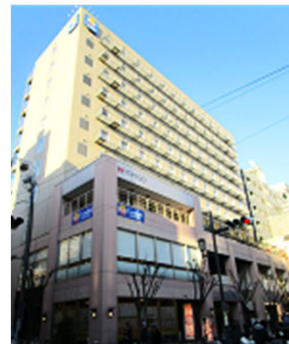
Portfolio Growth Opportunity via Ichigo Sponsor Support

19 Hotels (JPY 60.7B) in Ichigo Sponsor Pipeline as of May 31, 2020

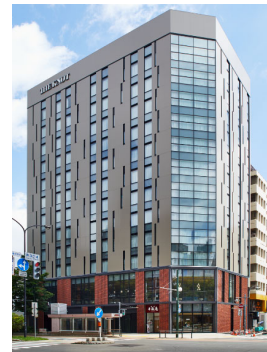
- Lodging-focused hotels across Japan
- Locations: Major cities such as Hokkaido, Tokyo, Yokohama, Osaka, and Fukuoka



Fukuoka



Osaka



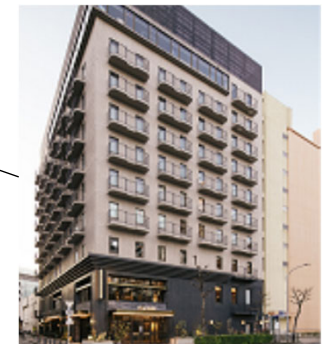
Hokkaido



Tokyo



Fukuoka



Yokohama



No Fixed Fee, Performance Fee-Only Structure Directly Linked to Shareholder Value Creation

Upon AGM Approval, Gains on Merger Performance Fee and Gains on REIT TOB Sale Performance Fee to be Introduced

- Gains on Merger Performance Fee: Directly linked to shareholder value creation, paid when Ichigo Hotel merges with another investment corporation
- Gains on REIT TOB Sale Performance Fee: Directly linked to shareholder value creation, paid when Ichigo Hotel is acquired by a third party via a TOB

Asset Management Fee Structure			Before (until Jan 31, 2021)	After (from Feb 1, 2021)		
Earnings-Based	NOI & Dividend Performance Fee	DPS * NOI	X	0.0036%	0.0036%	Unchanged
	Gains on Sale Performance Fee	Gains on Sale	X	15%	15%	Unchanged
	Gains on Merger Performance Fee	Gains per Share * No. of Shares Outstanding	X	–	15%	New
	Gains on REIT TOB Sale Performance Fee	Gains per Share * No. of TOB Shares	X	–	15%	New

Notes:

Assumes amendments to the Articles of Incorporation are approved at the October 24, 2020 AGM. Fee amendments are effective February 1, 2021.

Gains on Sale Performance Fee has a high-water mark, such that it will only be paid if the cumulative sum of all of Ichigo Hotel's Gains/Losses on Sales to-date are positive.

Gains on Merger Performance Fee will only be paid if the merger share price is higher than net assets per share.

Gains on REIT TOB Sale Performance Fee will only be paid if the TOB share price is higher than net assets per share.

January 2021 and July 2021 Forecasts

Market Environment & Forecast Assumptions

Hotel Market Remains Uncertain

- Hotel demand is recovering in certain areas, but not enough to significantly drive ADR
- Assuming variable rents will recover from the July 2021 fiscal period

Occupancy and ADR Forecasts for 15 Variable Hotels

- Forecasting Occupancy at 60-70% & ADR at 50-60% of 2019 levels

	January 2021	July 2021
Occupancy	55.8%	63.6%
ADR	JPY 4,609	JPY 4,954
(Reference)	January 2019 Actual*	July 2019 Actual*
Occupancy	91.2%	89.7%
ADR	JPY 8,919	JPY 8,668

* Actual data of 12 hotels for January 2019 fiscal period and 13 hotels for July 2019 fiscal period

Increasing Importance of Monitoring Operators' Ability to Pay Rent

- Government assistance and bank loans available during state of emergency
- Increasing possibility of rent deferrals & early lease rent terminations

January 2021 Forecast

Dividend -90.5% YOY

(JPY million)

	Jan 2020 Actual (A)	Jan 2021 Previous Forecast (July 2020)	Jan 2021 Revised Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	3,561	1,107	1,037	-2,523	
Variable Rent	564	38	18	-545	Forecast RevPAR at 15 variable rent hotels: JPY 2,571 (-59.5% YOY)
Fixed Rent	993	1,026	975	-18	Increase due to acquisitions & sales: +2 Increase due to revised lease contract (Asagaya): +30 Decrease due to revised lease contracts (Okayama, Tenjin): -25
Other	2,003	43	43	-1,959	Decrease due to sales: -1,945 Decrease in rent due to sales: -15
Operating Expenses	1,226	635	618	-607	Decrease in asset-related expenses due to acquisitions & sales: -10 Decrease in exemption of consumption tax: -77 Decrease in AM fee: -535
Repair & Maintenance	26	35	30	+3	
Depreciation	352	337	342	-9	
Operating Profit	2,334	472	418	-1,915	
Recurring Profit	2,132	259	203	-1,928	Increase in borrowing-related expenses on acquisitions: +18 Decrease due to amortization of new share issuance expenses: -5
Net Income	2,130	259	202	-1,927	
Dividend	JPY 8,356	JPY 1,015	JPY 795	-JPY 7,561	-21.7% (-JPY 220) vs. previous forecast -90.5% YOY
FFO	JPY 2,129	JPY 2,359	JPY 2,138	+JPY 9	
NOI	1,438	914	855	-583	
Post-Depreciation NOI	1,086	576	512	-573	
Capex	257	310	449	+192	

July 2021 Forecast

Dividend +31.5% YOY

(JPY million)

	Jul 2020 Actual (A)	Jul 2021 Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	953	1,041	+88	
Variable Rent	-25	53	+79	Forecast RevPAR at Variable Rent Hotels: JPY 3,152 (+24.2% YOY) Increase due to new lease contracts (Tenjin, Yokohama): +20 Decrease due to sale (Naha): -7
Fixed Rent	935	944	+8	Increase due to acquisitions & sales: +35 Decrease due to revised lease contracts (Tenjin, Asagaya, Okayama, Yokohama): -27
Other	42	43	-	
Operating Expenses	581	618	+36	Increase in property tax due to acquisitions & sales: +10 Increase in AM fee: +9
Repair & Maintenance	21	26	+4	
Depreciation	336	343	+7	Increase due to acquisitions & sales: +7
Operating Profit	371	423	+52	
Recurring Profit	171	225	+54	
Net Income	170	224	+53	
Dividend	JPY 670	JPY 881	+JPY 211	+31.5% YOY
FFO	JPY 2,009	JPY 2,229	+JPY 220	
NOI	787	859	+72	
Post-Depreciation NOI	450	516	+65	
Capex	128	707	+578	Rebranding and renewal capex (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 existing real estate
- Shrink footprint by reducing demolition waste and use of raw materials, energy, and human effort for construction



Demolish

Lowest Impact

Highest Efficiency

Solar and Wind Energy: Safe and Clean

Annual Power Generation

158,586,005 kWh



Equivalent to annual energy consumption of 52,862 households

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

Annual CO2 Reduction

104,666,758 kg



Equivalent to annual CO2 emission of 45,507 cars

Ministry of Environment
Annual CO2 emission per car c. 2,300kg
(July 2019 to June 2020 – 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)

S rank



Ichigo Takamatsu Building



Ichigo Marunouchi Building

A rank

- Ebisu Green Glass
- Ichigo Sakaisuji Honmachi Building
- Ichigo Sendai East Building
- Ichigo Kanda Nishikicho Building
- Ichigo Ikenohata Building






G R E E N
★ ★ ★ ★ ★ 2019

Green Star
(Highest Ranking)
3 years in a row

Other Certifications

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

Ichigo ESG – Social

Sports	Arts	Children's Cancer Treatment
<p>Support National & World-Class Athletes</p> <ul style="list-style-type: none"> – Weightlifting – Riflery – Track & Field  <p>Weightlifter Hiromi Miyake</p>	<p>Paralymp Art Sponsor - Support artists with disabilities</p>  <p>“Hiromi Miyake” by Kenji Ino</p>  <p>“Re Born: Cheers to Value-Add” by Sakura</p>	<p>Support University of Miyazaki Faculty of Medicine's Program for Children</p> <ul style="list-style-type: none"> – Ichigo subsidiary Miyako City issued CSR bond & donated a portion of underwriter commission to the Cancer Program – Providing ongoing sponsorship of volunteer activities in support of children with cancer



Local Communities

<p>Promote Community Development via Sponsorship of J.League (Only Top Partner with Real Estate Expertise)</p> <ul style="list-style-type: none"> – 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  <p>©J.LEAGUE</p>	<p>Strengthen Local Communities, Create Jobs, and Boost Rural Economies via Smart Agriculture</p> <ul style="list-style-type: none"> – Collaborate with local farmers to increase agricultural output, improve quality, and raise rural incomes – Increase Japan's food self-sufficiency 
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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

- ➔ 30 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: Portfolio Details

Hotel Map

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

Kinki (Kyoto/Osaka/Kobe)

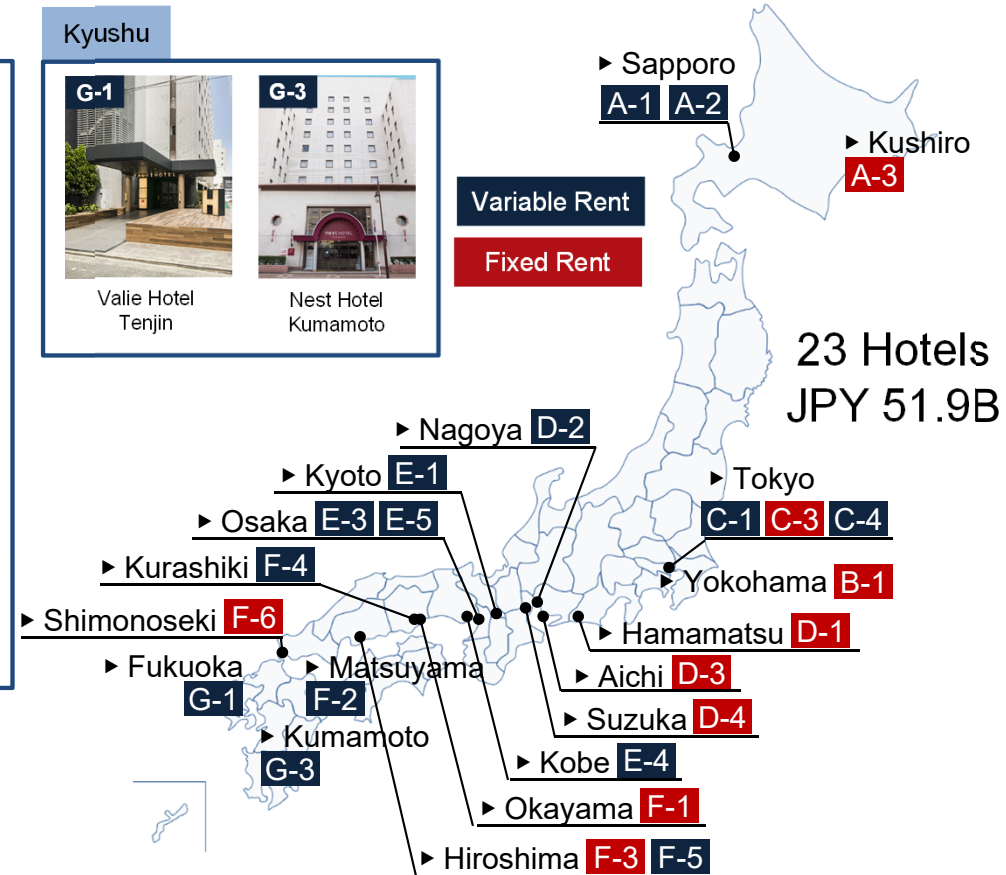
Smile Hotel Kyoto Shijo	Chisun Inn Osaka Hommachi
Hotel Wing International Kobe Shin Nagata Ekimae	Nest Hotel Osaka Shinsaibashi

Chugoku/Shikoku

Comfort Hotel Okayama	Nest Hotel Matsuyama	Urbain Hiroshima Executive
Court Hotel Kurashiki	Valie Hotel Hiroshima	Washington Hotel Plaza Shimonoseki Eki Nishi

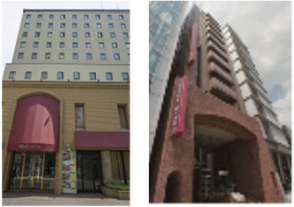


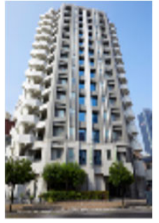



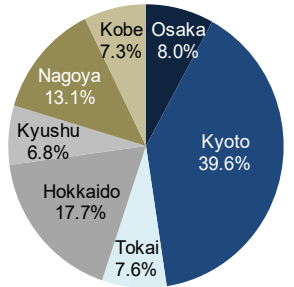
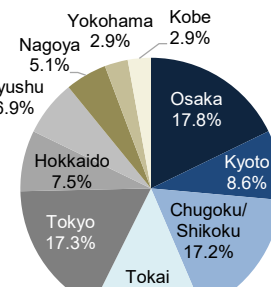
Kyushu

Valie Hotel Tenjin	Nest Hotel Kumamoto



(July 2020 rent-basis)

Portfolio Growth

	IPO (Nov 30, 2015)	Jan 2017 Fiscal Period	July 2017 through Jan 2020 Fiscal Periods					July 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> 	<p><u>Jan 2020</u> None</p>	<p><u>Acquisitions</u> 2 hotels JPY 4.7B (Appraisal NOI Yield 4.9%)</p> 
Sale	None	None	None	None	1 Hotel JPY 2.7B Gains on Sale JPY 0.69B	None	2 Hotels JPY 9.7B Gains on Sale JPY 1.94B	None
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	23 Hotels JPY 51.9B
Location	<p><u>IPO</u></p> 	<p>Geographic Diversification Increases Earnings Stability</p> <p>→</p> <p>Steady Portfolio Growth via Acquisitions</p>					<p><u>July 31, 2020</u></p> 	

Acquisition price-basis



Hakata Hotels & PROPERA

- Hakata Hotels, a consolidated subsidiary of Ichigo, is a hotel operator operating 12 hotels in the Hakata (Fukuoka) area
- Hakata Hotels is deploying 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., a 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 (No. of rooms in parentheses)	<p><u>Tokyo</u>: HOTEL EMIT SHIBUYA (72), MusBee Tokyo Hamamatsucho (29), The OneFive Tokyo Kanda (50)</p> <p><u>Kyoto</u>: The OneFive Kyoto Shijo (146)</p> <p><u>Osaka</u>: Arietta Hotel Osaka (136)</p> <p><u>Okayama</u>: The OneFive Okayama (208)</p> <p><u>Fukuoka</u>: The OneFive Villa Fukuoka (50), Plaza Hotel Tenjin (205), Plaza Hotel Premiere (170), Hotel Il Palazzo (62), The OneFive Marine Fukuoka (103), The OneFive Terrace Fukuoka (82)</p>

PROPERA AI-based revenue management system developed by Ichigo

- Increases guest satisfaction
- Operating track record of increasing earnings by 10-40%
- Starting third-party sales

 **HAKATA HOTELS**

Individual Hotel Summary

	Hotel No.	Hotel Name	Lease Terms	Location	Leasable Area (m ²)	Acquisition Price (JPY M)	Book Value (JPY M) (A)	Jul 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	2,129	2,520	5.1	+390
	A-2	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo	5,638.78	1,450	1,476	1,770	5.0	+293
	A-3	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	3,180.58	300	292	424	5.5	+131
	B-1	Grandpark-Inn Yokohama	Fixed Rent	Yokohama	1,183.26	1,490	1,498	1,520	4.6	+21
	C-1	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	2,721.70	3,910	3,956	4,200	4.3	+243
	C-3	Hotel Livemax Nihombashi-Hakozaki	Fixed Rent	Tokyo	853.00	1,360	1,305	1,410	4.6	+104
	C-4	HOTEL EMIT SHIBUYA	Variable + Fixed Rent	Tokyo	1,470.52	3,700	3,819	3,950	3.6	+130
	D-1	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	4,173.92	1,550	1,442	1,750	5.2	+307
	D-2	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya	5,255.66	2,670	2,707	2,640	4.7	-67
	D-3	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	11,599.63	5,308	5,329	5,740	4.1	+410
	D-4	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	2,186.65	300	278	380	5.0	+101
	E-1	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	4,891.84	4,480	4,535	3,590	4.5	-945
	E-3	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	3,690.00	1,630	1,724	1,510	4.4	-214
	E-4	Hotel Wing International Kobe Shin Nagata Ekimae	Variable + Fixed Rent	Kobe	4,540.90	1,490	1,407	1,810	4.7	+402
	E-5	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	8,057.26	7,600	7,637	6,150	4.4	-1,487
	F-1	Comfort Hotel Okayama	Fixed Rent	Okayama	5,543.70	1,200	1,171	1,810	5.7	+638
	F-2	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	6,671.94	1,610	1,630	1,960	5.6	+329
	F-3	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	2,756.20	1,800	1,819	2,060	5.3	+240
	F-4	Court Hotel Kurashiki	Variable + Fixed Rent	Kurashiki, Okayama	3,964.19	1,725	1,790	1,990	5.1	+199
	F-5	Valie Hotel Hiroshima	Variable + Fixed Rent	Hiroshima	4,332.50	1,500	1,596	1,650	5.0	+53
	F-6	Washington Hotel Plaza Shimonoseki Eki Nishi	Fixed Rent	Shimonoseki, Yamaguchi	5,709.35	1,080	1,114	1,180	4.9	+65
	G-1	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	1,910.94	1,380	1,437	2,190	4.3	+752
	G-3	Nest Hotel Kumamoto	Variable + Fixed Rent	Kumamoto	6,404.36	2,220	2,190	2,320	5.4	+129
23 Hotels					102,471.81	51,913	52,294	54,524	5.0	+2,229

Individual Hotel Operating Results

(year-on-year)

Hotel No.	Hotel Name	Lease Terms	Location	No. of Guest Rooms	July 2020 (February 2020 - July 2020)								
					RevPAR (JPY)		Occupancy (%)		ADR (JPY)		Revenue (JPY M)		
A-1	004	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo	162	3,041	(-72.7%)	58.8	(-40.2%)	5,172	(-54.3%)	105.4	(-73.3%)
A-2	008	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo	121	3,573	(-71.7%)	63.3	(-34.5%)	5,646	(-56.8%)	88.5	(-70.5%)
A-3	018	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	126	2,202	(-47.8%)	48.2	(-36.2%)	4,570	(-18.3%)	54.4	(-46.3%)
C-1	012	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	112	4,311	(-52.7%)	76.8	(-22.0%)	5,612	(-39.4%)	90.9	(-52.0%)
C-4	025	HOTEL EMIT SHIBUYA	Variable + Fixed Rent	Tokyo	72	3,576	–	95.6	–	3,739	–	41.6	–
D-1	006	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	196	1,954	(-61.1%)	39.1	(-52.5%)	4,994	(-17.9%)	69.7	(-60.8%)
D-2	003	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya	224	1,843	(-66.4%)	31.7	(-63.6%)	5,812	(-7.9%)	62.5	(-74.5%)
D-3	011	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	346	2,095	(-75.0%)	25.3	(-72.3%)	8,266	(-9.5%)	137.5	(-74.8%)
D-4	019	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	105	1,771	(-60.6%)	38.3	(-49.4%)	4,623	(-22.2%)	34.3	(-60.3%)
E-1	001	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	144	2,629	(-66.4%)	59.4	(-40.3%)	4,429	(-43.8%)	41.9	(-81.2%)
E-3	005	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	130	1,439	(-74.7%)	26.5	(-67.3%)	5,429	(-22.8%)	14.2	(-89.4%)
E-4	007	Hotel Wing International Kobe Shin Nagata Ekimae	Variable + Fixed Rent	Kobe	133	2,175	–	34.2	–	6,359	–	58.5	–
E-5	010	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	302	1,277	(-82.8%)	20.7	(-77.1%)	6,165	(-24.9%)	42.8	(-90.2%)
F-1	017	Comfort Hotel Okayama	Fixed Rent	Okayama	208	2,426	(-54.6%)	54.6	(-38.2%)	4,445	(-26.5%)	97.9	(-53.5%)
F-2	015	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	190	2,547	(-56.3%)	51.7	(-40.8%)	4,924	(-26.2%)	109.6	(-61.9%)
F-3	021	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	171	1,818	(-72.3%)	34.1	(-62.9%)	5,327	(-25.3%)	50.0	(-75.3%)
F-4	022	Court Hotel Kurashiki	Variable + Fixed Rent	Kurashiki, Okayama	107	2,777	(-66.8%)	51.5	(-46.5%)	5,391	(-37.9%)	33.3	(-82.1%)
F-5	024	Valie Hotel Hiroshima	Variable + Fixed Rent	Hiroshima	171	2,211	–	54.2	–	4,080	–	38.7	–
G-1	009	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	77	4,134	(-58.3%)	69.3	(-28.8%)	5,962	(-41.4%)	35.6	(-75.8%)
G-3	023	Nest Hotel Kumamoto	Variable + Fixed Rent	Kumamoto	201	1,899	(-60.3%)	43.9	(-43.3%)	4,331	(-30.0%)	82.5	(-58.6%)
		Other	–	–	461	–	–	–	–	–	–	–	–
Variable Rent Hotels					2,146	2,556	(-66.3%)	49.0	(-45.9%)	5,220	(-37.7%)	707.2	(-74.2%)
Fixed Rent Hotels					1,613	2,090	(-66.1%)	39.2	(-54.6%)	5,331	(-25.5%)	465.3	(-66.2%)
Total					3,759	2,335	(-66.7%)	44.3	(-50.1%)	5,267	(-33.3%)	1,172.5	(-71.5%)

* Operating Results data for Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Washington Hotel Plaza Shimonoseki Eki Nishi 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	C-4	D-1	D-3	D-4	E-1	E-3	E-5	F-1	F-2	F-4	F-5	G-1	G-3	Other
		Nest Hotel Sapporo Ekimae	Nest Hotel Sapporo Odori	Comfort Hotel Kushiro	Smile Hotel Tokyo Asagaya	HOTEL EMIT SHIBUYA	Comfort Hotel Hamamatsu	Comfort Hotel Central International Airport	Comfort Hotel Suzuka	Smile Hotel Kyoto Shijo	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 Kumamoto	
(A) Rental Income	953,076	22,506	22,021	18,419	41,007	22,003	55,361	151,441	15,442	30,744	39,600	56,456	45,900	28,906	32,207	19,382	23,544	19,879	308,250
Fixed Rent	935,606	31,129	27,072	18,419	33,701	22,003	55,361	151,441	15,442	30,744	39,600	66,291	45,900	36,323	31,665	17,779	21,664	25,134	265,929
Variable Rent	-25,467	-8,622	-5,051	-	7,305	-	-	-	-	-	-	-9,834	-	-7,417	541	986	1,880	-5,255	-
Other Rent	42,937	-	-	-	-	-	-	-	-	-	-	-	-	-	-	617	-	-	42,320
(B) Rental Expenses	165,985	8,346	11,884	5,840	8,312	877	4,073	15,865	3,377	6,571	4,954	16,742	6,044	7,092	5,388	8,260	7,940	7,353	37,060
Outsourcing Fees	17,227	600	600	900	2,574	517	600	570	540	600	915	1,200	600	720	600	720	600	793	3,577
Insurance	2,890	162	173	83	91	53	100	284	48	143	102	248	142	203	111	138	61	185	553
Repair Expenses	21,057	1,879	2,290	427	1,466	-	668	1,840	600	420	248	390	1,025	1,161	-	2,737	3,540	1,182	1,179
Taxes	108,914	5,280	8,387	4,020	3,773	-	2,433	12,717	1,779	5,047	3,324	14,495	3,854	4,578	4,312	4,261	3,373	4,671	22,603
Other Expenses	15,895	423	432	409	407	305	271	452	408	360	364	408	421	429	364	402	364	521	9,145
(C) NOI (A) - (B)	787,091	14,159	10,137	12,578	32,694	21,126	51,288	135,576	12,065	24,173	34,645	39,714	39,855	21,813	26,819	11,121	15,603	12,525	271,190
(D) Depreciation	336,423	16,097	16,368	5,393	27,122	7,426	14,717	34,794	4,149	16,280	7,185	34,532	13,286	18,350	11,073	19,722	9,237	18,971	61,713
Net Rental Income (C) - (D)	450,667	-1,937	-6,231	7,185	5,571	13,700	36,571	100,782	7,915	7,892	27,460	5,182	26,569	3,463	15,745	-8,601	6,366	-6,446	209,477

* Rents for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Shimonoseki Eki Nishi as well as retail rents of 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.

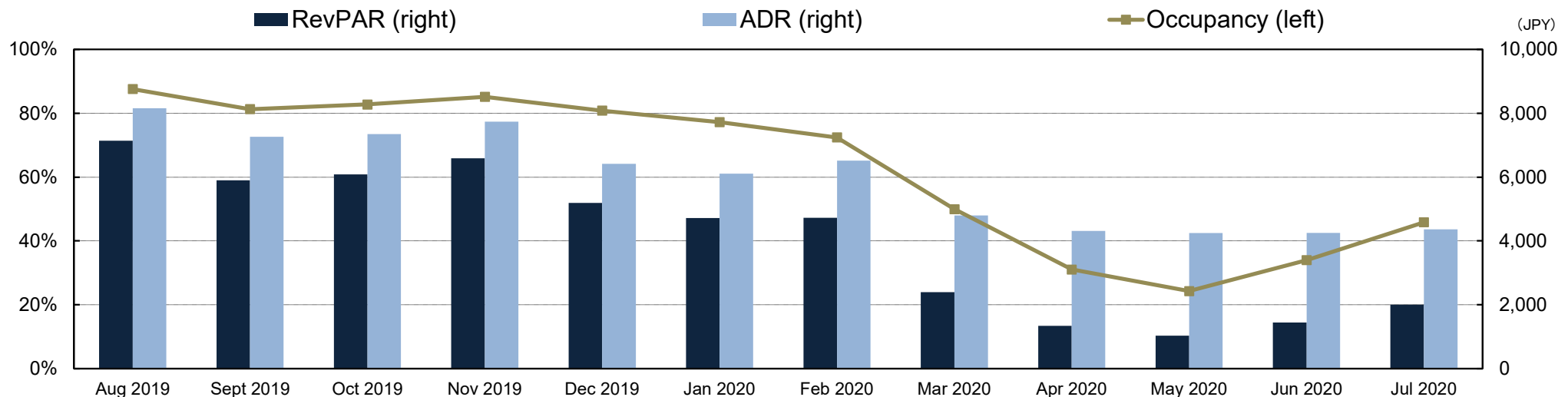
Fixed/Variable Rent, RevPAR, ADR, & Occupancy Trends

Fixed/Variable Rent

(JPY thousand)

		Jul 2019		Jan 2020		Jul 2020	
		Rent	Ratio	Rent	Ratio	Rent	Ratio
Rent	Fixed Rent	1,029,238	57.5%	1,032,448	63.9%	963,173	—
	Fixed Rent from Operators	984,145	55.0%	993,479	61.5%	935,606	—
	Other (Rent from Retail Tenants)	45,092	2.5%	38,969	2.4%	27,566	—
	Variable Rent	735,493	41.1%	564,434	34.9%	-25,467	—
Other (Utility Income)		24,937	1.4%	19,104	1.2%	15,371	—
Total		1,789,669	100%	1,615,986	100%	937,705	100%

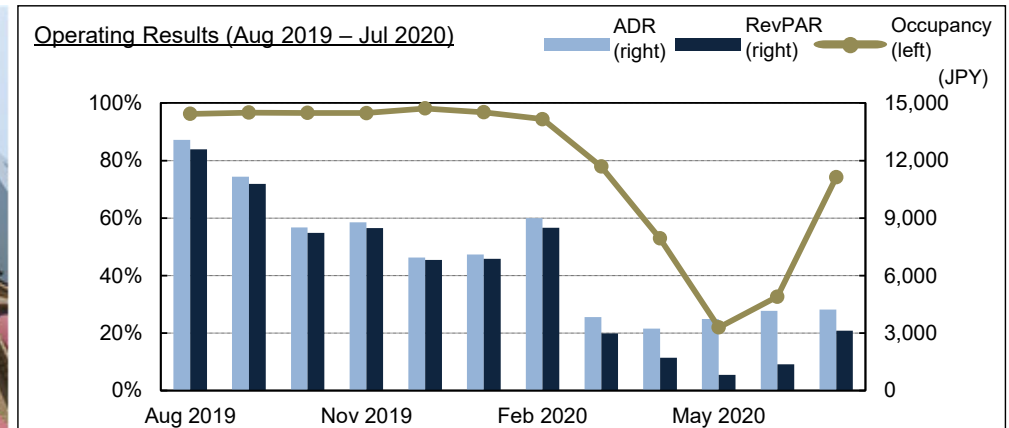
Operating Results (Aug 2019 – Jul 2020)



Variable Rent Hotel Details

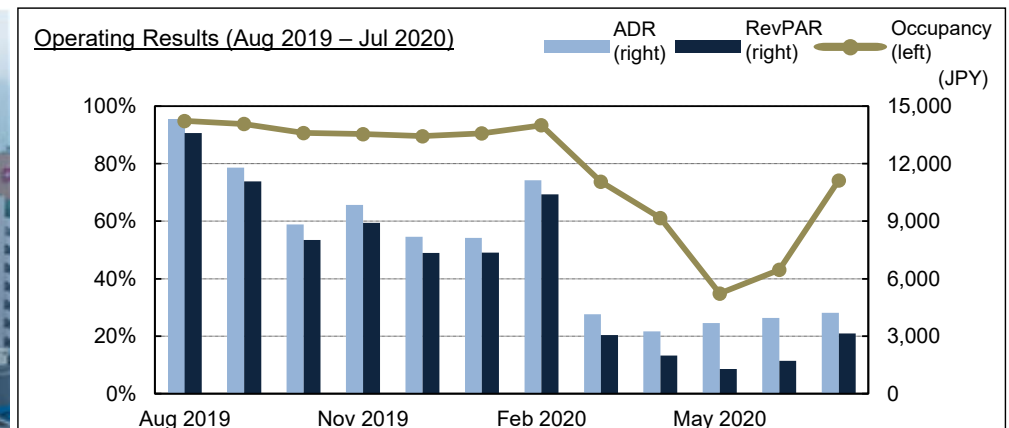
A-1 Nest Hotel Sapporo Ekimae

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

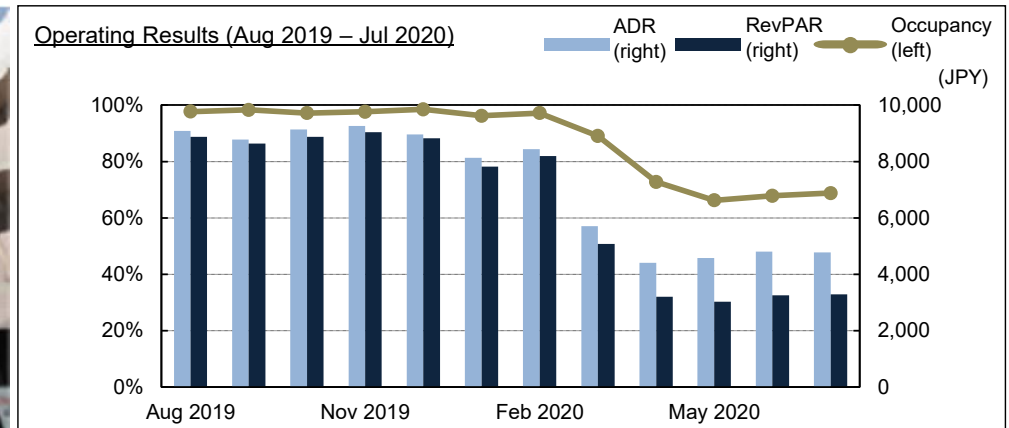
Location	Sapporo
Access	4-minute walk from Odori Station on Sapporo City Metro Namboku Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	121
Acquisition Price	JPY 1.45B



Variable Rent Hotel Details

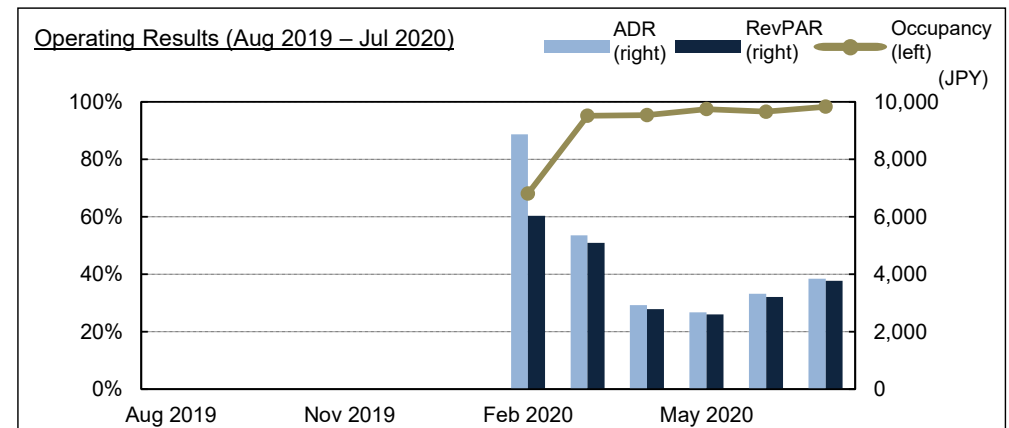
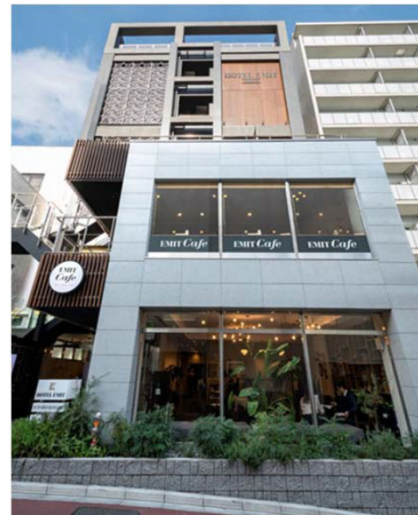
C-1 Smile Hotel Tokyo Asagaya

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



C-4 HOTEL EMIT SHIBUYA (Acquired on February 25, 2020)

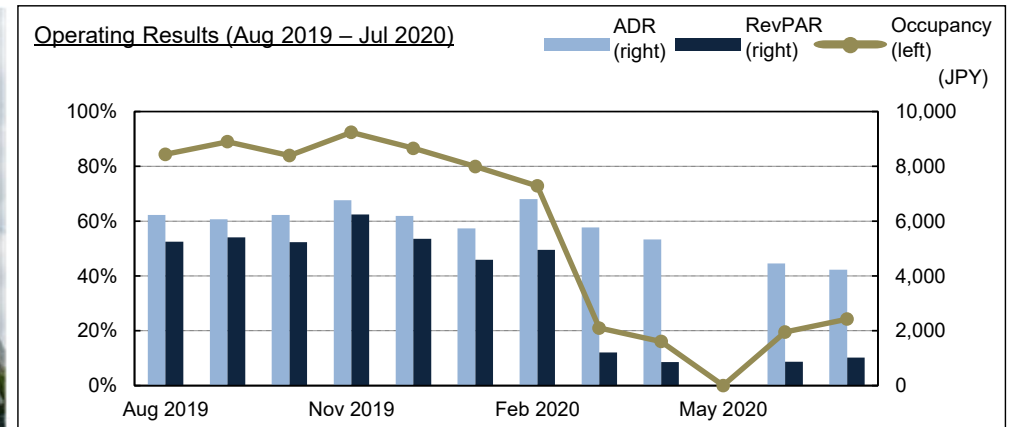
Location	Shibuya-ku, Tokyo
Access	6-minute walk from Shibuya Station on JR, Tokyu, Keio, and Tokyo Metro Lines
Operator	Hakata Hotels Inc. Shidax Daishinto Human Services Inc.
Guest Rooms	72
Acquisition Price	JPY 3.7B



Variable Rent Hotel Details

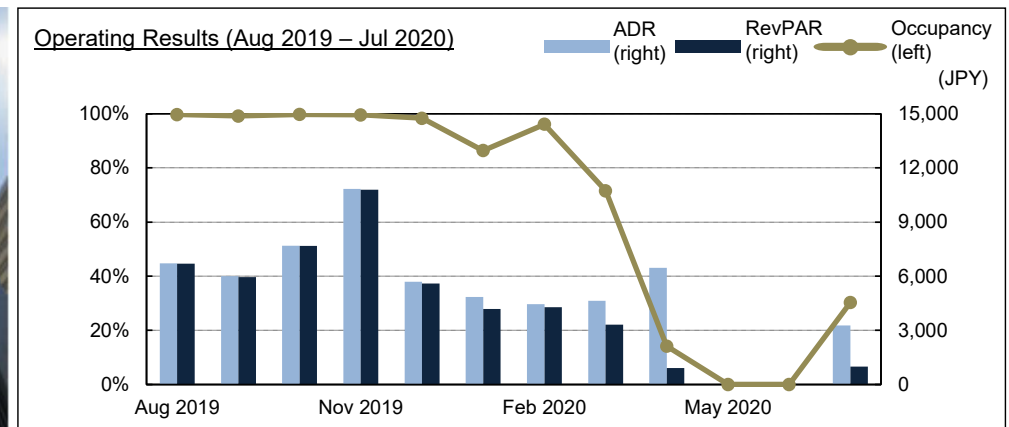
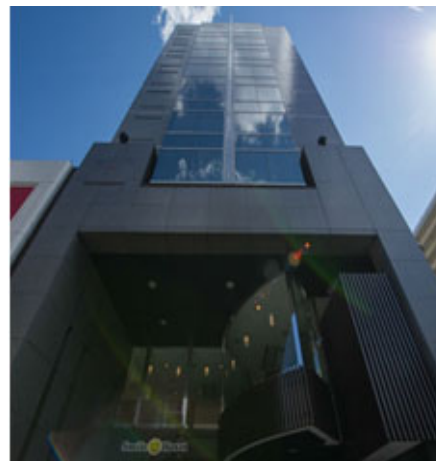
D-2 Hotel Wing International Nagoya

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



E-1 Smile Hotel Kyoto Shijo

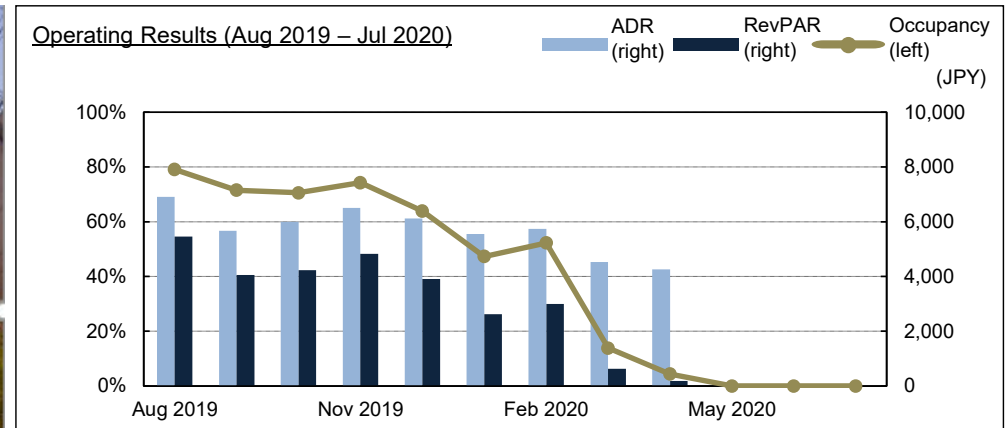
Location	Kyoto
Access	5-minute walk from Shijo Station on Kyoto City Subway Karasuma Line and Karasuma Station on Hankyu Kyoto Main Line
Operator	K.K. Hospitality Operations
Guest Rooms	144
Acquisition Price	JPY 4.48B



Variable Rent Hotel Details

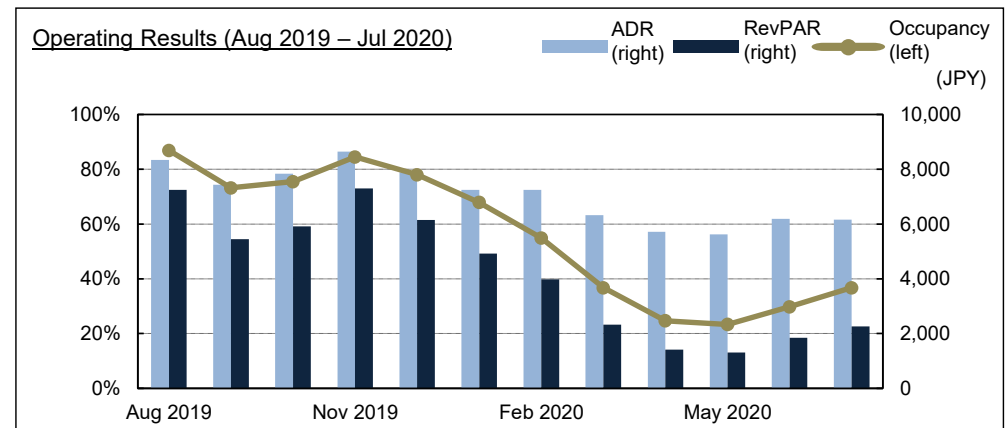
E-3 Chisun Inn Osaka Hommachi

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	Minacia Co., Ltd.
Guest Rooms	133
Acquisition Price	JPY 1.49B

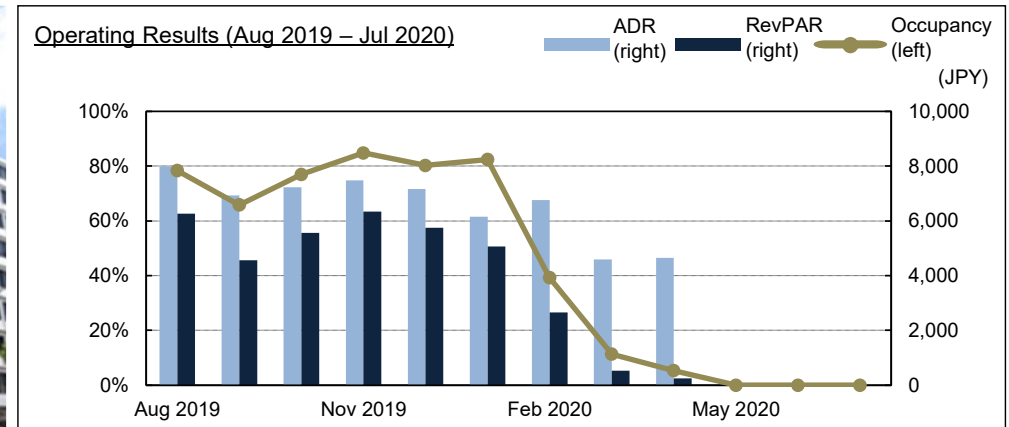


* Hotel name changed from Hotel Suave Kobe Asuta on March 1, 2019. Rebranded and reopened in June 2019.

Variable Rent Hotel Details

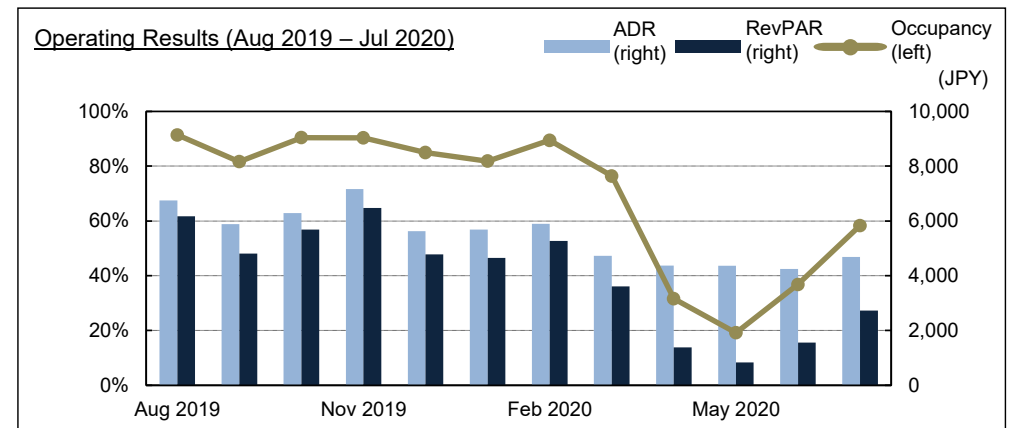
E-5 Nest Hotel Osaka Shinsaibashi

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

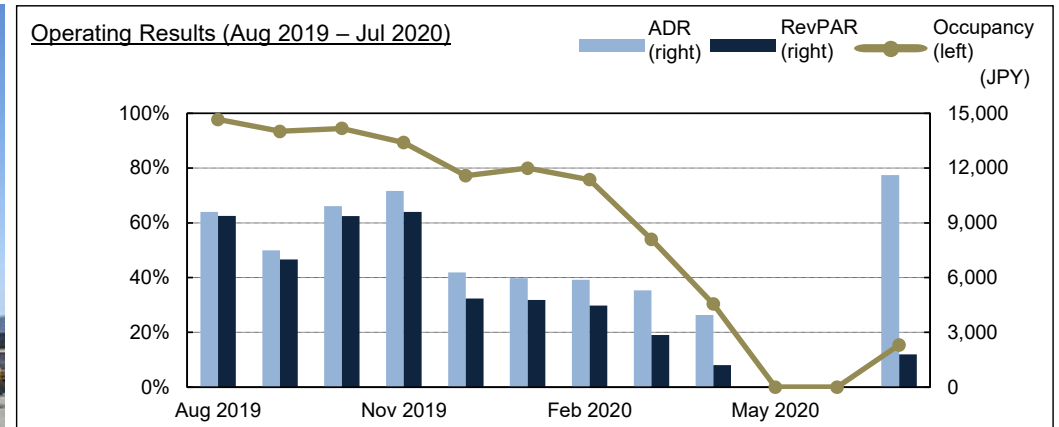
Location	Matsuyama, Ehime
Access	25-minute drive from Matsuyama Airport, 3-minute walk from Katsuyamacho Station on Iyo Railway Jonan Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	190
Acquisition Price	JPY 1.61B



Variable Rent Hotel Details

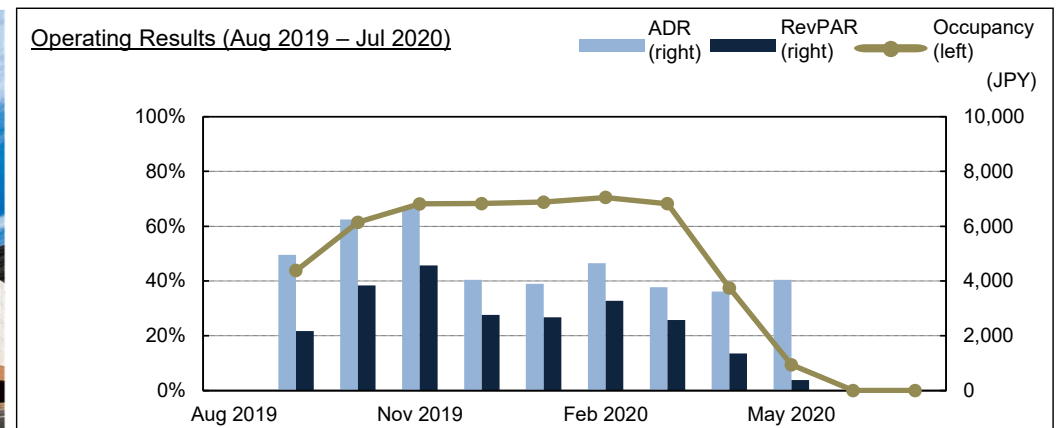
F-4 Court Hotel Kurashiki

Location	Kurashiki, Okayama
Access	8-minute walk from Kurashiki Station on JR Sanyo Main Line
Operator	The Court Co., Ltd.
Guest Rooms	107
Acquisition Price	JPY 1.73B



F-5 Valie Hotel Hiroshima

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

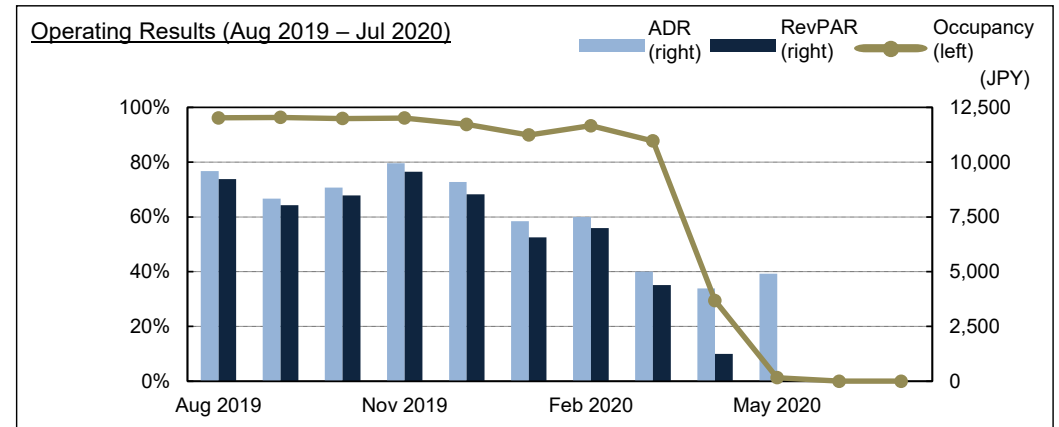


* Acquired on July 19, 2019. Rebranded and reopened in September 2019.

Variable Rent Hotel Details

G-1 Valie Hotel Tenjin

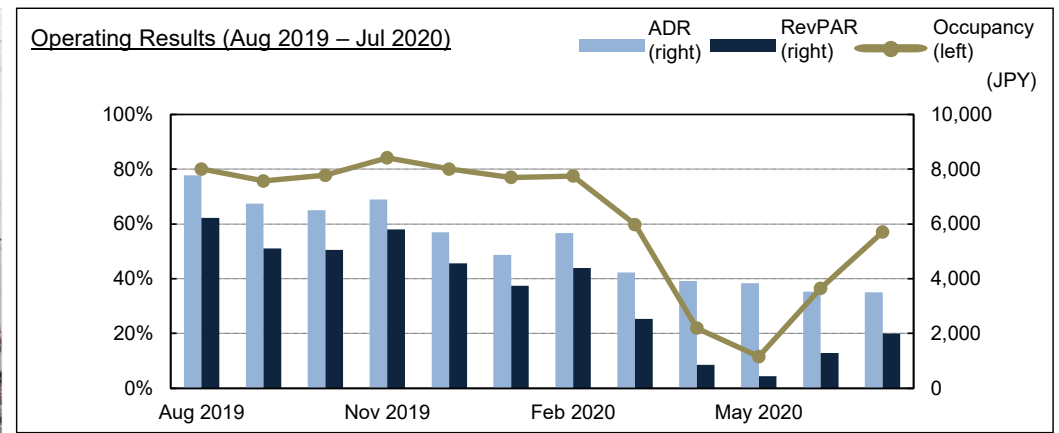
Location	Fukuoka
Access	6-minute walk from Tenjin Station on Fukuoka City Subway Kuko Line
Operator	The Court Co., Ltd.
Guest Rooms	77
Acquisition Price	JPY 1.38B



* Scheduled to change operator and rebrand and reopen as The OneFive Fukuoka Tenjin in October 2020

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



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



* Scheduled to change operator and rebrand and reopen in February 2021 (new hotel name TBD)

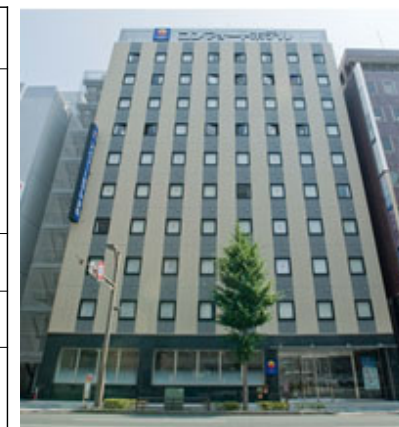
C-3 Hotel Livemax Nihombashi-Hakozaki

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



* Scheduled to change operator and rebrand and reopen as The OneFive Okayama in October 2020

Fixed Rent Hotel Details

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.
Guest Rooms	238
Acquisition Price	JPY 1.08B



Appendix: Loan Details & Shareholder Composition

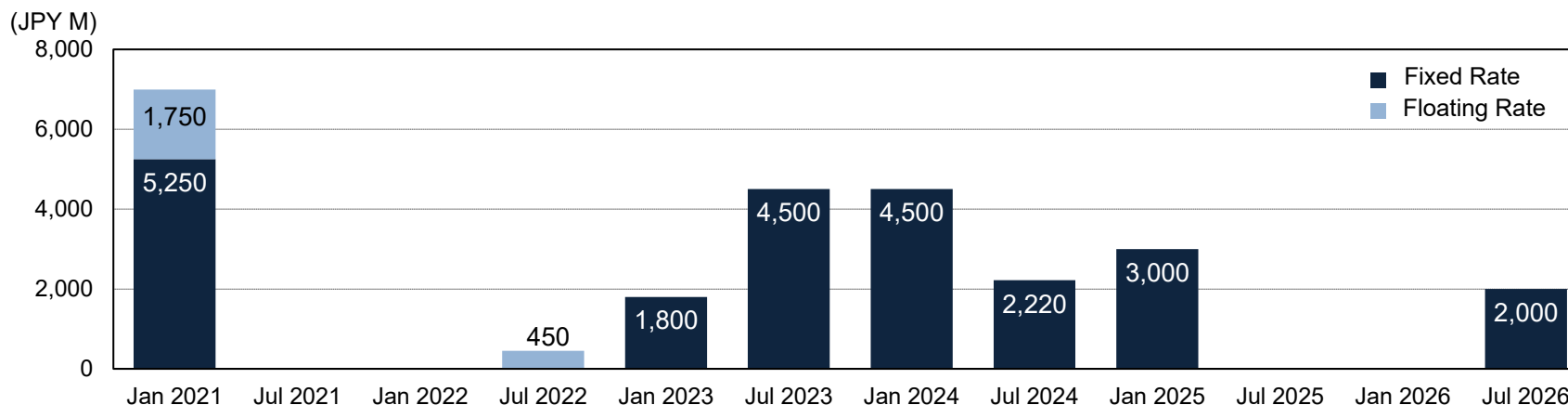
Stable Financial Base

- Shorter-term loans are floating rate to take advantage of current low interest rates
- 90% of loans are fixed to hedge against a rise in interest rates

Outstanding Loan Balance

	Jul 31, 2018	Jan 31, 2019	Jul 31, 2019	Jan 31, 2020	Jul 31, 2020
Amount	JPY 21.75B	JPY 21.75B	JPY 25.47B	JPY 25.47B	JPY 25.47B
Long-Term Loan Ratio	100%	100%	100%	100%	93.1%
Fixed Rate Ratio	73.8%	80.7%	83.5%	83.5%	91.4%
Average Interest Rate	0.88%	0.91%	0.86%	0.88%	0.87%
Average Remaining Maturity	3.1 years	3.2 years	3.0 years	2.5 years	2.5 years
LTV (Total Assets Basis)	39.1%	38.8%	43.0%	41.5%	43.6%

Distribution of Loan Maturities



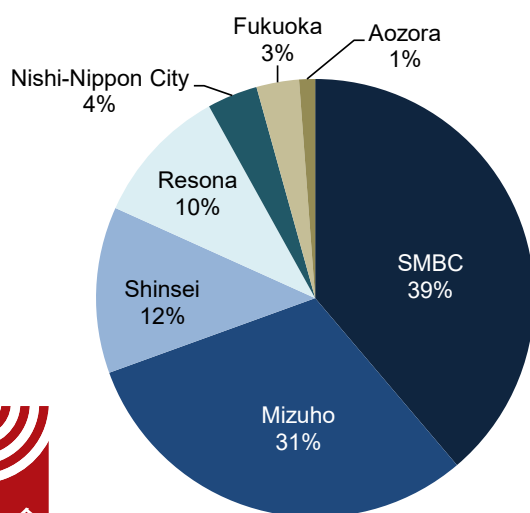
Loan Details

Loan Balances

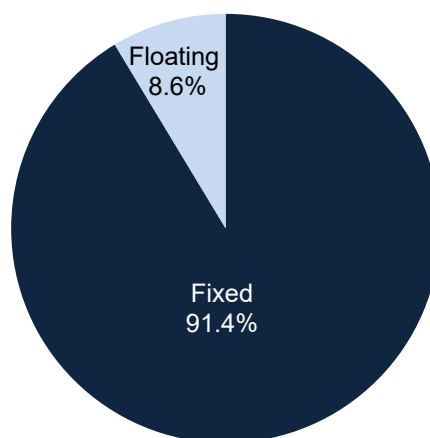
(as of July 31, 2020)

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 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 7	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	1,800	Fixed	0.78750%	August 1, 2017	January 31, 2023
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
Term Loan 12	SMBC	450	Variable	0.51909%	February 28, 2020	February 28, 2022
Term Loan 13	SMBC, Mizuho, Shinsei, Resona, Fukuoka, Nishi-Nippon City	2,000	Fixed	0.65600%	February 28, 2020	February 27, 2026
Term Loan 14	SMBC, Mizuho, Shinsei, Resona	1,750	Variable	0.46909%	May 29, 2020	November 30, 2020
Total		25,470		Average 0.87%	Average Remaining Loan Term 2.5 years	

Lender Composition



Fixed vs. Floating



Strong Lender Group

LTV Control

Interest Rate Risk Management

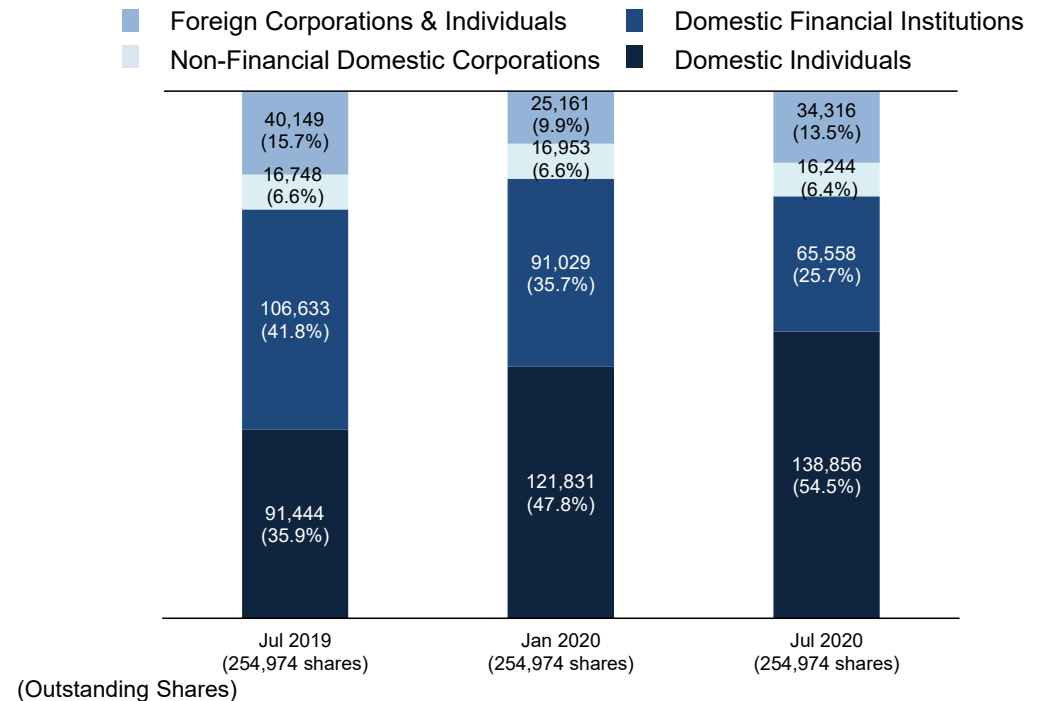
Stable Financial Position

Shareholder Composition

Major Shareholders (as of July 31, 2020)

	Name	No. of Shares	Share
1	Custody Bank of Japan, Ltd., Trust Account	22,531	8.8%
2	The Master Trust Bank of Japan, Trust Account	18,713	7.3%
3	Ichigo Trust Pte. Ltd.	10,908	4.3%
4	Nomura Trust & Banking Co., Ltd. Investment Trust Account	7,617	3.0%
5	Ichigo Inc. (Sponsor)	6,500	2.5%
6	Banshu Shinkin Bank	4,900	1.9%
7	Custody Bank of Japan, Ltd., Securities Investment Trust Account	4,165	1.6%
8	BNY FOR GCM CLIENT ACCOUNTS (E) ISG	3,367	1.3%
9	Individual Shareholder	3,091	1.2%
10	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,799	1.1%
	Total	84,591	33.2%

By Number of Shares Held



By Number of Shareholders

	Jul 31, 2019	Jan 31, 2020	Jul 31, 2020	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals	13,415	17,201	18,688	97.9%
Domestic Financial Institutions	54	56	38	0.2%
City banks, trust banks	7	6	4	0.0%
Regional banks	2	3	0	0.0%
Other (including securities companies)	45	47	34	0.2%
Non-Financial Domestic Corporations	220	248	248	1.3%
Foreign Corporations & Individuals	88	99	124	0.6%
Total	13,777	17,604	19,098	100%

Appendix: Growth Roadmap, Sponsor, Shareholder Alignment

Ongoing Actions to Drive Increased Shareholder Value

Portfolio Growth & Diversification Drive Earnings Growth & Stability

Organic Growth	External Growth
<p><u>Current Environment</u></p> <ul style="list-style-type: none"> • Both Japanese and inbound demand has dropped significantly due to Covid-19, generating continuing impacts on the hotel market. • Supply is exceeding demand in some areas in Japan due to excessive number of new hotel openings. • Financial strength of hotel operators needs to be closely watched to verify their rent-paying ability. • No new growth driver is currently expected. 	<p><u>Current Environment</u></p> <ul style="list-style-type: none"> • Sales and acquisitions limited due to market uncertainty. • Market recovery is expected after vaccine & treatment regimes become available. • Competition for quality assets is expected to intensify.
<p><u>Actions</u></p> <ul style="list-style-type: none"> • Proactively execute value-add capex tailored to each hotel • Sell hotels with limited growth potential • Increase earnings by revising fixed rent and variable rent terms at lease renewal • Grow with sponsor support (Hakata Hotels/PROPERA) 	<p><u>Actions</u></p> <ul style="list-style-type: none"> • Continue to grow portfolio of lodging-focused hotels, a hotel type with stable earnings. • High underlying land values reflect Ichigo Hotel's high location attractiveness and value • Ichigo Hotel's focus on major regional cities with convenient public transport access and revenue upside from local events further reinforces earnings stability. • Geographic diversification and centrally-located hotels with stable demand also support high earnings stability

Dividend Growth

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 	
	<ul style="list-style-type: none"> • Minimize expenses via collaboration with operators • Increase earnings via more favorable lease contracts, rebranding, etc. 	<ul style="list-style-type: none"> • Examine opportunities for large-scale renovations and rebranding to increase earnings • Further increase earnings via more favorable lease contracts, rebranding, etc.
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.

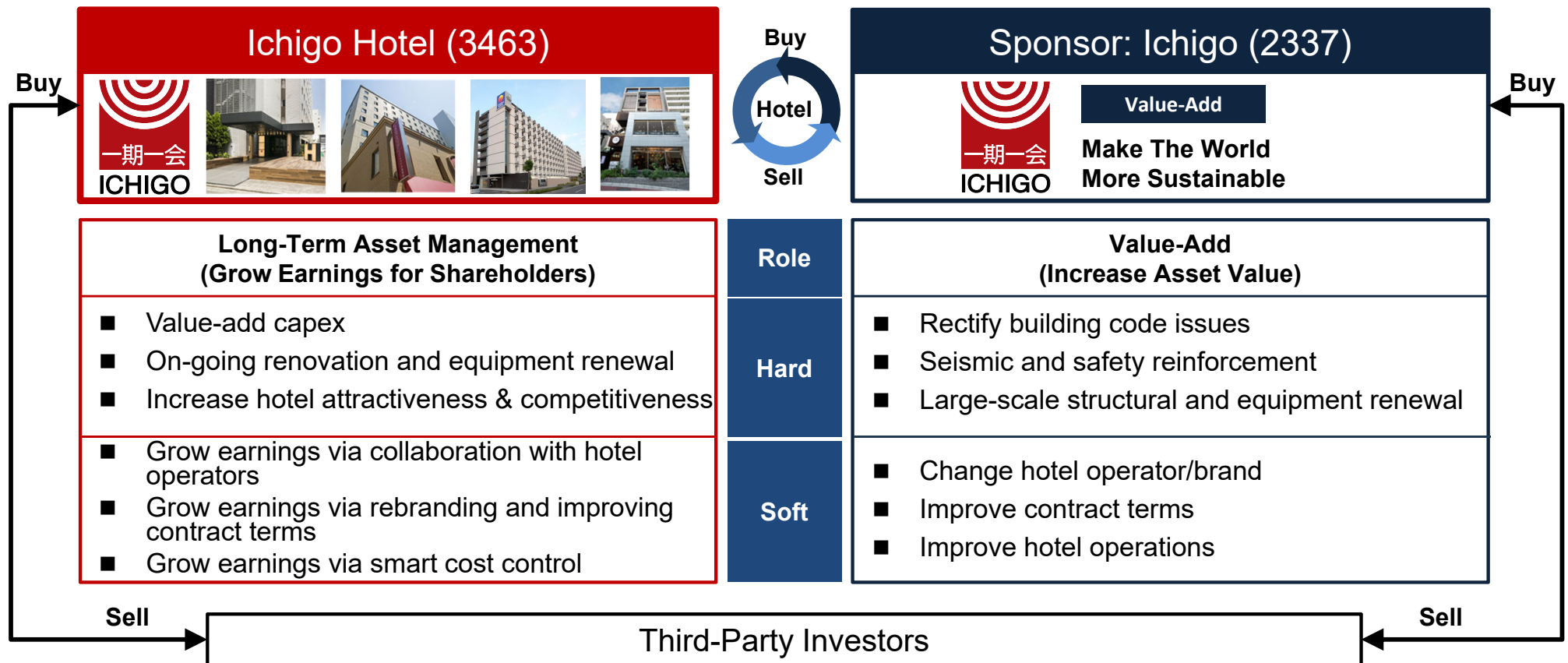
Ichigo embraces the Ichigo Ichie philosophy of sincerity and service, and works to build strong long-term relationships to support the success of our clients, shareholders, and all stakeholders.

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



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

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_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.