



**Ichigo Hotel July 2019 Fiscal Period
Corporate Presentation**

September 12, 2019

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





**Make The World
More Sustainable**



**World-Class
Excellence**

Ichigo's
Hiromi Miyake



Ichigo



July 2019 Results

- ✓ July 2019 Highlights
- ✓ July 2019 Earnings Breakdown
- ✓ Ichigo Hotel Operating Results
- ✓ RevPAR Up in Kyushu, Hokkaido, and Chugoku/Shikoku
- ✓ Actions to Grow Earnings
- ✓ Value-Add Capex: Nest Hotel Naha
- ✓ Value-Add Capex: Court Hotel Kurashiki
- ✓ Acquisitions Increasing Geographic Diversification

Ongoing Earnings Growth

- ✓ Ongoing Actions to Drive Increased Shareholder Value
- ✓ Operator Changes to Generate Higher Earnings
- ✓ Acquisitions and Sale Accretive to Shareholders
- ✓ Portfolio Growth Opportunity via Ichigo Sponsor Support

January 2020 and July 2020 Forecasts

- ✓ January 2020 Forecast
- ✓ July 2020 Forecast

Ichigo's Commitment to ESG

- ✓ Ichigo Sustainability Policy
- ✓ Ichigo ESG – Environmental
- ✓ Ichigo ESG – Social
- ✓ Ichigo ESG – Governance

Appendices

- ✓ Hotel Market Environment
- ✓ Portfolio Details
- ✓ Loan Details & Shareholder Composition
- ✓ Growth Roadmap, Sponsor, Shareholder Alignment

July 2019 Results

July 2019 Highlights

	Results	Details
Net Income	JPY 804M -JPY 50M (-5.9%) YOY	<ul style="list-style-type: none"> • Hit by new hotel supply in Kyoto and Osaka, which peaked out in 2019 and is now decreasing
Acquisitions	2 Hotels (Kumamoto & Hiroshima) (Acquisition Price: JPY 3.72B)	<ul style="list-style-type: none"> • Drive further earnings growth and geographic diversification via acquisition of hotels in Kumamoto and Hiroshima
RevPAR	JPY 7,773 (13 variable rent hotels) -JPY 449 (-5.5%) YOY	<ul style="list-style-type: none"> • RevPAR down in Osaka, Kyoto, and Okinawa, up in Kyushu, Hokkaido, and Chugoku/Shikoku
NOI	JPY 1.61B -JPY 28M (-1.8%) YOY	<ul style="list-style-type: none"> • NOI gain on hotel acquisition (+JPY 68M) offset by decline (-JPY 106M) in Kyoto/Osaka
FFO	JPY 4,496 -JPY 175 (-3.7%) YOY	<ul style="list-style-type: none"> • FFO down on lower NOI
Dividend	JPY 3,154 -JPY 198 (-5.9%) YOY	<ul style="list-style-type: none"> • -JPY 20 (-0.6%) vs. forecast
NAV	JPY 146,580 +JPY 854 (+0.6%) vs. previous period	<ul style="list-style-type: none"> • Unrealized gains up on new assets acquired at below appraisal value

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 2019 Earnings Breakdown

(JPY million)

	Jul 2018 Actual	Jul 2019 Actual (A)	Forecast (B) (Mar 2019)	vs. Forecast (A) - (B)	Major Variation Factors (vs. Forecast)
Operating Revenue	1,814	1,789	1,785	+4	
Variable Rent	803	735	750	-14	Above forecast: 3 hotels; Below forecast: 7 hotels Increase in variable rent due to acquisition of Nest Hotel Kumamoto +24
Fixed Rent	952	984	969	+14	Increase in fixed rent due to acquisition of Nest Hotel Kumamoto +13
Other	58	70	65	+4	
Operating Expenses	771	797	796	+1	
Repair & Maintenance	20	18	22	-3	Effective cost controls
Depreciation	310	328	317	+11	Increase due to acquisition of Nest Hotel Kumamoto +12
Operating Profit	1,042	992	989	+2	
Recurring Profit	855	805	810	-5	Borrowing-related expenses on acquisitions (Kumamoto, Hiroshima) +8
Net Income	854	804	809	-5	
Dividend	JPY 3,352	JPY 3,154	JPY 3,174	-JPY 20	-0.6% vs. forecast -5.9% (-JPY 198) YOY
FFO	JPY 4,671	JPY 4,496	JPY 4,473	+JPY 23	
NOI	1,640	1,611	1,606	+5	
Post-Depreciation NOI	1,329	1,283	1,288	-5	
Capex	246	256	319	-63	Effective cost controls
Book Value	51,448	54,984	-	-	

Ichigo Hotel Operating Results

Variable Rent Hotels (13 Hotels)

	Feb 1, 2018 – Jul 31, 2018	Feb 1, 2019 – Jul 31, 2019	Difference	YOY
Room Revenue (JPY M)	3,042	2,885	-157	-5.2%
Revenue (JPY M)	3,517	3,349	-167	-4.8%
RevPAR (JPY)	8,221	7,773	-449	-5.5%
Occupancy	92.6%	89.7%	-2.9%	-3.2%
ADR (JPY)	8,879	8,668	-212	-2.4%

Total Portfolio (20 Hotels)

	Feb 1, 2018 – Jul 31, 2018	Feb 1, 2019 – Jul 31, 2019	Difference	YOY
Room Revenue (JPY M)	4,361	4,225	-135	-3.1%
Revenue (JPY M)	4,906	4,727	-178	-3.6%
RevPAR (JPY)	7,426	7,182	-245	-3.3%
Occupancy	89.9%	88.4%	-1.5%	-1.7%
ADR (JPY)	8,260	8,122	-137	-1.7%

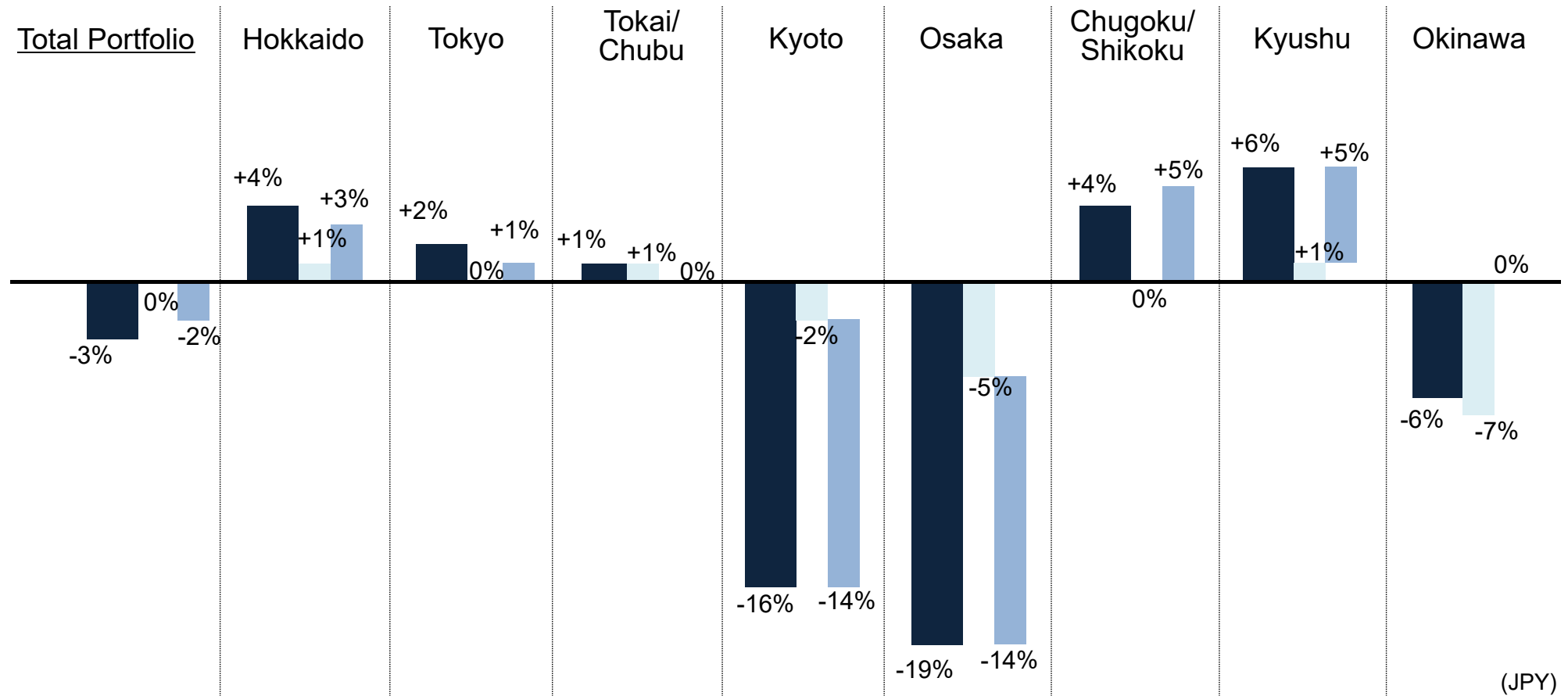
* Excludes Hotel Wing International Kobe Shin Nagata Ekimae and Grandpark-Inn Yokohama. Operating results before acquisition are based on data provided by previous owner.

RevPAR Up in Kyushu, Hokkaido, and Chugoku/Shikoku

YOY by Region (Feb 2019 – July 2019)

■ RevPAR □ Occupancy ■ ADR

19 Hotels (excludes Grandpark-Inn Yokohama, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Kumamoto, and Valie Hotel Hiroshima)



	Hokkaido	Tokyo	Tokai/Chubu	Kyoto	Osaka	Chugoku/Shikoku	Kyushu	Okinawa
RevPAR	9,449	8,204	6,406	8,796	6,901	6,254	9,906	8,348
No. Hotels	3	2	4	2	2	4	1	1
% of Total Portfolio Rental Income	15%	8%	17%	10%	14%	17%	4%	7%

(JPY)



Actions to Grow Earnings

Following Actions Forecast to Increase NOI by JPY 23.8M p.a. (+1.9%*)

- Value-Add Capex: NOI +JPY 11.3M p.a.
 - ✓ Nest Hotel Naha, Court Hotel Kurashiki (details on pp. 12-13)
- Hotel Operator Contract Renewals: NOI +JPY 11.1M p.a.
 - ✓ Higher minimum rent guarantees at 4 hotels (Nest Hotel Sapporo Odori, Nest Hotel Osaka Shinsaibashi, Nest Hotel Matsuyama, Nest Hotel Naha)
- Cost Efficiencies: NOI +JPY 1.4M p.a.
 - ✓ Reduced public utility water consumption using local well water (Valie Hotel Tenjin)

* Increase in NOI (Jan 2019 + July 2019 fiscal periods) at above hotels

Value-Add Capex: Nest Hotel Naha

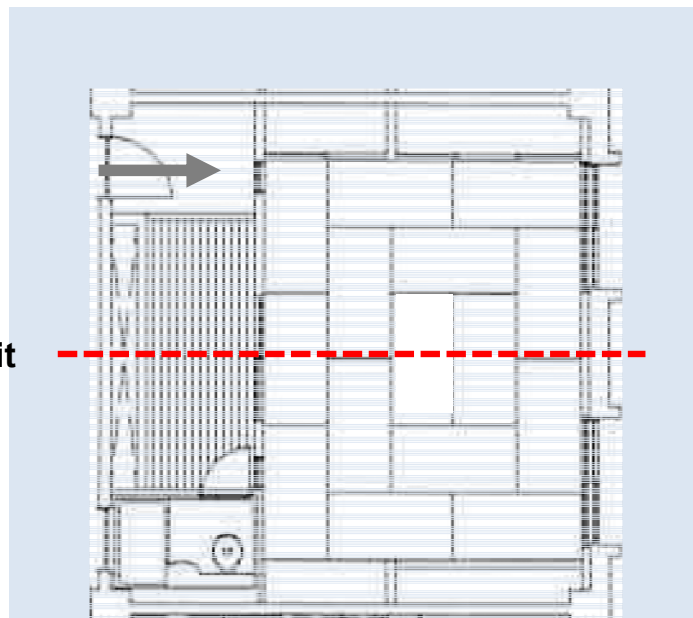
Increased guest capacity to capture leisure demand

- Converted 2 low-use Japanese tatami mat rooms into 4 Western triple rooms

Forecast Economics	Total Capex	Earnings Increase	ROI
	JPY 22.0M	+JPY 3.7M p.a.	16.9%

Completed in July 2019

Before



Japanese tatami mat room (44m²)

After

- ✓ Converted into triple rooms with guest capacity of 3
- ✓ Removed desk for a more spacious and optimized layout for leisure guests



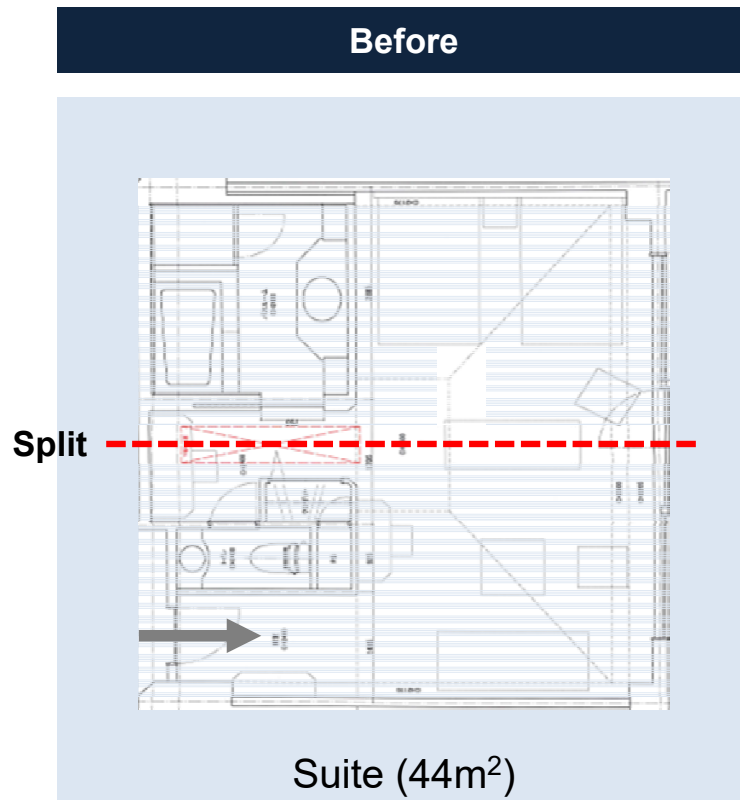
Value-Add Capex: Court Hotel Kurashiki

Increased guest capacity to capture leisure demand

- Converted 3 suites into 6 double rooms

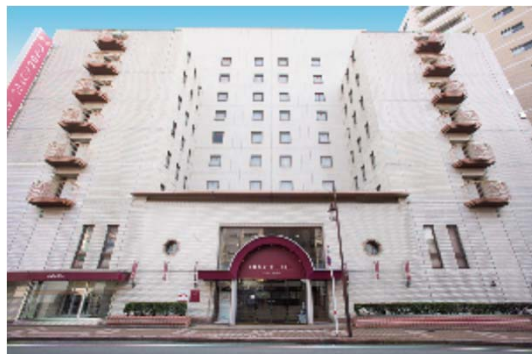
Forecast Economics	Total Capex	Earnings Increase	ROI
	JPY 39.0M	+JPY 7.6M p.a.	19.5%

Completed in July 2019



Acquisitions Increasing Geographic Diversification

Hotel	Nest Hotel Kumamoto	Valie Hotel Hiroshima
Acquisition Date	April 25, 2019	July 19, 2019
Area	Kumamoto City	Hiroshima City
Acquisition Price	JPY 2.22B	JPY 1.50B
Appraisal Value	JPY 2.44B	JPY 1.73B
NOI Yield ¹	6.8%	7.1%
Location	2-min walk from Nishikarashimacho Station on the Kumamoto City Tram Line	15-min walk from Hiroshima Station on the JR Line and 3-min walk from the Jogakuin-mae Station on the Hiroden Tram Line
Seller	Ichigo (Sponsor)	Japanese Third Party



¹NOI Yield = Appraisal-based NOI ÷ Acquisition Price

Scheduled to rebrand and re-open as Valie Hotel Hiroshima by Sep 2019-end

Ongoing Earnings Growth

Ongoing Actions to Drive Increased Shareholder Value

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

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

Portfolio Growth & Diversification Drive Earnings Growth & Stability

Operator Changes to Generate Higher Earnings (1)

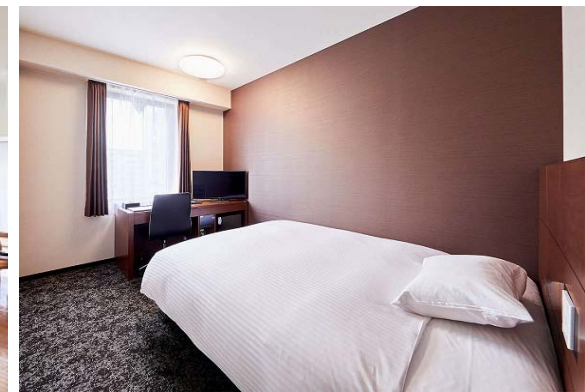
Hotel Wing International Kobe Shin Nagata Ekimae

- Completed full renovation and re-opened on June 1 under new Hotel Wing International brand
- Brought in new operator with no contract downtime
- New operator contract increases fixed rent and newly adds variable rent

Exterior



Interior

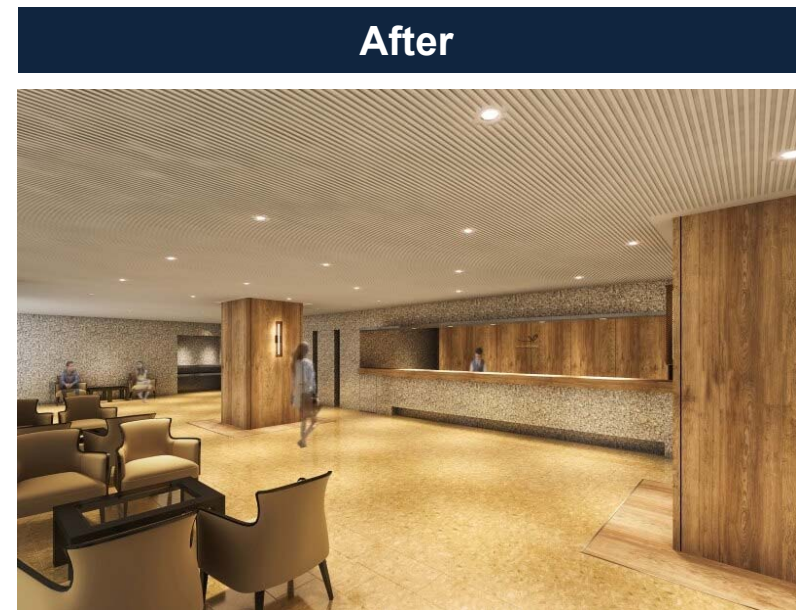
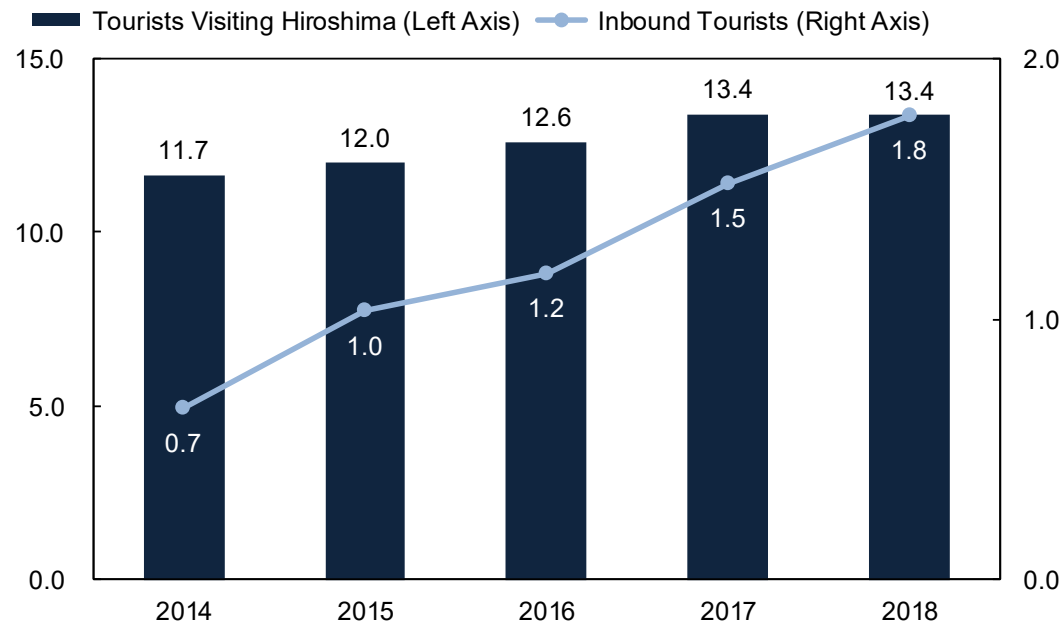


Operator Changes to Generate Higher Earnings (2)

Valie Hotel Hiroshima

- Started full-renovation upon acquisition in July 2019. Scheduled to re-open under new brand in September (de minimis downtime)
- Variable-rent lease will allow Ichigo Hotel to benefit from earnings growth on increased inbound tourism

Inbound Tourism Increase in Hiroshima (unit: million people)



* Calculated by Ichigo Investment Advisors based on Hiroshima City "2018 Survey of Travelers to Hiroshima City"

Acquisitions and Sale Accretive to Shareholders

Sold Hotel Vista Premio Kyoto (Announced on August 27, 2019)

- Proceeds will be used to fund future asset acquisitions and value-add capex

Acquisitions & Sale Portfolio Outcome

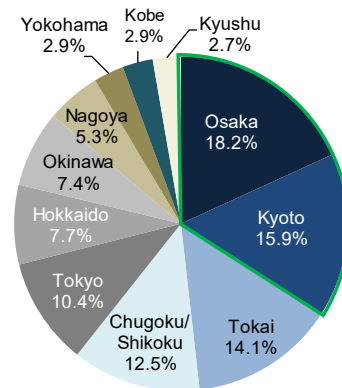
Generated Gains on Sale Significantly Higher than Appraisal-Based Unrealized Gains

- ✓ Sold for JPY 4.5B (1.2X appraisal value of JPY 3.82B)
- ✓ Will distribute 100% of the gains on sale (c. JPY 668M) as a dividend to shareholders

Geographic Diversification

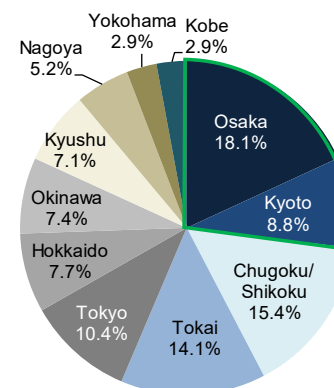
(Acquisition-price basis)

Before (Jan 31, 2019)



Osaka + Kyoto = 34.1%

After (October 31, 2019)



Osaka + Kyoto = 26.9%

Acquired



Nest Hotel Kumamoto



Valie Hotel Hiroshima

Sold



Hotel Vista Premio Kyoto

NOI Growth

NOI of Sold Hotel
Hotel Vista Premio Kyoto

JPY 167M p.a.

NOI of Acquired Hotels
Nest Hotel Kumamoto + Valie Hotel Hiroshima

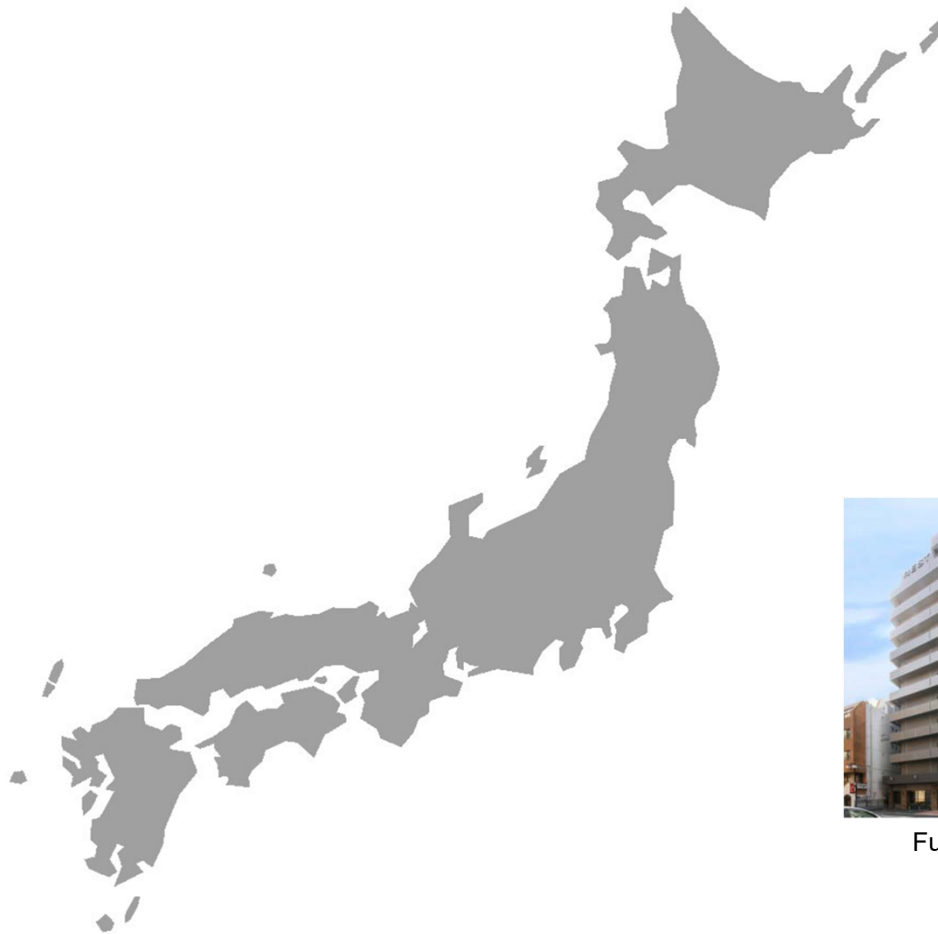
JPY 256M p.a.

NOI of To be Sold Hotel: Appraisal NOI as on July 31, 2019; NOI of Acquired Hotels: Total of Appraisal NOI as of the acquisition date

Portfolio Growth Opportunity via Ichigo Sponsor Support

18 Hotels (JPY 55B) in Ichigo Sponsor Pipeline as of July 31, 2019

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



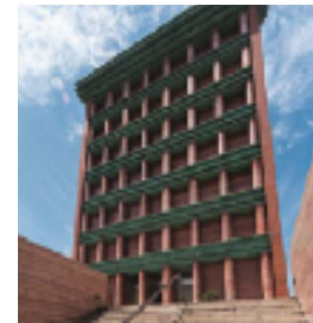
Yokohama



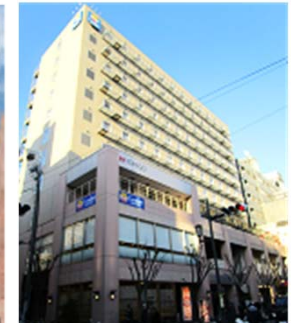
Shinjuku



Fukuoka



Fukuoka



Osaka

January 2020 and July 2020 Forecasts

January 2020 Forecast

Dividend +49.3% vs. Previous Forecast

(JPY million)

	Jan 2019 Actual (A)	Jan 2020 Previous Forecast (Mar 2019)	Jan 2020 Revised Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	2,439	1,773	2,383	-56	
Variable Rent	701	713	665	-35	Expected RevPAR at Variable Rent Hotels: JPY 7,090 (-7.9% YOY)
Fixed Rent	984	991	989	+5	Increase due to acquisitions & sale: +5, Increase in rent from revised lease contract (Sapporo Odori, Osaka Shinsaibashi, Naha, Matsuyama): +5 Decrease due to revised lease contract (Kobe): -6
Other	753	68	727	-25	Decrease due to acquisitions & sale: -7, Increase due to revised lease contract (Kobe): +7, Decrease in gains on sale: -26
Operating Expenses	866	793	980	+114	Increase in asset-related expenses due to acquisitions & sale: +28, Increase in AM fee: +32, Increase in exemption of consumption tax: +21
Repair & Maintenance	16	23	27	+10	
Depreciation	308	322	354	+46	
Operating Profit	1,573	979	1,402	-170	
Recurring Profit	1,399	803	1,199	-200	Increase in borrowing-related expenses on acquisitions: +31
Net Income	1,398	802	1,198	-200	
Dividend	JPY 5,487	JPY 3,147	JPY 4,700	-JPY 787	+49.3% (+JPY 1,553) vs. previous forecast -14.3% YOY
FFO	JPY 4,055	JPY 4,432	JPY 3,494	-JPY 561	
NOI	1,574	1,592	1,538	-35	
Post-Depreciation NOI	1,266	1,270	1,183	-82	
Capex	321	317	363	+42	

July 2020 Forecast

Dividend -4.9% YOY

(JPY million)

	Jul 2019 Actual (A)	Jul 2020 Forecast (B)	(B) - (A)	Major Factors for Variation
Operating Revenue	1,789	1,789	-	
Variable Rent	735	809	+73	Expected RevPAR at Variable Rent Hotels: JPY 7,612 (-0.6% YOY) Increase due to acquisition: +72
Fixed Rent	984	936	-47	Decrease due to acquisitions & sale: -46
Other	70	43	-26	Decrease due to acquisitions & sale: -27
Operating Expenses	797	816	+19	Increase due to acquisitions & sale: +7, Increase in depreciation of existing hotels: +17, Decrease in AM fee: -10
Repair & Maintenance	18	19	-	
Depreciation	328	362	+33	
Operating Profit	992	972	-19	
Recurring Profit	805	766	-38	Increase in borrowing-related expenses on acquisitions: +24
Net Income	804	765	-39	
Dividend	JPY 3,154	JPY 3,001	-JPY 153	-4.9% YOY
FFO	JPY 4,496	JPY 4,441	-JPY 55	
NOI	1,611	1,620	+8	
Post-Depreciation NOI	1,283	1,257	-25	
Capex	256	352	+96	

Ichigo's Commitment to ESG



Ichigo Sustainability Policy

Harmony with the Environment

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

Energy Conservation, CO2 Reduction, and Recycling

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

Regulatory and Environmental Compliance

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

Training and Awareness

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

Sustainability Performance Communication and Disclosure

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

Ichigo ESG – Environmental

Sustainable Real Estate

Preserve & Enhance Existing Buildings to End Wasteful Demolish & Rebuild

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



Lowest Impact
Highest Efficiency

Solar and Wind Energy: Safe and Clean

Annual Power Generation
141,699,548 kWh



Equivalent to annual energy consumption of 47,233 households

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

Annual CO2 Reduction
93,521,697 kg



Equivalent to annual CO2 emission of 40,661 cars

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



Disaster Recovery & Response

No injuries or damages at any Ichigo asset or power plant from 2018 natural disasters

Robust Assets

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

Robust BCP & Realtime 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

Environmental Certifications

Ichigo Office (8975)

CASBEE

Rank S



Ichigo Takamatsu Building

Rank A



Ichigo Marunouchi Building



Ebisu Green Glass



Ichigo Sakaisuji Honmachi Building



Ichigo Sendai East Building



G R E S B
★ ★ ★ ★ ★ 2019

Green Star
(Highest Ranking)
3 years in a row

Other Certifications:
BELS, DBJ Green Building Certification



Ichigo ESG – Social

Sports & Arts

Supporting Outstanding, World-Class Athletes

- Weightlifting
- Riflery
- Track & Field

Paralympic Art Sponsor

- Support artists with disabilities



Weightlifting Athlete
Hiromi Miyake

Children's Cancer Treatment

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

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



Local Communities

Promoting Community Development as J.League Top Partner

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



©J.LEAGUE

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

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



Ichigo ESG – Governance

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

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

Best Practice Governance

REIT

Monitors Asset Management Company

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

Asset Management Company (AMC)

Best Practice

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

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

Independence of the Investment Corporation from AMC

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

All Ichigo Hotel Directors are Independent

Independent Directors at AMC

- ➔ Only 3 Asset Management Companies have any Independent Directors

3 of 5 Ichigo Investment Advisors' Directors are Independent

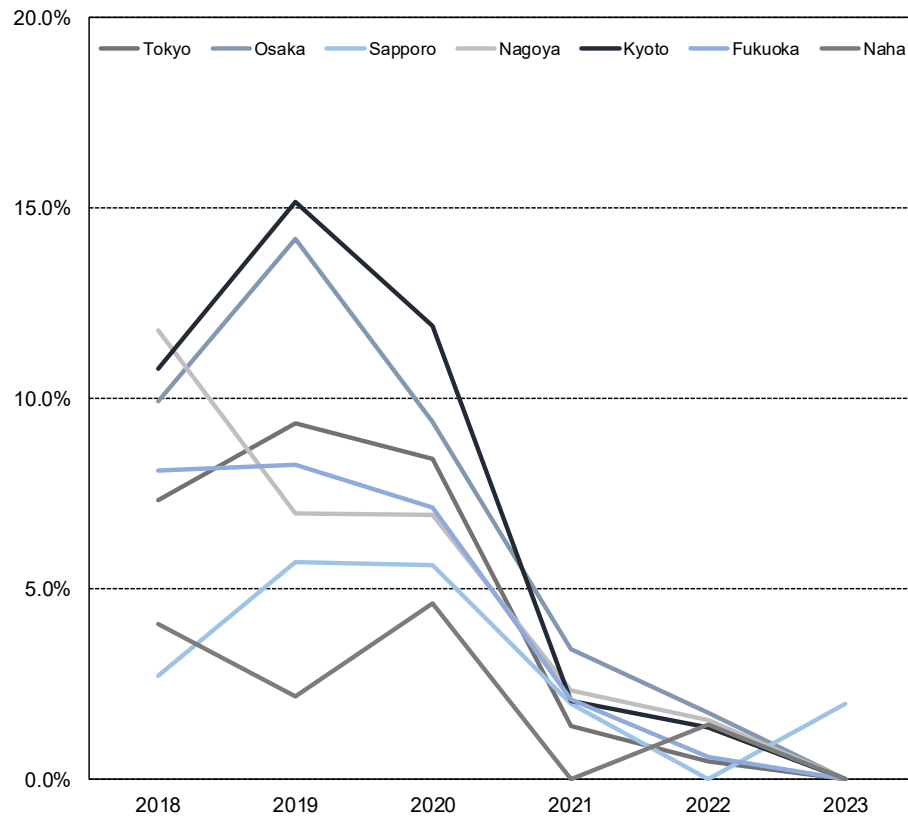


Appendix: Hotel Market Environment

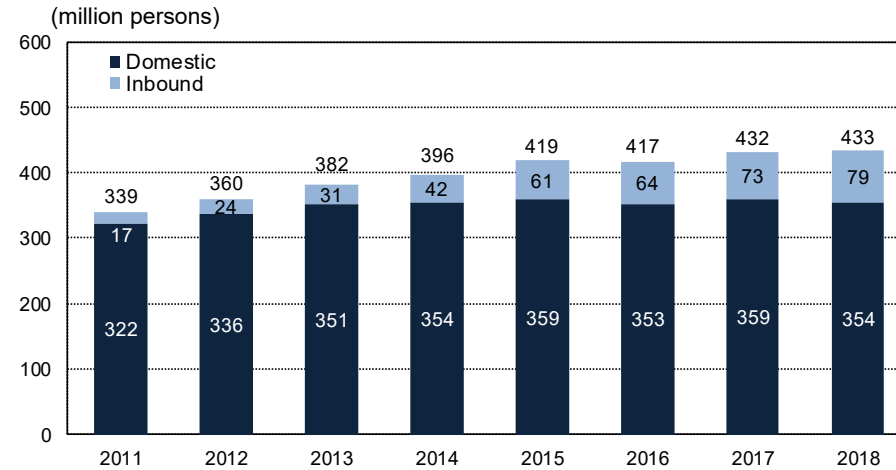
Growth Driver: Strong Inbound Demand

- New hotel supply forecast to peak in 2019
- Domestic demand firm while inbound demand continues to grow

Growth in New Hotel Supply By Major City vs. 2017

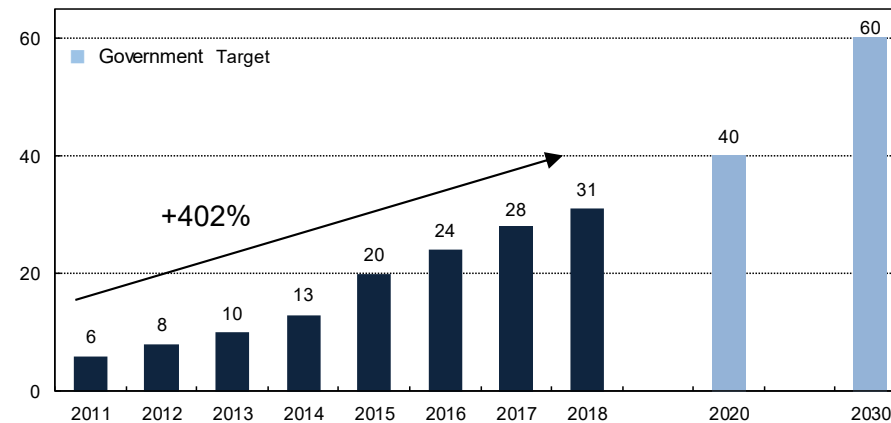


Total Number of Tourists in Domestic Lodging Facilities



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

Number of Inbound Tourists



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

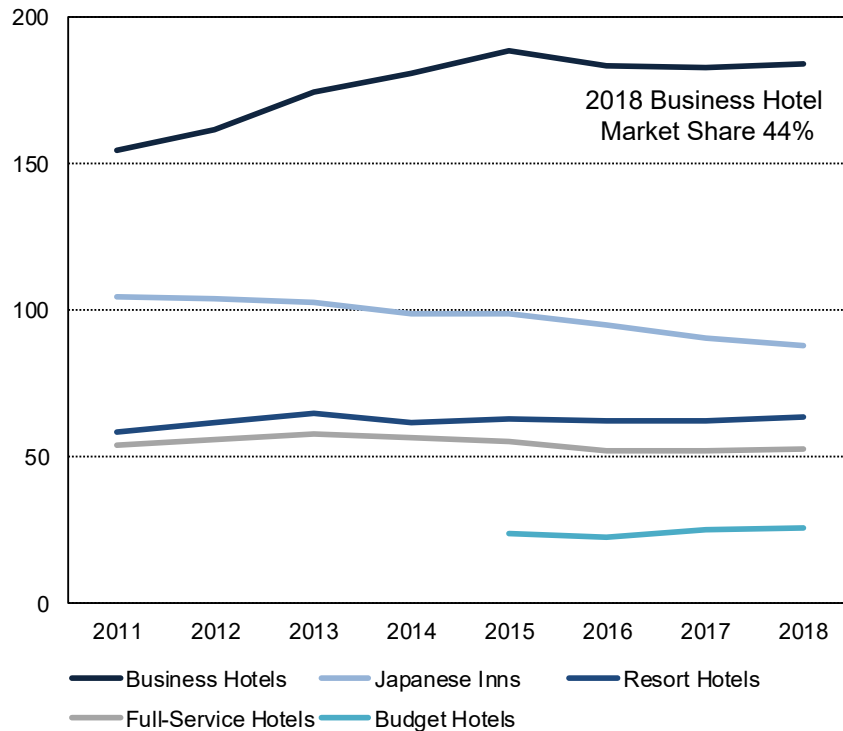
Business Hotel Demand Strong and Growing

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

- 183M domestic business hotel guests in 2018, +1% YOY
- 33M inbound business hotel guests in 2018, +16% YOY

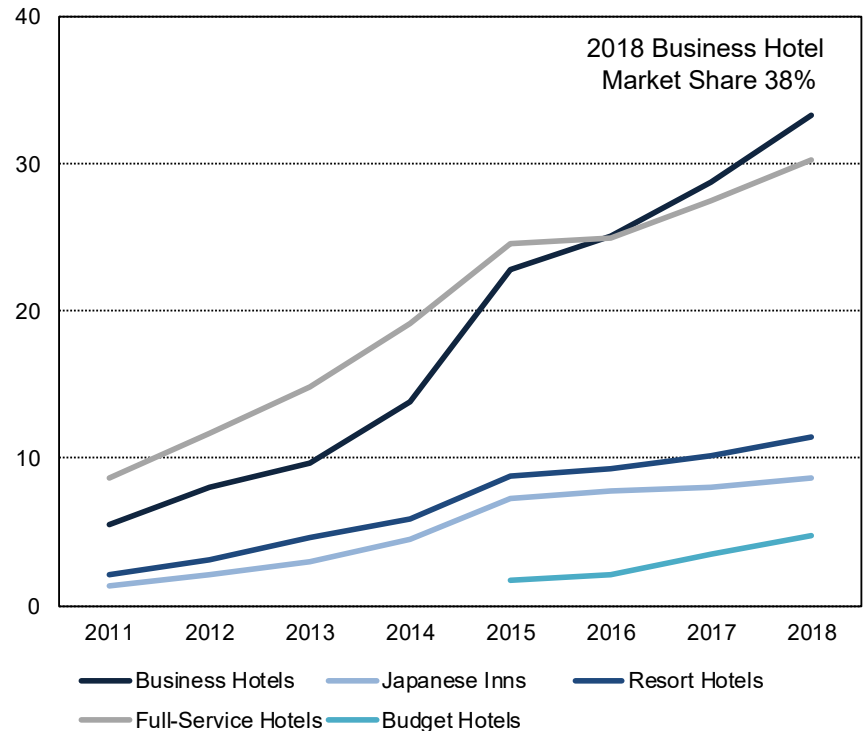
No. of Guests by Hotel Type (Domestic)

(million persons)



No. of Guests by Hotel Type (Inbound)

(million persons)

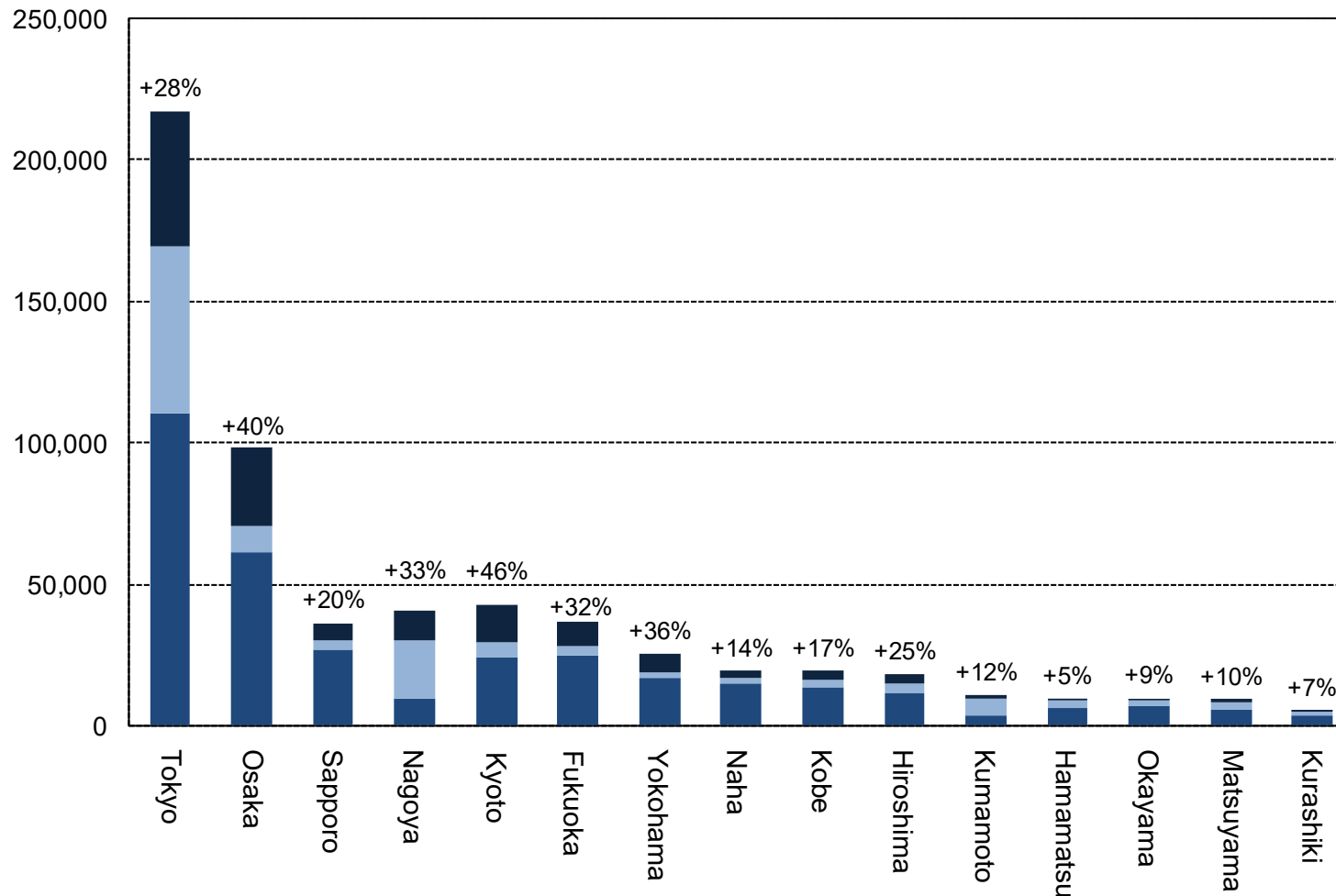


* Calculated by Ichigo Investment Advisors based on Japan Tourism Agency (JTA) "Statistical Survey of Travelers"

New Hotel Room Supply in Japan

No. of New Hotel Rooms (vs. March 31, 2018)

- New Supply
- Japanese Inns
- Hotels
- % Increase of New Supply

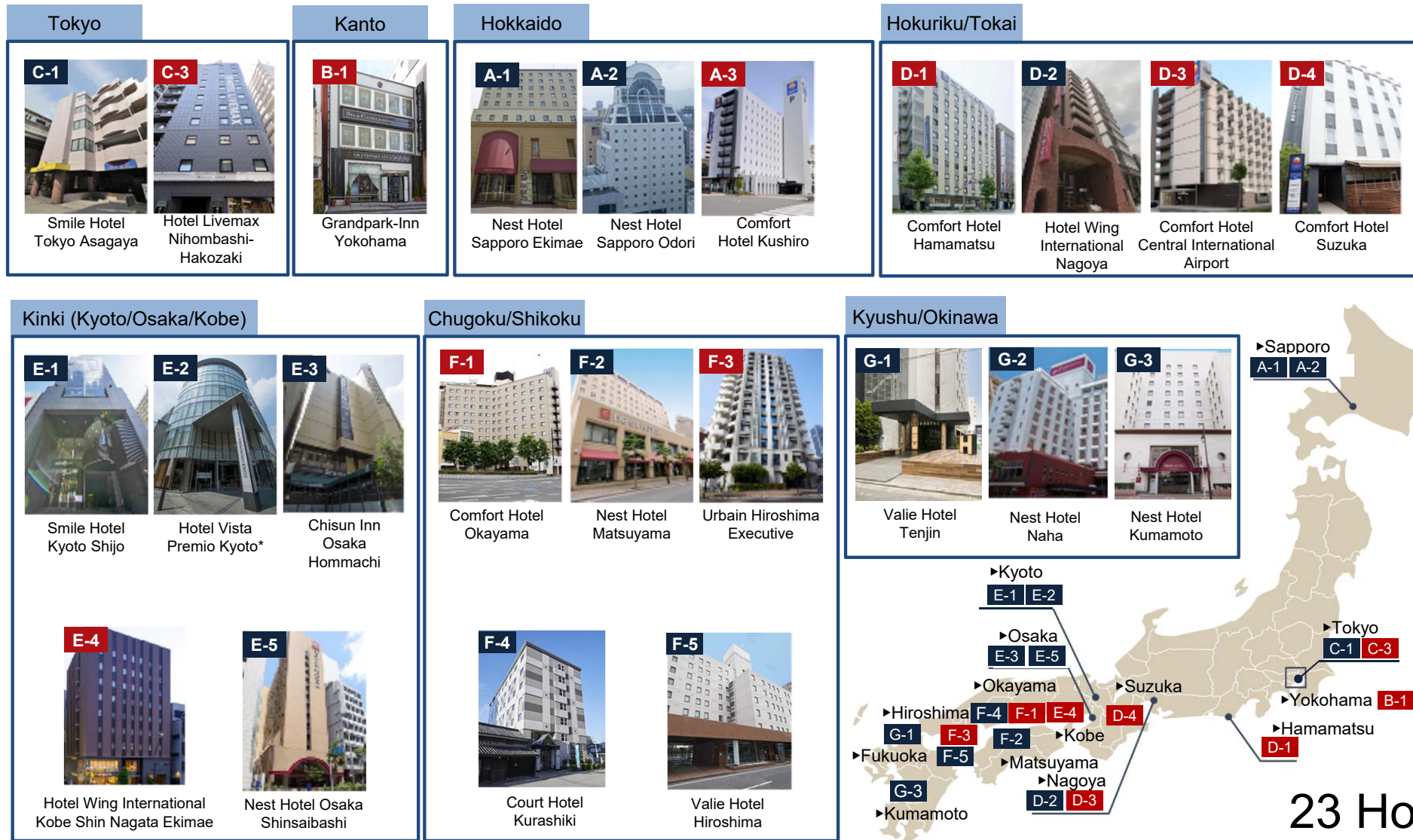


* Increase of new supply relative to existing hotel rooms calculated by Ichigo Investment Advisors based on Ministry of Health, Labor, and Welfare's "Report on Public Health Administration and Services" and hotel and restaurant data published June 7, 2019.

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

Appendix: Portfolio Details

Hotel Map



Variable Rent
Fixed Rent







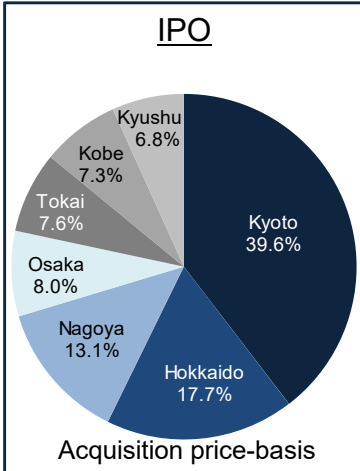
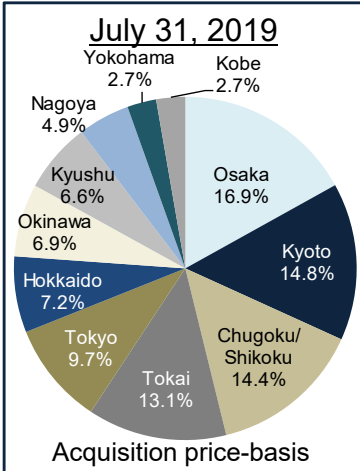
23 Hotels
JPY 54.4B

(July 2019 rent-basis)

* Sale announced on August 27, 2019



Portfolio Growth

	IPO (November 30, 2015)	January 2017 Fiscal Period	July 2017 through January 2019 Fiscal Period			July 2019 Fiscal Period
Hotels	<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 Kyushu: 1</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>July 2017</u> 1 hotel JPY 1.4B (Appraisal NOI Yield 5.0%)</p>  <p>Yokohama: 1</p>	<p><u>January 2018</u> 1 hotel JPY 1.8B (Appraisal NOI Yield 6.3%)</p>  <p>Chugoku/Shikoku: 1</p>	<p><u>January 2019</u> 1 hotel JPY 1.7B (Appraisal NOI Yield 6.9%)</p>  <p>Chugoku/Shikoku: 1</p>	<p><u>Bank Loan Acquisition</u> 2 hotels JPY 3.7B (Appraisal NOI Yield 6.9%)</p>  <p>Nest Hotel Kumamoto Valie Hotel Hiroshima</p> <p>Kyushu: 1, Chugoku/Shikoku: 1</p>
Sale	None	None	None	None	1 Hotel JPY 2.7B*	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
Location	<p><u>IPO</u></p>  <p>Acquisition price-basis</p>	<p>Geographic Diversification Increases Earnings Stability</p> <p>Steady Portfolio Growth via Acquisitions</p>				<p><u>July 31, 2019</u></p>  <p>Acquisition price-basis</p>

*Gain on Sale
JPY 0.69B

Individual Hotel Summary

	Hotel No.	Hotel Name	Lease Terms	Location	Leasable Area (m ²)	Acquisition Price (JPY M)	Book Value (JPY M) (A)	Jul 2019 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	2,153	2,690	5.2	+536
	A-2	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo	5,638.78	1,450	1,466	1,900	5.1	+433
	A-3	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	3,180.58	300	291	421	5.5	+129
	B-1	Grandpark-Inn Yokohama	Fixed Rent	Yokohama	1,183.26	1,490	1,503	1,550	4.6	+46
	C-1	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	2,721.70	3,910	3,987	4,370	4.4	+382
	C-3	Hotel Livemax Nihombashi-Hakozaki	Fixed Rent	Tokyo	853.00	1,360	1,323	1,440	4.5	+116
	D-1	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	4,173.92	1,550	1,469	1,750	5.2	+280
	D-2	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya	5,255.66	2,670	2,699	2,880	4.8	+180
	D-3	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	11,599.63	5,308	5,345	5,880	4.0	+534
	D-4	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	2,186.65	300	286	378	5.0	+91
	E-1	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	4,891.84	4,480	4,553	4,350	4.4	-203
	E-2	Hotel Vista Premio Kyoto	Variable + Fixed Rent	Kyoto	3,867.66	3,600	3,580	3,820	4.2	+239
	E-3	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	3,690.00	1,630	1,707	1,960	4.5	+252
	E-4	Hotel Wing International Kobe Shin Nagata Ekimae	Variable + Fixed Rent	Kobe	4,540.90	1,490	1,424	1,800	4.7	+375
	E-5	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	8,057.26	7,600	7,695	7,550	4.5	-145
	F-1	Comfort Hotel Okayama	Fixed Rent	Okayama	5,543.70	1,200	1,188	1,260	5.3	+71
	F-2	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	6,671.94	1,610	1,664	2,020	5.7	+355
	F-3	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	2,756.20	1,800	1,839	2,080	5.3	+240
	F-4	Court Hotel Kurashiki	Variable + Fixed Rent	Kurashiki, Okayama	3,964.19	1,725	1,811	2,070	5.0	+258
	F-5	Valie Hotel Hiroshima	Variable + Fixed Rent	Hiroshima	4,332.50	1,500	1,529	1,730	4.9	+200
	G-1	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	1,910.94	1,380	1,441	2,230	4.2	+788
	G-2	Nest Hotel Naha	Variable + Fixed Rent	Naha, Okinawa	9,240.20	3,750	3,802	4,190	5.3	+387
	G-3	Nest Hotel Kumamoto	Variable + Fixed Rent	Kumamoto	6,404.36	2,220	2,216	2,440	5.3	+223
23 Hotels					108,399.80	54,483	54,984	60,759	4.7	+5,774

Individual Hotel Operating Results

(year-on-year)

Hotel No.	Hotel Name	Lease Terms	Location	No. of Guest Rooms	July 2019 (February 2019 - July 2019)				
					RevPAR (JPY)	Occupancy (%)	ADR (JPY)	Revenue (JPY M)	
A-1	004	Nest Hotel Sapporo Ekimae	Variable + Fixed Rent	Sapporo	162	11,129 (+5.1%)	98.3 (+0.4%)	11,322 (+4.7%)	394.7 (+5.6%)
A-2	008	Nest Hotel Sapporo Odori	Variable + Fixed Rent	Sapporo	121	12,645 (-0.2%)	96.7 (-0.8%)	13,081 (+0.6%)	300.0 (-1.1%)
A-3	018	Comfort Hotel Kushiro	Fixed Rent	Kushiro, Hokkaido	126	4,219 (+17.1%)	75.5 (+5.1%)	5,592 (+11.5%)	101.4 (+16.0%)
C-1	012	Smile Hotel Tokyo Asagaya	Variable + Fixed Rent	Tokyo	112	9,122 (+3.6%)	98.4 (+3.1%)	9,268 (+0.4%)	189.3 (+2.9%)
D-1	006	Comfort Hotel Hamamatsu	Fixed Rent	Hamamatsu, Shizuoka	196	5,017 (+7.6%)	82.5 (+4.0%)	6,084 (+3.5%)	178.0 (+7.6%)
D-2	003	Hotel Wing International Nagoya	Variable + Fixed Rent	Nagoya	224	5,489 (+1.7%)	87.0 (+0.1%)	6,308 (+1.6%)	245.2 (+1.2%)
D-3	011	Comfort Hotel Central International Airport	Fixed Rent	Tokoname, Aichi	346	8,365 (+0.6%)	91.5 (+0.8%)	9,138 (-0.2%)	546.4 (-4.4%)
D-4	019	Comfort Hotel Suzuka	Fixed Rent	Suzuka, Mie	105	4,497 (-2.6%)	75.6 (+1.0%)	5,945 (-3.5%)	86.3 (-2.9%)
E-1	001	Smile Hotel Kyoto Shijo	Variable + Fixed Rent	Kyoto	144	7,833 (-17.3%)	99.4 (+1.4%)	7,877 (-18.4%)	222.3 (-15.1%)
E-2	002	Hotel Vista Premio Kyoto	Variable + Fixed Rent	Kyoto	84	10,446 (-15.1%)	85.8 (-8.5%)	12,179 (-7.2%)	177.6 (-13.4%)
E-3	005	Chisun Inn Osaka Hommachi	Variable + Fixed Rent	Osaka	130	5,696 (-20.9%)	81.0 (-8.7%)	7,031 (-13.3%)	134.0 (-20.9%)
E-5	010	Nest Hotel Osaka Shinsaibashi	Variable + Fixed Rent	Osaka	302	7,419 (-18.6%)	90.4 (-3.9%)	8,207 (-15.3%)	436.5 (-17.9%)
F-1	017	Comfort Hotel Okayama	Fixed Rent	Okayama	208	5,347 (-4.7%)	88.4 (-1.9%)	6,048 (-2.9%)	210.5 (-4.4%)
F-2	015	Nest Hotel Matsuyama	Variable + Fixed Rent	Matsuyama, Ehime	190	5,826 (+9.2%)	87.4 (-1.7%)	6,670 (+11.1%)	287.6 (+6.0%)
F-3	021	Urbain Hiroshima Executive	Fixed Rent	Hiroshima	171	6,553 (+2.5%)	91.9 (+1.7%)	7,130 (+0.8%)	202.8 (+0.3%)
F-4	022	Court Hotel Kurashiki	Variable + Fixed Rent	Kurashiki, Okayama	104	8,360 (+16.4%)	96.3 (+1.1%)	8,685 (+15.1%)	186.2 (+16.8%)
G-1	009	Valie Hotel Tenjin	Variable + Fixed Rent	Fukuoka	77	9,906 (+6.9%)	97.3 (+1.0%)	10,177 (+5.9%)	147.2 (+6.3%)
G-2	013	Nest Hotel Naha	Variable + Fixed Rent	Naha, Okinawa	200	8,348 (-6.9%)	83.9 (-7.0%)	9,952 (+0.2%)	430.0 (-5.4%)
G-3	023	Nest Hotel Kumamoto	Variable + Fixed Rent	Kumamoto	201	4,788 (-8.8%)	77.4 (-13.1%)	6,189 (+5.0%)	199.1 (-10.3%)
		Other	-		527	-	-	-	-
Variable Rent Hotels					2,355	7,773 (-5.5%)	89.7 (-3.2%)	8,668 (-2.4%)	2,885.5 (-4.8%)
Fixed Rent Hotels					1,375	6,171 (+1.6%)	86.3 (+1.1%)	7,154 (+0.5%)	1,340.3 (-0.8%)
Total					3,730	7,182 (-3.3%)	88.4 (-1.7%)	8,122 (-1.7%)	4,225.8 (-3.6%)

* Operating Results data for Hotel Livemax Nihombashi-Hakozaki and Grandpark-Inn Yokohama are consolidated under Other, because the hotel operators did not provide consent to disclose hotel-specific data. Fixed Rent Hotels and Total include Hotel Livemax Nihombashi-Hakozaki's operating results. Data for Hotel Wing International Kobe Shin Nagata Ekimae are not included because it re-opened under the new-brand in June 2019.

Individual Hotel Financials

(JPY thousand)

	Total	A-1	A-2	A-3	C-1	D-1	D-3	D-4	E-1	E-2	E-3	E-5	F-1	F-2	F-4	F-5	G-1	G-2	G-3	Other
		Nest Hotel Sapporo Ekimae	Nest Hotel Sapporo Odori	Comfort Hotel Kushiro	Smile Hotel Tokyo Asagaya	Comfort Hotel Hamamatsu	Comfort Hotel Central International Airport	Comfort Hotel Suzuka	Smile Hotel Kyoto Shijo	Hotel Vista Premio Kyoto	Chisun Inn Osaka Hommachi	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Okayama	Nest Hotel Matsuyama	Court Hotel Kurashiki	Valie Hotel Hiroshima	Valie Hotel Tenjin	Nest Hotel Naha	Nest Hotel Kumamoto	
(A) Rental Income	1,789,669	134,971	107,426	18,419	94,494	55,361	151,441	15,442	94,501	75,000	61,797	181,999	45,900	96,872	86,586	166	70,318	121,998	37,933	339,036
Fixed Rent	984,145	31,129	27,327	18,419	30,041	55,361	151,441	15,442	30,744	75,000	39,600	66,540	45,900	36,341	31,665	-	21,664	42,611	13,891	251,020
Variable Rent	735,493	103,841	80,098	-	64,452	-	-	-	63,756	-	22,197	115,458	-	60,531	54,711	-	48,654	79,386	24,042	18,361
Other Rent	70,030	-	-	-	-	-	-	-	-	-	-	-	-	-	209	166	-	-	-	69,655
(B) Rental Expenses	177,885	9,719	11,548	5,456	7,162	3,505	14,359	3,049	6,332	11,367	4,937	16,827	5,914	6,843	5,837	85	4,742	8,558	915	50,722
Outsourcing Fees	17,404	600	600	900	2,337	600	570	540	600	1,475	915	1,200	600	720	600	50	600	1,080	416	3,000
Insurance	2,696	148	155	81	89	93	273	47	142	100	99	242	137	196	104	9	55	234	96	388
Repair Expenses	18,648	3,427	1,901	-	555	115	403	271	233	1,850	270	1,296	883	922	823	-	350	2,326	35	2,984
Taxes	110,272	5,113	8,454	4,066	3,772	2,425	12,659	1,782	4,996	7,526	3,288	13,680	3,858	4,574	3,945	-	3,372	4,499	-	22,254
Other Expenses	28,864	429	436	409	407	271	452	408	359	415	364	408	435	429	363	25	364	417	368	22,094
(C) NOI (A) - (B)	1,611,783	125,252	95,877	12,962	87,331	51,856	137,082	12,393	88,168	63,632	56,860	165,171	39,985	90,028	80,748	80	65,576	113,439	37,018	288,314
(D) Depreciation	328,558	15,338	14,950	4,943	26,462	14,635	32,443	4,156	16,159	13,919	6,735	34,108	12,832	17,955	10,142	-	8,751	35,642	12,431	46,947
Net Rental Income (C) - (D)	1,283,224	109,913	80,927	8,019	60,869	37,220	104,639	8,236	72,009	49,713	50,125	131,062	27,153	72,072	70,606	80	56,825	77,797	24,586	241,366

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

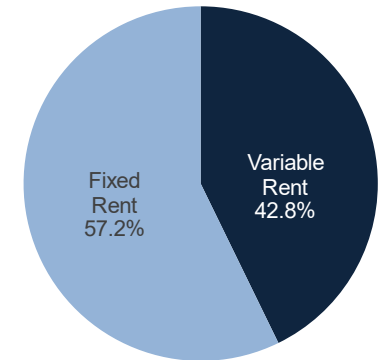
Fixed/Variable Rent, RevPAR, ADR, & Occupancy Trends

Fixed/Variable Rent

(JPY thousand)

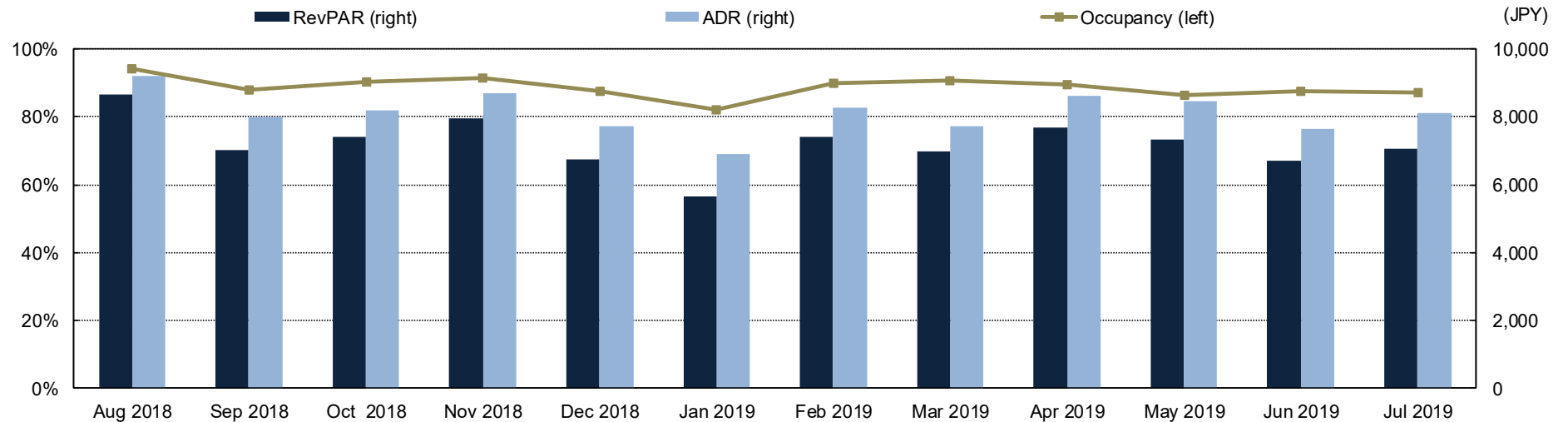
	Jul 2018		Jan 2019		Jul 2019	
	Rent	Ratio	Rent	Ratio	Rent	Ratio
Fixed	988,147	54.5%	1,020,028	58.4%	1,029,238	57.5%
Fixed rent from Operators	952,653	52.5%	984,468	56.4%	984,145	55.0%
Other (Rent from Retail Tenants)	35,494	2.0%	35,559	2.0%	45,092	2.5%
Variable	803,401	44.3%	701,671	40.2%	735,493	41.1%
Other (Utilites income)	22,515	1.2%	23,668	1.4%	24,937	1.4%
Total	1,814,064	100.0%	1,745,367	100.0%	1,789,669	100.0%

Total Rent (excludes Other Revenue)



(July 2019 rent-basis)

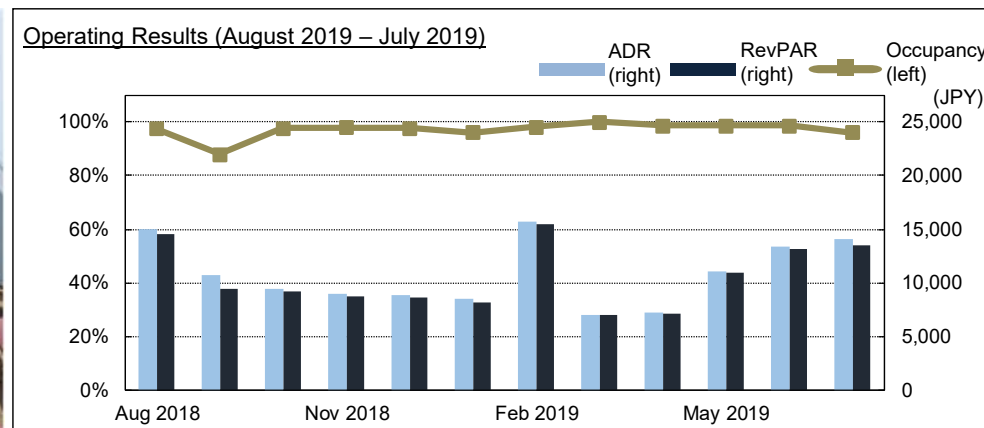
Operating Results (Feb 2018 – July 2019)



Variable Rent Hotel Details

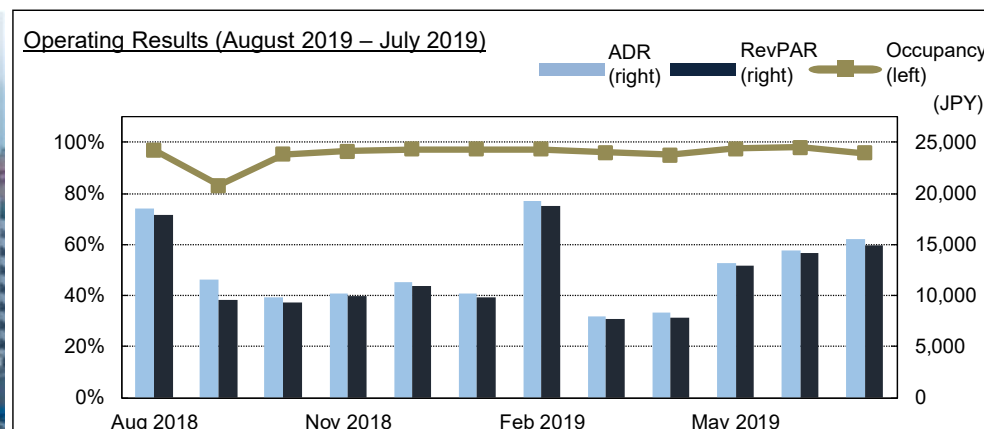
A-1 Nest Hotel Sapporo Ekimae

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



A-2 Nest Hotel Sapporo Odori

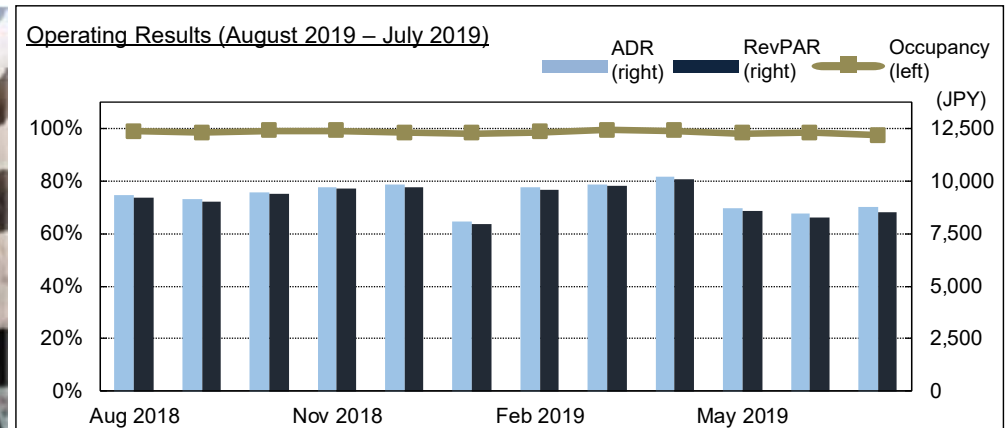
Location	Sapporo
Access	4-minute walk from Odori Station on Sapporo City Metro Namboku Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	121
Acquisition Price	JPY 1.45B



Variable Rent Hotel Details

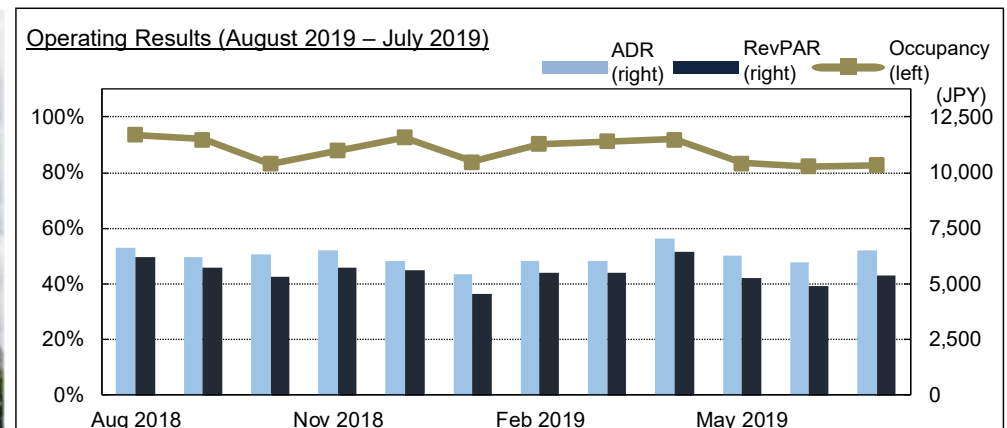
C-1 Smile Hotel Tokyo Asagaya

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



D-2 Hotel Wing International Nagoya

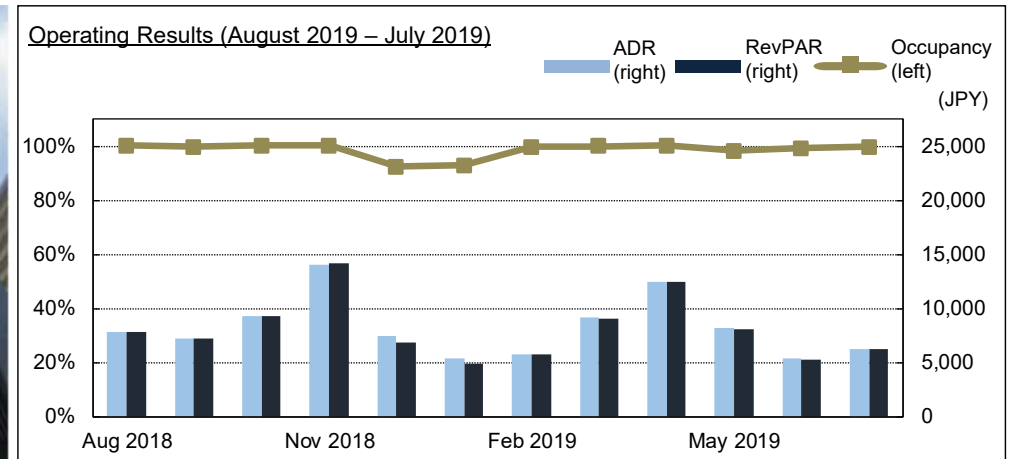
Location	Nagoya
Access	2-minute walk from Marunouchi Station on both Nagoya Subway Network Sakuradori Line and Tsurumai Line
Operator	Forbes Co., Ltd.
Guest Rooms	224
Acquisition Price	JPY 2.67B



Variable Rent Hotel Details

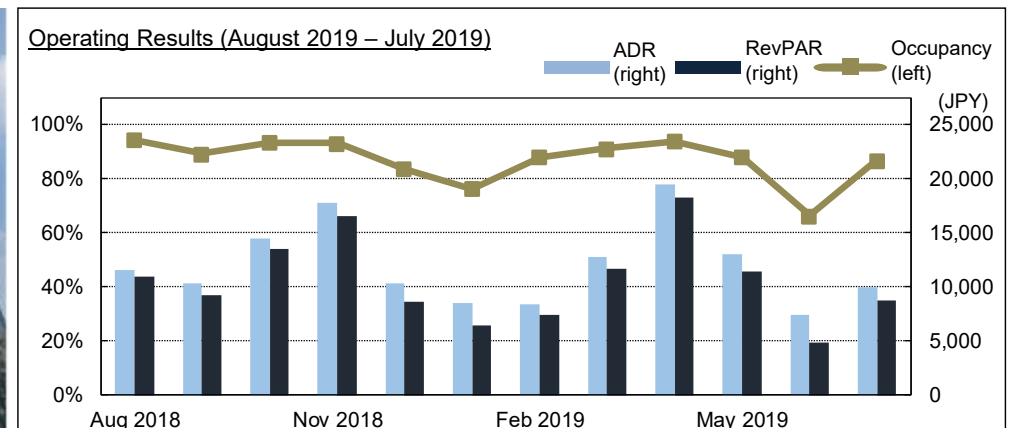
E-1 Smile Hotel Kyoto Shijo

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



E-2 Hotel Vista Premio Kyoto

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

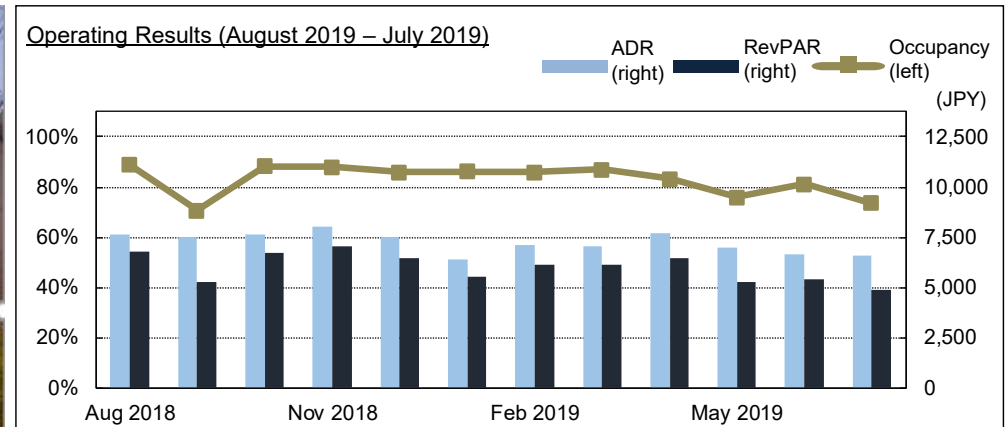


* Sale of hotel announced on August 27, 2019

Variable Rent Hotel Details

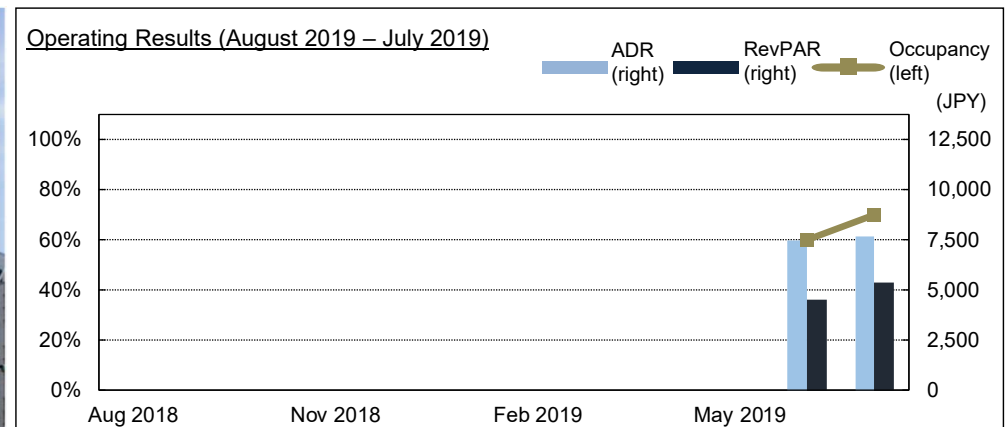
E-3 Chisun Inn Osaka Hommachi

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



E-4 Hotel Wing International Kobe Shin Nagata Ekimae

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

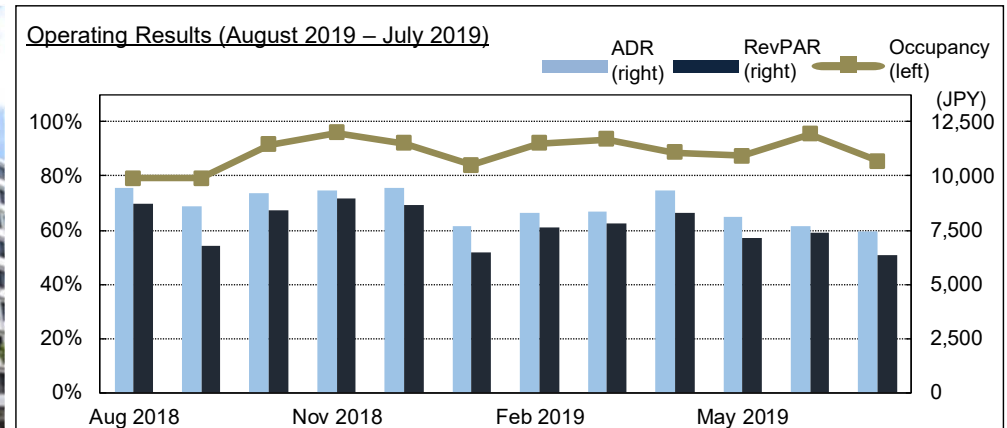


* Hotel name changed from Hotel Suave Kobe Asuta on March 1, 2019. Rebranded and reopened in June 2019.

Variable Rent Hotel Details

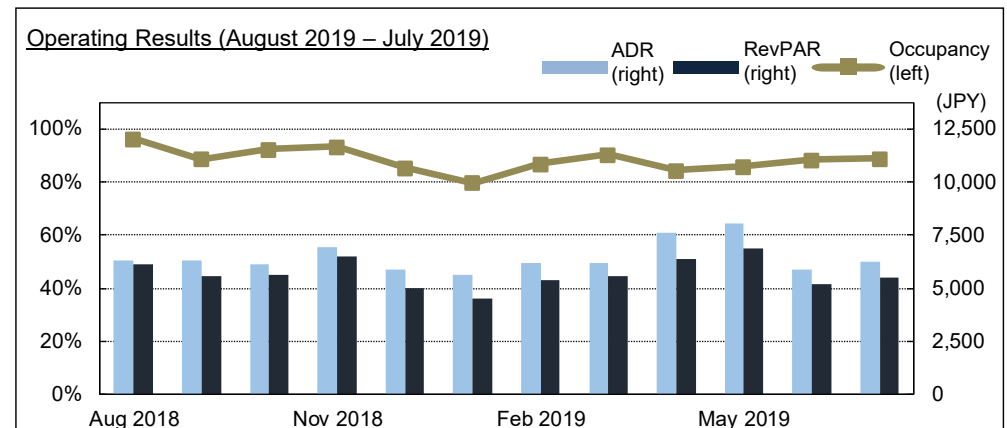
E-5 Nest Hotel Osaka Shinsaibashi

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



F-2 Nest Hotel Matsuyama

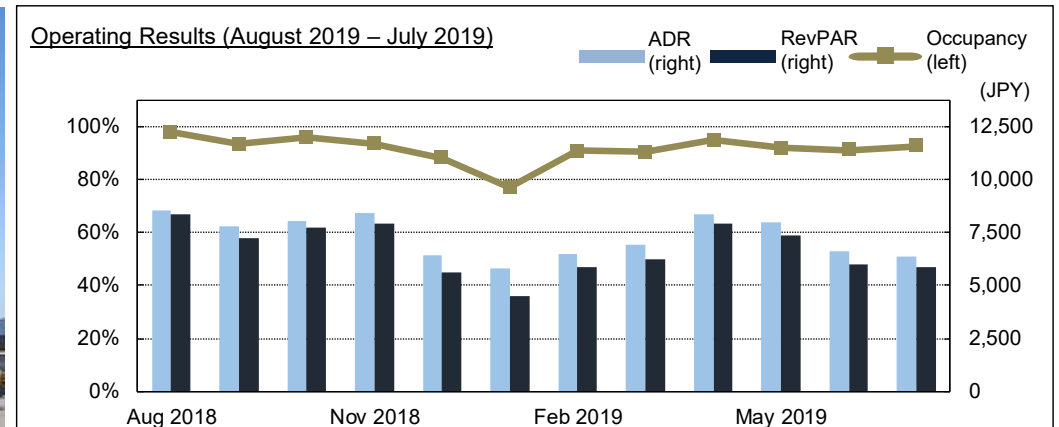
Location	Matsuyama, Ehime
Access	25-minute drive from Matsuyama Airport, 3-minute walk from Katsuyamacho Station on Iyo Railway Jonan Line
Operator	Nest Hotel Japan Corporation
Guest Rooms	190
Acquisition Price	JPY 1.61B



Variable Rent Hotel Details

F-4 Court Hotel Kurashiki

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



F-5 Valie Hotel Hiroshima

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 1.55B

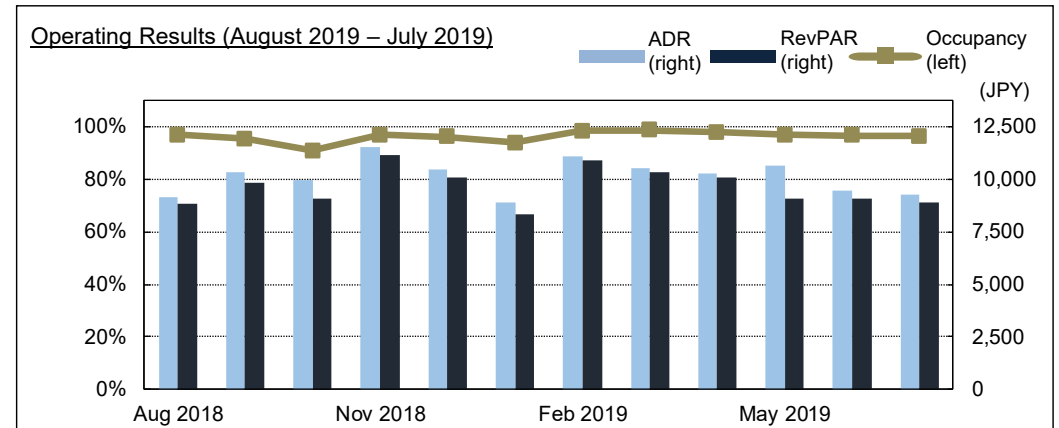


Valie Hotel Hiroshima was acquired on July 19, 2019 and is scheduled to re-open in September 2019 after rebranding. The previous owner did not give consent to disclose data about results prior to the acquisition.

Variable Rent Hotel Details

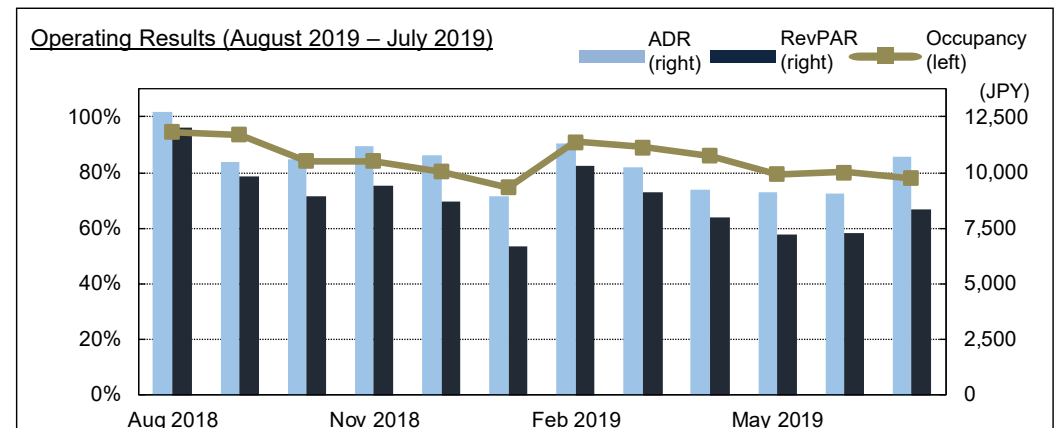
G-1 Valie Hotel Tenjin

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



G-2 Nest Hotel Naha

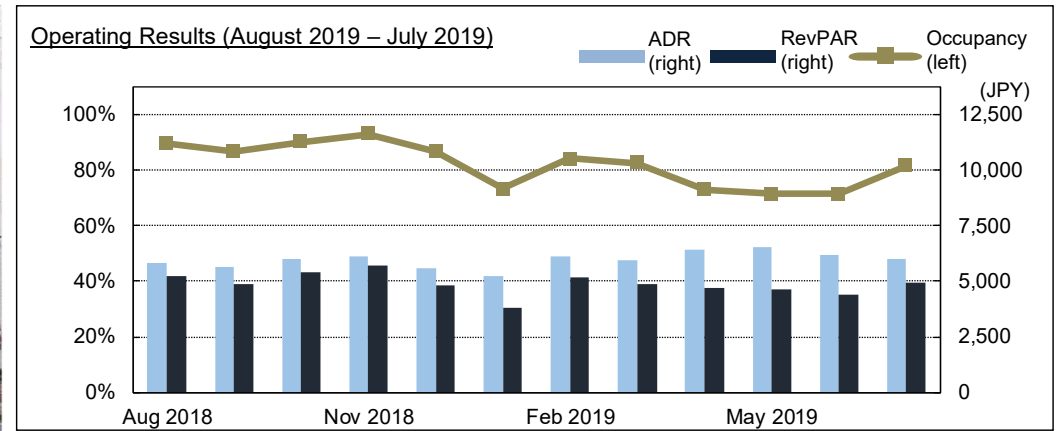
Location	Naha, Okinawa
Access	7-minute drive from Naha Airport, 5-minute walk from Asahibashi Station on Okinawa Urban Monorail
Operator	Nest Hotel Japan Corporation
Guest Rooms	200
Acquisition Price	JPY 3.75B



Variable Rent Hotel Details

G-3 Nest Hotel Kumamoto

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



Fixed Rent Hotel Details

A-3 Comfort Hotel Kushiro

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



B-1 Grandpark-Inn Yokohama

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



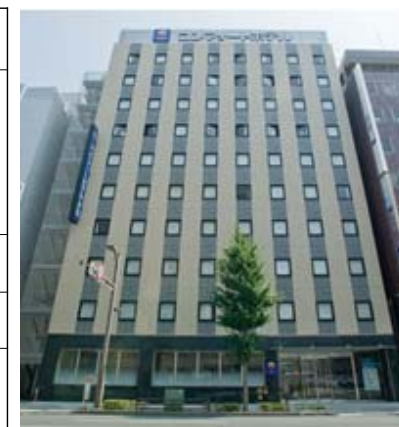
C-3 Hotel Livemax Nihombashi-Hakozaki

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



D-1 Comfort Hotel Hamamatsu

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



Fixed Rent Hotel Details

D-3 Comfort Hotel Central International Airport

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



D-4 Comfort Hotel Suzuka

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



F-1 Comfort Hotel Okayama

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



F-3 Urbain Hiroshima Executive

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



Appendix: Loan Details & Shareholder Composition

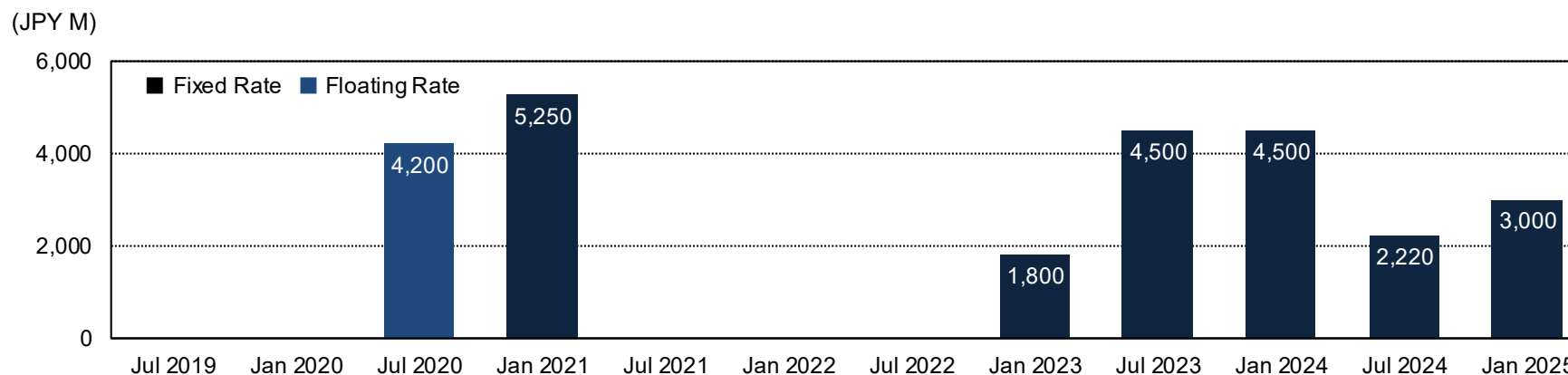
Stable Financial Base

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

Outstanding Loan Balance

	Jul 31, 2017	Jan 31, 2018	Jul 31, 2018	Jan 31, 2019	July 31, 2019
Amount	JPY 19.95B	JPY 21.75B	JPY 21.75B	JPY 21.75B	JPY 25.47B
Long-Term Loan Ratio	100.0%	100.0%	100.0%	100.0%	100.0%
Fixed Rate Ratio	71.4%	73.8%	73.8%	80.7%	83.5%
Average Interest Rate	0.88%	0.88%	0.88%	0.89%	0.86%
Average Remaining Maturity	4.1 years	3.6 years	3.1 years	3.2 years	3.0 years
LTV (Total Assets Basis)	37.1%	39.2%	39.1%	38.8%	43.0%

Distribution of Loan Maturities

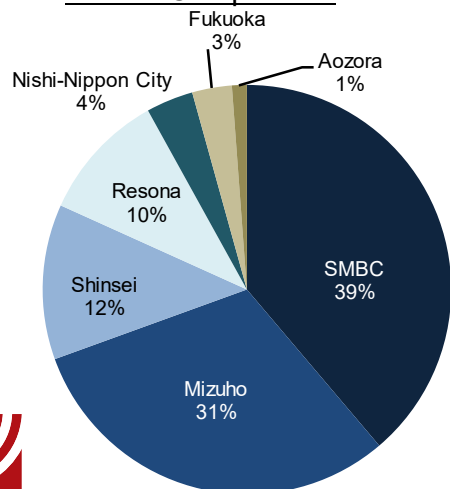


Loan Details

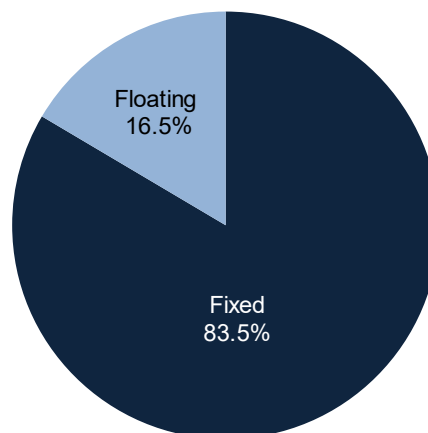
Loan Balances

Loan	Lender	Amount (JPY million)	Floating/Fixed	Interest Rate (%)	Borrowing Date	Maturity
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	0.61545%	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	0.56545%	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
Term Loan VIII	SMBC, Mizuho, Shinsei, Resona	1,750	Floating	0.46545%	November 30, 2018	May 29, 2020
Term Loan IX	SMBC, Mizuho, Shinsei, Resona	1,500	Fixed	0.92000%	November 30, 2018	November 30, 2024
Term Loan X	SMBC, Mizuho, Shinsei, Resona, Nishi-Nippon City	2,220	Fixed	0.75450%	April 25, 2019	April 30, 2024
Term Loan XI	SMBC, Mizuho, Aozora, Shinsei, Resona	1,500	Fixed	0.73575%	July 19, 2019	November 29, 2024
Total		25,470		Average 0.86%	Average Remaining Loan Term 3.0 years	

Lender Composition



Fixed vs. Floating



Strong Lender Group

LTV Control

Interest Rate Risk Management

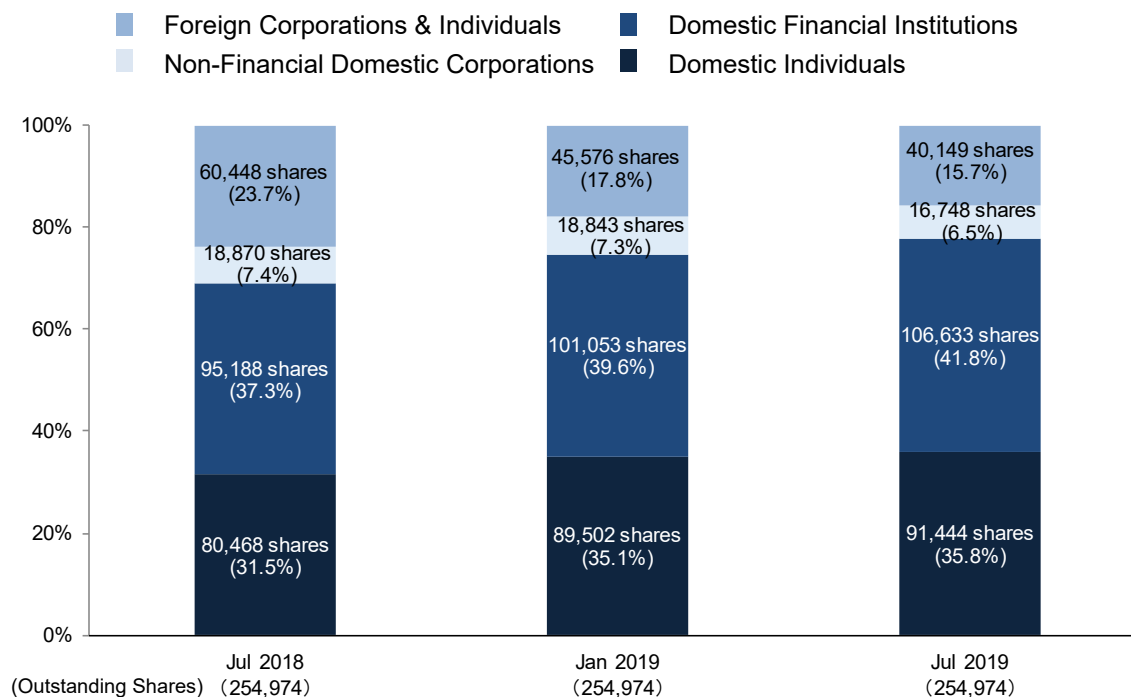
Stable Financial Position

Shareholder Composition

Major Shareholders (as of July 31, 2019)

Name	No. of Shares	Share
1 Japan Trustee Services Bank, Ltd., Trust Account	30,960	12.1%
2 The Master Trust Bank of Japan, Trust Account	26,333	10.3%
3 Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	13,068	5.1%
4 The Nomura Trust and Banking Co., Ltd., Investment Trust Account	9,373	3.7%
5 Ichigo Inc. (Sponsor)	6,500	2.5%
6 Ichigo Trust Pte. Ltd.	6,424	2.5%
7 GOLDMAN SACHS INTERNATIONAL	5,872	2.3%
8 SIX SIS LTD.	5,133	2.0%
9 Morgan Stanley MUFG Securities Co., Ltd.	3,835	1.5%
10 CGML-LONDON EQUITY	3,477	1.4%
Total	110,975	43.5%

By Number of Shares Held:

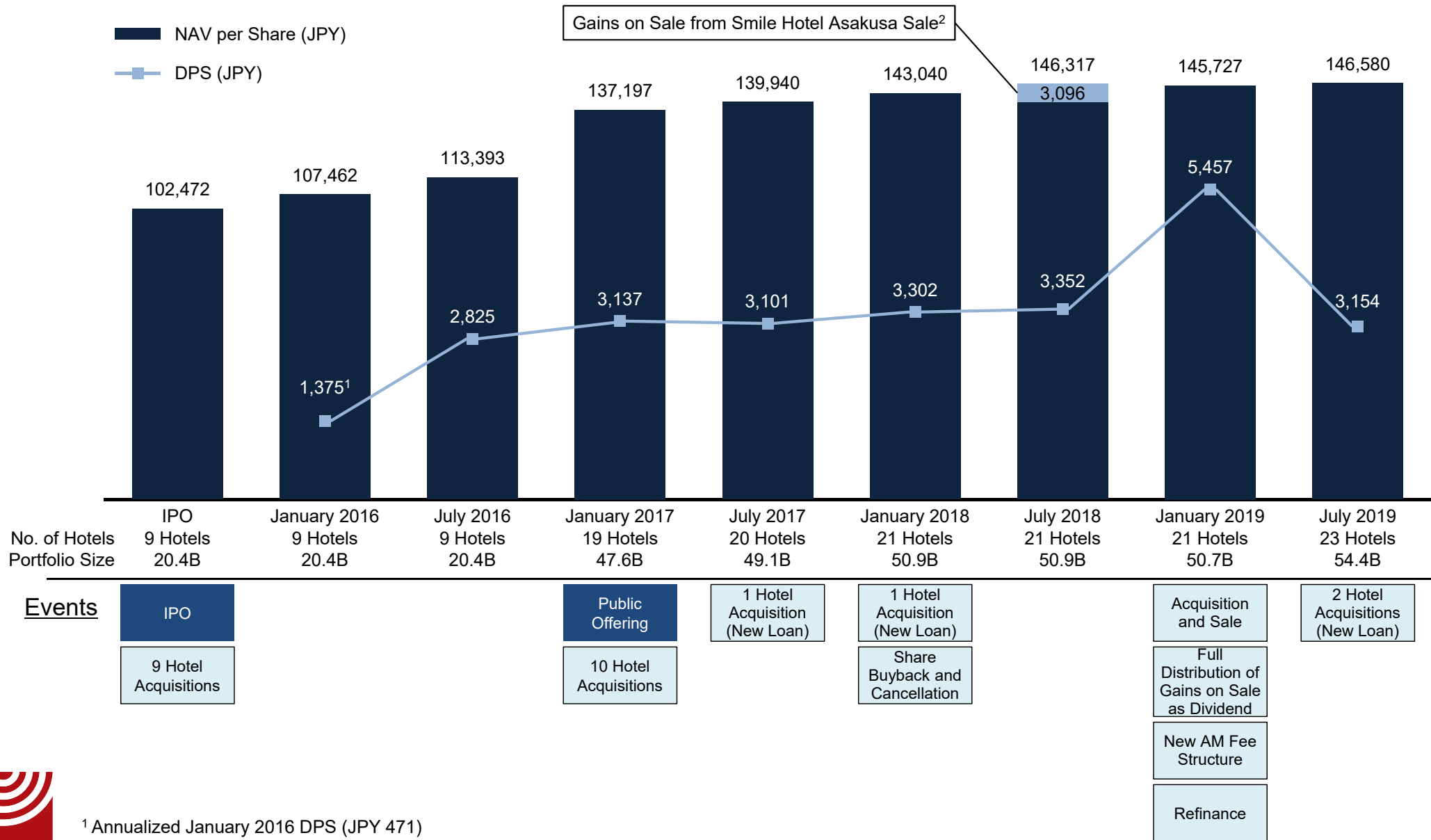


By Number of Shareholders:

	Jul 31, 2018	Jan 31, 2019	Jul 31, 2019	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals	11,299	13,101	13,415	97.4%
Domestic Financial Institutions	54	48	54	0.4%
City Banks, trust banks	7	7	7	0.1%
Regional banks	4	3	2	—
Other (including securities companies)	43	38	45	0.3%
Non-Financial Domestic Corporations	183	218	220	1.6%
Foreign Corporations & Individuals	107	78	88	0.6%
Total	11,643	13,445	13,777	100.0%

Appendix: Growth Roadmap, Sponsor, Shareholder Alignment

Strong Growth Track Record



¹ Annualized January 2016 DPS (JPY 471)

² Unrealized gains of Smile Hotel Asakusa (sold in August 2018) = (Sales price – book value at sale) / number of shares outstanding

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 stay-only 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 stay-only hotels • Increase portfolio size and generate scale efficiencies via acquisitions of newly built hotels in addition to value-add of existing hotels
Organic Growth	<ul style="list-style-type: none"> • Enhance operational efficiency by monitoring operations and providing advice to partner hotel operators • Increase rents and earnings through value-add capex 	
Financing	<ul style="list-style-type: none"> • Maintain a strong lender base • Appropriate LTV • Manage interest rate risk • Prepare to acquire credit rating • Shift to no fixed fee, performance fee-only structure 	<ul style="list-style-type: none"> • Acquire credit rating • Diversify financing • Continue to control LTV and manage interest rate risk • Prepare to enter global REIT indices
Other	<ul style="list-style-type: none"> • Conduct share buybacks to increase dividend and maintain appropriate share price 	<ul style="list-style-type: none"> • Conduct share buybacks to increase dividend and maintain appropriate share price • Promote responsiveness to disasters (Respond to ESG requirements)

Ichigo Hotel's Sponsor: Ichigo (2337)

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

- Also 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



©J.LEAGUE



Hiromi Miyake
(Weightlifting)

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.



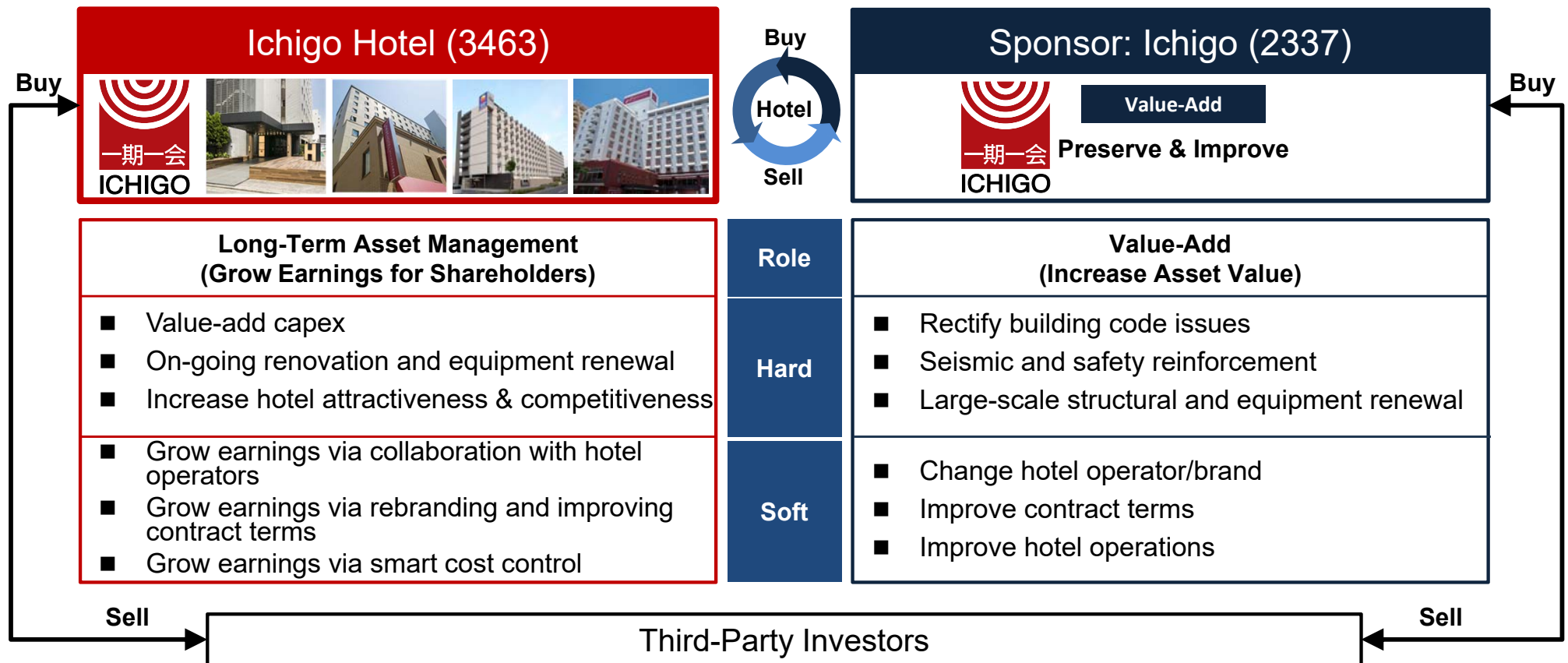
Key Ichigo Subsidiaries

Ichigo Investment Advisors	Asset manager of Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282)
Ichigo Estate	Real estate value-add
Ichigo ECO Energy	Clean energy business focusing on utility-scale solar power production, making purposeful use of idle land nationwide
Ichigo Owners	Real estate investment services
Ichigo Land Shinchiku	Real estate value-add
Ichigo Real Estate Services Fukuoka	Real estate business centered on Fukuoka
Ichigo Marché	Operator of Matsudo Nanbu wholesale market in Chiba Prefecture
Miyako City	Operator of Miyako City shopping mall in Miyazaki Prefecture
Centro	New real estate-related businesses
Storage Plus	High-grade self storage
Ichigo Animation	Japanese anime studio & real estate-related content developer
Hakata Hotels	Hotel operator



Synergies Between Ichigo Hotel and Sponsor

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



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

Overwhelming Shareholder Support (99.3% Yes Vote at AGM)

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

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

– Fee Change Outcomes

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

Ichigo Hotel Overview

Ichigo Hotel

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

Asset Management Company

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

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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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.