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Issuer

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## Ichigo Hotel REIT Operating Results – April 2017

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels – excludes Grandpark-Inn Yokohama)

	April 2017 (A)	(Previous) April 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – April 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	763.5	729.8	+33.7	+4.6%	2,200.3	+36.7	+1.7%
RevPAR (JPY)	7,527	7,169	+358	+5.0%	7,331	+205	+2.9%
Occupancy (%)	90.2	87.2	+3.0	+3.5%	90.4	+1.7	+1.9%
ADR (JPY)	8,344	8,224	+120	+1.5%	8,112	+77	+1.0%

Variable Rent Hotels (12 Hotels)

	April 2017 (A)	(Previous) April 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – April 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	548.2	515.9	+32.4	+6.3%	1,571.3	+17.1	+1.1%
RevPAR (JPY)	8,658	8,058	+600	+7.5%	8,399	+224	+2.7%
Occupancy (%)	94.5	89.4	+5.1	+5.7%	94.8	+2.0	+2.2%
ADR (JPY)	9,162	9,014	+149	+1.6%	8,860	+49	+0.6%

Fixed Rent Hotels (7 Hotels – excludes Grandpark-Inn Yokohama)

	April 2017 (A)	(Previous) April 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – April 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	215.2	213.9	+1.3	+0.6%	629.0	+19.6	+3.2%
RevPAR (JPY)	5,752	5,776	-24	-0.4%	5,651	+172	+3.1%
Occupancy (%)	83.5	83.7	-0.2	-0.2%	83.4	+1.2	+1.4%
ADR (JPY)	6,890	6,902	-12	-0.2%	6,777	+113	+1.7%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		April 2017 (A)	(Previous) April 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – April 2017		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	82.9	77.7	+5.2	+6.7%	164.6	-6.5	-3.8%
	RevPAR (JPY)	19,018	18,187	+831	+4.6%	12,655	-569	-4.3%
	Occupancy (%)	100.0	100.0	-0.1	-0.1%	100.0	-0.2	-0.2%
	ADR (JPY)	19,027	18,178	+849	+4.7%	12,655	-549	-4.2%
Hotel Vista Premio Kyoto	Revenue (JPY million)	50.2	44.3	+5.9	+13.3%	115.5	+7.3	+6.8%
	RevPAR (JPY)	18,731	16,410	+2,321	+14.1%	14,555	+1,101	+8.2%
	Occupancy (%)	92.7	93.8	-1.1	-1.2%	91.8	-0.5	-0.5%
	ADR (JPY)	20,215	17,500	+2,715	+15.5%	15,852	+1,272	+8.7%
Hotel Wing International Nagoya	Revenue (JPY million)	44.4	45.0	-0.6	-1.4%	131.8	-1.8	-1.4%
	RevPAR (JPY)	5,951	5,962	-11	-0.2%	5,983	+71	+1.2%
	Occupancy (%)	90.7	98.2	-7.5	-7.6%	90.6	-8.1	-8.2%
	ADR (JPY)	6,558	6,069	+489	+8.1%	6,604	+613	+10.2%
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	37.7	37.2	+0.5	+1.4%	137.0	+1.2	+0.9%
	RevPAR (JPY)	5,279	5,086	+193	+3.8%	7,457	+577	+8.4%
	Occupancy (%)	97.4	98.3	-0.9	-0.9%	97.2	-1.1	-1.1%
	ADR (JPY)	5,421	5,174	+247	+4.8%	7,668	+669	+9.6%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	32.9	37.6	-4.7	-12.4%	91.7	–	-16.7%
	RevPAR (JPY)	8,439	9,633	-1,193	-12.4%	7,926	-1,488	-15.8%
	Occupancy (%)	94.1	89.3	+4.8	+5.3%	94.5	+2.7	+3.0%
	ADR (JPY)	8,968	10,783	-1,815	-16.8%	8,388	-1,872	-18.2%

		April 2017 (A)	(Previous) April 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – April 2017		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Odori	Revenue (JPY million)	26.0	23.0	+3.0	+12.9%	102.6	+7.5	+7.8%
	RevPAR (JPY)	6,167	5,392	+776	+14.4%	8,549	+708	+9.0%
	Occupancy (%)	96.7	88.5	+8.2	+9.3%	95.5	+1.4	+1.5%
	ADR (JPY)	6,378	6,093	+285	+4.7%	8,950	+615	+7.4%
Valie Hotel Tenjin	Revenue (JPY million)	19.7	19.7	–	-0.2%	63.7	-0.4	-0.6%
	RevPAR (JPY)	7,784	7,827	-42	-0.5%	8,546	-37	-0.4%
	Occupancy (%)	87.5	85.2	+2.3	+2.7%	90.5	+1.5	+1.7%
	ADR (JPY)	8,897	9,191	-294	-3.2%	9,440	-202	-2.1%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	89.7	79.2	+10.5	+13.2%	260.0	+6.1	+2.4%
	RevPAR (JPY)	9,041	7,888	+1,153	+14.6%	8,851	+360	+4.2%
	Occupancy (%)	99.1	83.4	+15.7	+18.9%	99.1	+8.0	+8.7%
	ADR (JPY)	9,124	9,464	-340	-3.6%	8,933	-385	-4.1%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	34.1	24.4	+9.7	+39.7%	93.2	+6.2	+7.1%
	RevPAR (JPY)	9,942	7,052	+2,890	+41.0%	9,198	+809	+9.6%
	Occupancy (%)	99.0	72.1	+27.0	+37.4%	98.8	+8.9	+9.9%
	ADR (JPY)	10,040	9,787	+253	+2.6%	9,307	-24	-0.3%
Nest Hotel Naha	Revenue (JPY million)	63.8	65.8	-2.1	-3.2%	215.6	+5.0	+2.4%
	RevPAR (JPY)	7,473	7,443	+30	+0.4%	8,892	+355	+4.2%
	Occupancy (%)	90.1	89.8	+0.3	+0.3%	93.4	+1.4	+1.5%
	ADR (JPY)	8,299	8,291	+8	+0.1%	9,515	+239	+2.6%
Smile Hotel Asakusa	Revenue (JPY million)	23.3	21.6	+1.8	+8.2%	66.0	+1.7	+2.6%
	RevPAR (JPY)	7,765	7,201	+563	+7.8%	7,393	+216	+3.0%
	Occupancy (%)	97.6	94.2	+3.4	+3.6%	97.0	+0.5	+0.5%
	ADR (JPY)	7,958	7,644	+314	+4.1%	7,620	+187	+2.5%
Nest Hotel Matsuyama	Revenue (JPY million)	43.6	40.3	+3.2	+8.0%	129.6	+9.3	+7.7%
	RevPAR (JPY)	4,964	4,543	+421	+9.3%	5,130	+527	+11.4%
	Occupancy (%)	87.8	81.2	+6.7	+8.2%	87.7	+6.8	+8.4%
	ADR (JPY)	5,652	5,598	+53	+1.0%	5,853	+160	+2.8%

Fixed Rent Hotels (7 Hotels)

		April 2017 (A)	(Previous) April 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2017 – April 2017		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	28.1	30.3	-2.2	-7.2%	89.5	–	-2.7%
	RevPAR (JPY)	4,737	5,156	-419	-8.1%	5,114	-101	-1.9%
	Occupancy (%)	81.0	82.3	-1.3	-1.6%	81.7	-2.4	-2.8%
	ADR (JPY)	5,850	6,266	-416	-6.6%	6,262	+57	+0.9%
Comfort Hotel Central International Airport	Revenue (JPY million)	94.7	91.6	+3.1	+3.3%	270.4	+14.9	+5.8%
	RevPAR (JPY)	8,172	7,877	+294	+3.7%	7,874	+572	+7.8%
	Occupancy (%)	90.1	91.8	-1.8	-1.9%	87.6	+2.2	+2.6%
	ADR (JPY)	9,073	8,577	+495	+5.8%	8,987	+438	+5.1%
Comfort Hotel Okayama	Revenue (JPY million)	34.1	33.0	+1.1	+3.4%	97.6	+3.9	+4.2%
	RevPAR (JPY)	5,240	5,286	-47	-0.9%	5,003	-1	–
	Occupancy (%)	89.3	88.1	+1.2	+1.4%	87.3	-0.2	-0.2%
	ADR (JPY)	5,867	6,000	-133	-2.2%	5,734	+11	+0.2%
Comfort Hotel Kushiro	Revenue (JPY million)	11.6	10.1	+1.5	+14.7%	37.4	+3.0	+8.7%
	RevPAR (JPY)	2,822	2,442	+380	+15.5%	3,087	+278	+9.9%
	Occupancy (%)	65.5	58.5	+7.0	+11.9%	70.5	+4.4	+6.6%
	ADR (JPY)	4,308	4,174	+134	+3.2%	4,379	+131	+3.1%
Comfort Hotel Suzuka	Revenue (JPY million)	14.9	14.0	+0.8	+6.0%	42.9	+4.4	+11.5%
	RevPAR (JPY)	4,655	4,375	+280	+6.4%	4,491	+489	+12.2%
	Occupancy (%)	82.9	73.8	+9.1	+12.3%	82.0	+12.1	+17.3%
	ADR (JPY)	5,618	5,930	-312	-5.3%	5,474	-251	-4.4%
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi- Hakozaki)	Revenue (JPY million)	31.9	34.9	-3.0	-8.6%	91.1	-4.2	-4.4%
	RevPAR (JPY)	5,504	6,127	-623	-10.2%	5,190	-351	-6.3%
	Occupancy (%)	79.9	87.8	-8.0	-9.1%	82.5	-4.0	-4.6%
	ADR (JPY)	6,893	6,977	-85	-1.2%	6,292	-116	-1.8%

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 (Revenue Per Available Room) is calculated with the following formula:  

$$\text{RevPAR} = \text{Total Revenue from accommodations (excluding restaurant charges and other service fees)} / \text{number of available guest rooms}.$$
4. Occupancy is calculated with the following formula:  

$$\text{Occupancy} = \text{Total number of guest rooms occupied during the period} / (\text{total number of guest rooms} * \text{number of days hotel was in operation during the period})$$

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 (Average Daily Rate) is calculated with the following formula:  

$$\text{ADR} = \text{Total revenue from accommodations (excluding restaurant charges and other service fees)} / \text{number of guest rooms occupied during the period}.$$
6. Data for two hotels, Hotel Suave Kobe Asuta and Hotel Livemax Nihombashi-Hakozaki, are consolidated under Other, because the hotel operators did not provide consent to disclose hotel-specific data.
7. While Hotel Suave Kobe Asuta's lease contract includes a variable rent clause, it has never been triggered. Because Ichigo Hotel REIT does not anticipate receiving variable rent at this hotel, it has been classified as a fixed rent hotel.
8. Grandpark-Inn Yokohama acquired in March 2017 is excluded from the above data, because the hotel operator did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons.

### Explanation of Changes

Revenue increased year-on-year at variable rent hotels, fixed rent hotels, and the total portfolio. RevPAR also increased year-on-year at variable rent hotels and the total portfolio.

At variable rent hotels, which are a more significant contributor to Ichigo Hotel REIT's earnings, out of twelve hotels, revenue increased at eight hotels and RevPAR increased at nine hotels. (Part of the increase is due to Nest Hotel Sapporo Odori, Nest Hotel Osaka Shinsaibashi, and Smile Hotel Tokyo Asagaya having not had guest rooms available last April while renovation work was being carried out.)

### Value-Add Actions

At Nest Hotel Naha, Ichigo Hotel REIT is carrying out construction work from May to June to convert a tenth-floor banquet space into five new guest rooms (two twin-bed rooms and three triple-bed rooms; forecast ROI 17.3%). The banquet space has low profitability because structural pillars in its center do not allow for efficient use. With Nest Hotel Naha's occupancy currently at around 90%, the new rooms will support the hotel's ability to capture more of Okinawa's increasing leisure demand.

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.