



Ichigo Preserves and Improves Real Estate

[Provisional Translation Only]

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Issuer

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Ichigo Hotel REIT Operating Results – October 2016

Ichigo Hotel REIT hereby announces its October 2016 operating results.

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

| | October 2016 (A) | (Previous) October 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – October 2016 | | |
|-----------------------|------------------|-----------------------------|------------------|------------|--|----------------|------------|
| | | | | | Cumulative | YOY Difference | YOY Change |
| Revenue (JPY million) | 791.4 | 792.6 | -1.2 | -0.1% | 2,320.1 | -59.4 | -2.5% |
| RevPAR (JPY) | 7,583 | 7,579 | +5 | +0.1% | 7,534 | -203 | -2.6% |
| Occupancy (%) | 89.9 | 91.1 | -1.3 | -1.4% | 89.4 | -2.6 | -2.8% |
| ADR (JPY) | 8,439 | 8,317 | +122 | +1.5% | 8,428 | +15 | +0.2% |

Hotels with Variable Rents (12 Hotels)

| | October 2016 (A) | (Previous) October 2015 (B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – October 2016 | | |
|-----------------------|------------------|-----------------------------|------------------|------------|--|----------------|------------|
| | | | | | Cumulative | YOY Difference | YOY Change |
| Revenue (JPY million) | 562.8 | 553.8 | +9.0 | +1.6% | 1,628.3 | -11.5 | -0.7% |
| RevPAR (JPY) | 8,629 | 8,442 | +187 | +2.2% | 8,482 | -45 | -0.5% |
| Occupancy (%) | 93.5 | 92.7 | +0.8 | +0.9% | 92.4 | -1.3 | -1.4% |
| ADR (JPY) | 9,227 | 9,109 | +118 | +1.3% | 9,180 | +79 | +0.9% |

Hotels with Fixed Rents (7 Hotels)

| | October 2016 (A) | (Previous) October 2015(B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016—October 2016 | | |
|-----------------------|------------------|----------------------------|------------------|------------|--|----------------|------------|
| | | | | | Cumulative | YOY Difference | YOY Change |
| Revenue (JPY million) | 228.6 | 238.8 | -10.2 | -4.3% | 691.8 | -48.0 | -6.5% |
| RevPAR (JPY) | 5,942 | 6,227 | -285 | -4.6% | 6,049 | -452 | -7.0% |
| Occupancy (%) | 84.1 | 88.7 | -4.6 | -5.2% | 84.7 | -4.6 | -5.1% |
| ADR (JPY) | 7,065 | 7,021 | +44 | +0.6% | 7,142 | -140 | -1.9% |

Revenue, RevPAR, Occupancy, and ADR by Hotel

Hotels with Variable Rents (12 Hotels)

| | | October 2016(A) | (Previous) October 2015(B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016—October 2016 | | |
|---------------------------------|-----------------------|-----------------|----------------------------|------------------|------------|--|----------------|------------|
| | | | | | | Cumulative | YOY Difference | YOY Change |
| Smile Hotel Kyoto Shijo | Revenue (JPY million) | 58.5 | 67.1 | -8.6 | -12.9% | 141.8 | -24.2 | -14.6% |
| | RevPAR (JPY) | 13,030 | 15,032 | -2,002 | -13.3% | 10,605 | -1,902 | -15.2% |
| | Occupancy (%) | 100.1 | 100.1 | -0.0 | -0.0% | 100.1 | -0.1 | -0.1% |
| | ADR (JPY) | 13,018 | 15,014 | -1,996 | -13.3% | 10,596 | -1,884 | -15.1% |
| Hotel Vista Premio Kyoto | Revenue (JPY million) | 40.4 | 36.2 | +4.2 | +11.5% | 103.7 | +7.3 | +7.6% |
| | RevPAR (JPY) | 14,297 | 12,865 | +1,433 | +11.1% | 12,382 | +755 | +6.5% |
| | Occupancy (%) | 93.5 | 93.2 | +0.3 | +0.4% | 93.0 | -0.4 | -0.4% |
| | ADR (JPY) | 15,290 | 13,809 | +1,481 | 10.7% | 13,319 | +868 | +7.0% |
| Hotel Wing International Nagoya | Revenue (JPY million) | 45.5 | | | | 114.6 | | |
| | RevPAR (JPY) | 5,955 | | | | 4,977 | | |
| | Occupancy (%) | 91.5 | | | | 82.9 | | |
| | ADR (JPY) | 6,505 | | | | 6,004 | | |
| Nest Hotel Sapporo Ekimae | Revenue (JPY million) | 53.6 | 46.7 | +6.9 | +14.9% | 187.2 | +16.3 | +9.5% |
| | RevPAR (JPY) | 8,571 | 6,893 | +1,678 | +24.3% | 10,378 | +1,073 | +11.5% |
| | Occupancy (%) | 97.7 | 84.3 | +13.4 | +15.9% | 98.1 | +4.7 | +5.0% |
| | ADR (JPY) | 8,777 | 8,178 | +599 | +7.3% | 10,576 | +619 | +6.2% |
| Chisun Inn Osaka Hommachi | Revenue (JPY million) | 32.0 | 34.3 | -2.3 | -6.8% | 95.7 | -5.1 | -5.0% |
| | RevPAR (JPY) | 7,934 | 8,512 | -577 | -6.8% | 8,006 | -424 | -5.0% |
| | Occupancy (%) | 91.1 | 92.4 | -1.3 | -1.4% | 90.1 | -1.7 | -1.8% |
| | ADR (JPY) | 8,706 | 9,209 | -503 | -5.5% | 8,888 | -300 | -3.3% |

| | | October 2016(A) | (Previous) October 2015(B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016—October 2016 | | |
|-------------------------------------|--------------------------|--------------------|----------------------------------|---------------------|---------------|---|-------------------|---------------|
| | | | | | | Cumulative | YOY Difference | YOY Change |
| Nest Hotel Sapporo Odori | Revenue (JPY million) | 42.1 | 40.1 | +2.1 | +5.1% | 150.8 | +7.1 | +4.9% |
| | RevPAR (JPY) | 10,314 | 9,919 | +395 | +4.0% | 12,650 | +515 | +4.2% |
| | Occupancy (%) | 97.9 | 94.7 | +3.2 | +3.4% | 98.2 | +2.1 | +2.2% |
| | ADR (JPY) | 10,537 | 10,474 | +63 | +0.6% | 12,881 | +251 | +2.0% |
| Valie Hotel Tenjin | Revenue (JPY million) | 22.1 | 20.6 | +1.5 | +7.2% | 64.4 | +4.0 | +6.6% |
| | RevPAR (JPY) | 8,529 | 8,131 | +397 | +4.9% | 8,391 | +366 | +4.6% |
| | Occupancy (%) | 85.9 | 93.0 | -7.1 | -7.6% | 85.4 | -7.2 | -7.8% |
| | ADR (JPY) | 9,926 | 8,743 | +1,182 | +13.5% | 9,822 | +1,160 | +13.4% |
| Nest Hotel Osaka Shinsaibashi | Revenue (JPY million) | 92.8 | 93.9 | -1.0 | -1.1% | 259.7 | -12.1 | -4.4% |
| | RevPAR (JPY) | 9,090 | 9,070 | +20 | +0.2% | 8,544 | -327 | -3.7% |
| | Occupancy (%) | 96.5 | 96.8 | -0.2 | -0.2% | 94.6 | -2.0 | -2.0% |
| | ADR (JPY) | 9,418 | 9,374 | +44 | +0.5% | 9,037 | -154 | -1.7% |
| Smile Hotel Tokyo Asagaya | Revenue (JPY million) | 30.5 | 32.5 | -2.0 | -6.2% | 84.8 | -5.7 | -6.3% |
| | RevPAR (JPY) | 8,480 | 9,038 | -558 | -6.2% | 7,970 | -503 | -5.9% |
| | Occupancy (%) | 98.4 | 99.8 | -1.4 | -1.4% | 98.7 | -1.3 | -1.3% |
| | ADR (JPY) | 8,614 | 9,056 | -442 | -4.9% | 8,078 | -402 | -4.7% |
| Nest Hotel Naha | Revenue (JPY million) | 80.4 | 73.3 | +7.1 | +9.7% | 236.1 | +17.9 | +8.2% |
| | RevPAR (JPY) | 9,023 | 8,230 | +793 | +9.6% | 9,779 | +840 | +9.4% |
| | Occupancy (%) | 91.3 | 91.6 | -0.4 | -0.4% | 93.5 | +0.9 | +0.9% |
| | ADR (JPY) | 9,888 | 8,984 | +903 | +10.1% | 10,454 | +810 | +8.4% |
| Smile Hotel Asakusa | Revenue (JPY million) | 22.1 | 22.0 | +0.1 | +0.3% | 62.4 | -1.5 | -2.3% |
| | RevPAR (JPY) | 7,118 | 7,081 | +37 | +0.5% | 6,809 | -121 | -1.7% |
| | Occupancy (%) | 96.1 | 98.5 | -2.4 | -2.4% | 94.8 | -3.2 | -3.3% |
| | ADR (JPY) | 7,404 | 7,187 | +217 | +3.0% | 7,178 | +112 | +1.6% |
| Nest Hotel Matsuyama | Revenue (JPY million) | 42.8 | 40.1 | +2.7 | +6.8% | 126.9 | +6.3 | +5.2% |
| | RevPAR (JPY) | 5,253 | 4,453 | +800 | +18.0% | 5,154 | +599 | +13.2% |
| | Occupancy (%) | 82.8 | 75.4 | +7.4 | +9.8% | 84.0 | +8.5 | +11.3% |
| | ADR (JPY) | 6,343 | 5,904 | +439 | +7.4% | 6,138 | +99 | +1.6% |

Hotels with Fixed Rents (7 Hotels)

| | | October 2016(A) | (Previous) October 2015(B) | Difference (A-B) | YOY Change | Current Fiscal Period August 2016 – October 2016 | | |
|---|-----------------------|-----------------|----------------------------|------------------|------------|--|----------------|------------|
| | | | | | | Cumulative | YOY Difference | YOY Change |
| Comfort Hotel Hamamatsu | Revenue (JPY million) | 32.9 | | | | 100.5 | | |
| | RevPAR (JPY) | 5,416 | | | | 5,575 | | |
| | Occupancy (%) | 84.9 | | | | 84.6 | | |
| | ADR (JPY) | 6,379 | | | | 6,587 | | |
| Comfort Hotel Central International Airport | Revenue (JPY million) | 87.0 | 95.1 | -8.1 | -8.6% | 266.1 | -21.8 | -7.6% |
| | RevPAR (JPY) | 7,207 | 7,897 | -689 | -8.7% | 7,449 | -586 | -7.3% |
| | Occupancy (%) | 82.0 | 90.6 | -8.6 | -9.5% | 84.7 | -6.7 | -7.3% |
| | ADR (JPY) | 8,787 | 8,712 | +75 | +0.9% | 8,796 | +4 | +0.0% |
| Comfort Hotel Okayama | Revenue (JPY million) | 39.5 | 34.4 | +5.1 | +14.9% | 119.1 | +13.9 | +13.3% |
| | RevPAR (JPY) | 5,926 | 5,337 | +588 | +11.0% | 5,969 | +474 | +8.6% |
| | Occupancy (%) | 89.2 | 91.8 | -2.6 | -2.8% | 88.0 | -2.2 | -2.4% |
| | ADR (JPY) | 6,643 | 5,816 | +827 | +14.2% | 6,781 | +688 | +11.3% |
| Comfort Hotel Kushiro | Revenue (JPY million) | 18.2 | 17.2 | +0.9 | +5.4% | 64.3 | +0.7 | +1.0% |
| | RevPAR (JPY) | 4,347 | 4,115 | +231 | +5.6% | 5,220 | +38 | +0.7% |
| | Occupancy (%) | 80.6 | 78.0 | +2.6 | +3.3% | 85.9 | -0.7 | -0.9% |
| | ADR (JPY) | 5,393 | 5,276 | +118 | +2.2% | 6,080 | +97 | +1.6% |
| Comfort Hotel Suzuka | Revenue (JPY million) | 18.9 | 15.8 | +3.1 | +19.3% | 51.4 | -2.2 | -4.1% |
| | RevPAR (JPY) | 5,681 | 4,755 | +926 | +19.5% | 5,208 | -249 | -4.6% |
| | Occupancy (%) | 82.5 | 83.2 | -0.7 | -0.9% | 79.9 | -5.3 | -6.2% |
| | ADR (JPY) | 6,890 | 5,716 | +1,174 | +20.5% | 6,514 | +112 | +1.7% |
| Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihonbashi Hakozaiki) | Revenue (JPY million) | 32.2 | 43.1 | -11.0 | -25.4% | 90.4 | -35.4 | -28.1% |
| | RevPAR (JPY) | 5,376 | 7,223 | -1,847 | -25.6% | 5,038 | -2,010 | -28.5% |
| | Occupancy (%) | 84.8 | 93.6 | -8.8 | -9.4% | 82.9 | -8.0 | -8.8% |
| | ADR (JPY) | 6,341 | 7,720 | -1,379 | -17.9% | 6,075 | -1,675 | -21.6% |

Notes:

1. The above data are as provided by the hotel operators or as calculated by Ichigo Investment Advisors based on information provided by the hotel operators. The data have not been audited and thus its accuracy cannot be guaranteed and may not match data disclosed in future Financial Reports.
2. Revenue is revenue from accommodations and related services only. Rent from retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya is not included.
3. RevPAR or Revenue Per Available Room is calculated with the following formula:

$$\text{RevPAR} = \text{Total Revenue from accommodations (excluding restaurant charges and$$

- other service fees) / number of available guest rooms.
4. Occupancy is calculated with the following formula:
Occupancy = Total number of guest rooms occupied during the period /
(total number of guest rooms x number of days hotel was in operation during the period)
Occupancy may exceed 100% in the following cases: 1) a guest had pre-paid for a guest room but checked out early, allowing the guest room to be occupied by a different guest; or 2) a guest room is occupied for less than one day by different guests.
 5. ADR or Average Daily Rate is calculated with the following formula:
ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period.
 6. Past data for Hotel Wing International Nagoya and Comfort Hotel Hamamatsu are not included above, as the hotel operators have not given consent to disclose the data.
 7. Data for two hotels, Hotel Suave Kobe Asuta and Hotel Livemax Nihonbashi Hakozaiki, are consolidated under Other, because the hotel operators did not provide consent to disclose hotel-specific data.
 8. While Hotel Suave Kobe Asuta's lease contract includes a variable rent clause, such variable rent has never been triggered. Because Ichigo Hotel REIT does not anticipate receiving variable rent at this hotel, it has been classified above as a Fixed Rent hotel.

Explanation of Changes

Revenue and Portfolio RevPAR are largely unchanged year-on-year. While RevPAR decreased year-on-year for Hotel Suave Kobe Asuta, Hotel Livemax Nihonbashi Hakozaiki, and Smile Hotel Kyoto Shijo, it increased for Hotel Vista Premio Kyoto, Nest Hotel Sapporo Ekimae, Nest Hotel Naha, Nest Hotel Matsuyama, Comfort Hotel Okayama, and Comfort Hotel Suzuka.

Value-Add Actions

At Nest Hotel Sapporo Ekimae, cigarette smoke from the currently unpartitioned smoking area on the second floor drifts into the hotel lobby on the first floor. To increase the comfort of hotel guests, Ichigo Hotel REIT is going to build a dedicated smoking room.

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