

[Provisional Translation Only]

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Issuer

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Ichigo Hotel Operating Results – May 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels – excludes Grandpark-Inn Yokohama)

	May 2018 (A)	(Previous) May 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – May 2018		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	784.6	775.2	+9.4	+1.2%	3,157.5	+83.8	+2.7%
RevPAR (JPY)	7,137	7,090	+48	+0.7%	7,415	+181	+2.5%
Occupancy (%)	87.8	88.0	-0.2	-0.2%	89.7	-0.2	-0.2%
ADR (JPY)	8,127	8,053	+74	+0.9%	8,265	+221	+2.8%

Variable Rent Hotels (12 Hotels)

	May 2018 (A)	(Previous) May 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – May 2018		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	522.6	514.7	+7.9	+1.5%	2,164.4	+76.8	+3.7%
RevPAR (JPY)	7,958	7,918	+40	+0.5%	8,533	+251	+3.0%
Occupancy (%)	91.7	91.5	+0.2	+0.2%	93.6	-0.4	-0.4%
ADR (JPY)	8,675	8,650	+25	+0.3%	9,116	+302	+3.4%

Fixed Rent Hotels (8 Hotels – excludes Grandpark-Inn Yokohama)

	May 2018 (A)	(Previous) May 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – May 2018		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	262.0	260.5	+1.5	+0.6%	993.1	+7.0	+0.7%
RevPAR (JPY)	6,007	5,954	+53	+0.9%	5,874	+78	+1.3%
Occupancy (%)	82.4	83.2	-0.8	-1.0%	84.3	0	-0.1%
ADR (JPY)	7,287	7,152	+135	+1.9%	6,965	+96	+1.4%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		May 2018 (A)	(Previous) May 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – May 2018		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	52.5	49.4	+3.1	+6.4%	211.2	+24.7	+13.3%
	RevPAR (JPY)	8,648	8,353	+295	+3.5%	8,680	+991	+12.9%
	Occupancy (%)	97.9	98.0	-0.1	-0.1%	98.0	+0.5	+0.6%
	ADR (JPY)	8,832	8,524	+308	+3.6%	8,859	+968	+12.3%
Nest Hotel Sapporo Odori	Revenue (JPY million)	42.0	39.7	+2.3	+5.8%	168.9	+26.7	+18.7%
	RevPAR (JPY)	10,027	9,528	+499	+5.2%	10,448	+1,646	+18.7%
	Occupancy (%)	96.9	97.4	-0.5	-0.5%	97.3	+1.3	+1.3%
	ADR (JPY)	10,344	9,783	+561	+5.7%	10,738	+1,570	+17.1%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	30.3	28.3	+2.1	+7.3%	128.4	+6.9	+5.7%
	RevPAR (JPY)	8,441	7,944	+497	+6.3%	9,275	+401	+4.5%
	Occupancy (%)	99.0	99.1	0	0%	98.9	0	0%
	ADR (JPY)	8,522	8,018	+504	+6.3%	9,378	+404	+4.5%
Smile Hotel Asakusa	Revenue (JPY million)	20.3	22.4	-2.1	-9.3%	82.7	-5.7	-6.4%
	RevPAR (JPY)	6,528	7,243	-715	-9.9%	6,912	-442	-6.0%
	Occupancy (%)	87.8	97.6	-9.8	-10.1%	92.9	-4.3	-4.4%
	ADR (JPY)	7,435	7,420	+14	+0.2%	7,444	-124	-1.6%
Hotel Wing International Nagoya	Revenue (JPY million)	41.5	43.6	-2.0	-4.7%	162.5	-12.8	-7.3%
	RevPAR (JPY)	5,404	5,710	-306	-5.4%	5,459	-454	-7.7%
	Occupancy (%)	87.9	87.6	+0.4	+0.4%	86.7	-3.1	-3.5%
	ADR (JPY)	6,144	6,521	-376	-5.8%	6,295	-288	-4.4%

		May 2018 (A)	(Previous) May 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – May 2018		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	44.6	45.3	-0.7	-1.6%	195.3	-14.7	-7.0%
	RevPAR (JPY)	9,314	9,939	-625	-6.3%	10,736	-1,218	-10.2%
	Occupancy (%)	96.8	99.4	-2.6	-2.6%	97.9	-2.0	-2.0%
	ADR (JPY)	9,627	10,002	-375	-3.7%	10,968	-1,004	-8.4%
Hotel Vista Premio Kyoto	Revenue (JPY million)	37.6	38.1	-0.6	-1.5%	150.7	-2.9	-1.9%
	RevPAR (JPY)	13,150	13,521	-371	-2.7%	13,789	-498	-3.5%
	Occupancy (%)	95.4	91.5	+3.9	+4.2%	94.1	+2.4	+2.6%
	ADR (JPY)	13,785	14,775	-990	-6.7%	14,656	-919	-5.9%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	26.5	26.9	-0.4	-1.5%	118.5	-1.6	-1.4%
	RevPAR (JPY)	6,571	6,669	-98	-1.5%	7,597	-105	-1.4%
	Occupancy (%)	85.5	80.8	+4.7	+5.8%	90.4	-0.5	-0.6%
	ADR (JPY)	7,685	8,249	-564	-6.8%	8,399	-68	-0.8%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	87.2	85.9	+1.3	+1.5%	369.3	+23.4	+6.8%
	RevPAR (JPY)	8,746	8,460	+286	+3.4%	9,546	+796	+9.1%
	Occupancy (%)	94.1	97.6	-3.5	-3.6%	96.7	-2.0	-2.0%
	ADR (JPY)	9,294	8,667	+627	+7.2%	9,867	+1,002	+11.3%
Nest Hotel Matsuyama	Revenue (JPY million)	47.9	50.6	-2.8	-5.4%	182.3	+2.1	+1.2%
	RevPAR (JPY)	5,757	6,050	-292	-4.8%	5,443	+75	+1.4%
	Occupancy (%)	87.9	87.7	+0.2	+0.3%	88.3	+0.6	+0.7%
	ADR (JPY)	6,548	6,898	-350	-5.1%	6,166	+43	+0.7%
Valie Hotel Tenjin	Revenue (JPY million)	23.5	21.8	+1.7	+7.9%	92.8	+7.3	+8.6%
	RevPAR (JPY)	9,230	8,395	+836	+10.0%	9,336	+829	+9.7%
	Occupancy (%)	95.8	86.2	+9.6	+11.1%	96.8	+7.4	+8.2%
	ADR (JPY)	9,638	9,742	-103	-1.1%	9,648	+133	+1.4%
Nest Hotel Naha	Revenue (JPY million)	68.6	62.7	+5.9	+9.5%	301.6	+23.4	+8.4%
	RevPAR (JPY)	7,526	7,121	+405	+5.7%	8,923	+489	+5.8%
	Occupancy (%)	82.9	77.5	+5.4	+6.9%	90.6	+1.3	+1.5%
	ADR (JPY)	9,079	9,184	-105	-1.1%	9,843	+402	+4.3%

Fixed Rent Hotels (8 Hotels)

		May 2018 (A)	(Previous) May 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – May 2018		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	13.5	14.8	-1.3	-9.0%	46.4	-5.9	-11.2%
	RevPAR (JPY)	3,448	3,550	-103	-2.9%	3,066	-141	-4.4%
	Occupancy (%)	67.6	72.1	-4.6	-6.3%	64.1	-6.8	-9.5%
	ADR (JPY)	5,103	4,923	+180	+3.7%	4,779	+257	+5.7%
Comfort Hotel Hamamatsu	Revenue (JPY million)	30.6	31.5	-1.0	-3.0%	116.2	-4.9	-4.0%
	RevPAR (JPY)	5,029	5,186	-157	-3.0%	4,939	-207	-4.0%
	Occupancy (%)	78.1	77.0	+1.1	+1.5%	82.2	+1.6	+1.9%
	ADR (JPY)	6,441	6,739	-298	-4.4%	6,007	-373	-5.8%
Comfort Hotel Central International Airport	Revenue (JPY million)	97.8	95.5	+2.2	+2.3%	379.0	+13.1	+3.6%
	RevPAR (JPY)	8,247	7,993	+255	+3.2%	8,231	+326	+4.1%
	Occupancy (%)	90.4	87.9	+2.5	+2.8%	90.0	+2.3	+2.7%
	ADR (JPY)	9,128	9,098	+30	+0.3%	9,143	+127	+1.4%
Comfort Hotel Suzuka	Revenue (JPY million)	15.4	14.8	+0.6	+4.3%	59.0	+1.2	+2.1%
	RevPAR (JPY)	4,690	4,493	+197	+4.4%	4,620	+129	+2.9%
	Occupancy (%)	72.2	74.9	-2.8	-3.7%	76.0	-4.2	-5.2%
	ADR (JPY)	6,499	5,996	+503	+8.4%	6,075	+475	+8.5%
Comfort Hotel Okayama	Revenue (JPY million)	39.0	38.3	+0.7	+1.9%	148.1	+12.2	+9.0%
	RevPAR (JPY)	5,789	5,693	+96	+1.7%	5,698	+516	+10.0%
	Occupancy (%)	87.6	87.0	+0.6	+0.7%	91.2	+4.0	+4.6%
	ADR (JPY)	6,605	6,542	+63	+1.0%	6,246	+304	+5.1%
Urbain Hiroshima Executive	Revenue (JPY million)	37.5				133.8		
	RevPAR (JPY)	7,073				6,519		
	Occupancy (%)	91.8				90.8		
	ADR (JPY)	7,706				7,179		
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi- Hakozaki)	Revenue (JPY million)	25.7	29.4	-3.7	-12.7%	110.8	-11.7	-9.6%
	RevPAR (JPY)	4,572	5,236	-664	-12.7%	4,659	-543	-10.4%
	Occupancy (%)	73.5	80.5	-7.0	-8.7%	80.7	-1.3	-1.6%
	ADR (JPY)	6,219	6,506	-287	-4.4%	5,776	-570	-9.0%

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 releases.
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 Urbain Hiroshima Executive prior to its acquisition in August 2017 is not disclosed, because the hotel operator did not provide consent to disclose hotel-specific data.
7. 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.
8. While Hotel Suave Kobe Asuta's lease contract includes a variable rent clause, it has never been triggered. Because Ichigo Hotel does not anticipate receiving variable rent at this hotel, it has been classified as a fixed rent hotel.
9. Grandpark-Inn Yokohama 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

Variable rent hotels, which are a more significant contributor to Ichigo Hotel's earnings, fixed rent hotels, and the total portfolio all saw year-on-year increases in Revenue, RevPAR, and ADR.

Driving these positive results were Valie Hotel Tenjin, which saw significant year-on-year increases in Revenue and RevPAR as a result of higher occupancy due to strong inbound tourist demand, despite a shorter Golden Week holiday compared to last year; and Nest Hotel Naha, which had fewer available rooms last year because of renovations.

Value-Add Actions

Ichigo Hotel is renovating the lobby and 28 guest rooms on the second floor of Smile Hotel Tokyo Asagaya during the month of June, following the 84 guest room renovations completed on the third through fifth floors in the July 2017 and January 2018 fiscal periods.

This final phase of renovation work at Smile Hotel Tokyo Asagaya will result in a 70% increase in guest capacity (forecast ROI 29.1%) for the 28 rooms by converting them from rooms with one bed to rooms with two beds. The renovated lobby will have a more welcoming ambience, thus allowing the hotel to capture greater leisure demand.

Ichigo Hotel will continue to work closely with its hotel operator partners to carry out value-add capex and drive higher earnings.