

[Provisional Translation Only]

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Issuer

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Ichigo Hotel Operating Results – February 2019

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	February 2019 (A)	(Previous) February 2018 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	713.9	743.8	-29.9	-4.0%
RevPAR (JPY)	7,550	7,859	-309	-3.9%
Occupancy (%)	90.1	90.5	-0.5	-0.5%
ADR (JPY)	8,383	8,682	-298	-3.4%

Variable Rent Hotels (12 Hotels)

	February 2019 (A)	(Previous) February 2018 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	515.0	535.0	-20.0	-3.7%
RevPAR (JPY)	8,721	9,157	-437	-4.8%
Occupancy (%)	93.0	94.3	-1.3	-1.3%
ADR (JPY)	9,374	9,711	-337	-3.5%

Fixed Rent Hotels (7 Hotels)

	February 2019 (A)	(Previous) February 2018 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	198.9	208.8	-9.9	-4.8%
RevPAR (JPY)	5,744	5,866	-121	-2.1%
Occupancy (%)	85.5	84.7	+0.7	+0.9%
ADR (JPY)	6,720	6,923	-202	-2.9%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		February 2019 (A)	(Previous) February 2018 (B)	Difference (A) - (B)	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	80.5	72.6	+7.9	+10.8%
	RevPAR (JPY)	15,434	14,105	+1,329	+9.4%
	Occupancy (%)	98.0	97.7	+0.3	+0.3%
	ADR (JPY)	15,743	14,436	+1,307	+9.1%
Nest Hotel Sapporo Odori	Revenue (JPY million)	67.2	63.0	+4.2	+6.7%
	RevPAR (JPY)	18,755	17,413	+1,342	+7.7%
	Occupancy (%)	97.2	98.1	-0.8	-0.8%
	ADR (JPY)	19,290	17,759	+1,531	+8.6%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	30.7	31.4	-0.7	-2.2%
	RevPAR (JPY)	9,546	9,754	-208	-2.1%
	Occupancy (%)	98.6	99.1	-0.5	-0.5%
	ADR (JPY)	9,685	9,842	-157	-1.6%
Hotel Wing International Nagoya	Revenue (JPY million)	38.1	38.7	-0.6	-1.6%
	RevPAR (JPY)	5,464	5,594	-130	-2.3%
	Occupancy (%)	90.4	88.6	+1.8	+2.0%
	ADR (JPY)	6,045	6,313	-268	-4.3%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	25.3	29.7	-4.4	-14.9%
	RevPAR (JPY)	5,782	7,009	-1,227	-17.5%
	Occupancy (%)	99.8	97.0	+2.7	+2.8%
	ADR (JPY)	5,796	7,223	-1,427	-19.8%

		February 2019 (A)	(Previous) February 2018 (B)	Difference (A) - (B)	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	19.6	23.0	-3.4	-14.9%
	RevPAR (JPY)	7,438	8,922	-1,485	-16.6%
	Occupancy (%)	88.1	87.8	+0.4	+0.4%
	ADR (JPY)	8,439	10,167	-1,729	-17.0%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	22.2	27.3	-5.1	-18.7%
	RevPAR (JPY)	6,103	7,506	-1,403	-18.7%
	Occupancy (%)	85.8	93.9	-8.1	-8.7%
	ADR (JPY)	7,114	7,991	-877	-11.0%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	69.5	87.5	-18.1	-20.6%
	RevPAR (JPY)	7,629	9,650	-2,021	-20.9%
	Occupancy (%)	92.0	98.0	-6.1	-6.2%
	ADR (JPY)	8,294	9,843	-1,549	-15.7%
Nest Hotel Matsuyama	Revenue (JPY million)	40.5	40.3	+0.2	+0.5%
	RevPAR (JPY)	5,359	5,318	+41	+0.8%
	Occupancy (%)	86.9	85.7	+1.2	+1.4%
	ADR (JPY)	6,168	6,207	-39	-0.6%
Court Hotel Kurashiki	Revenue (JPY million)	19.5	20.1	-0.5	-2.6%
	RevPAR (JPY)	5,759	5,836	-77	-1.3%
	Occupancy (%)	98.0	92.2	+5.8	+6.3%
	ADR (JPY)	5,876	6,331	-456	-7.2%
Valie Hotel Tenjin	Revenue (JPY million)	24.9	23.0	+1.9	+8.3%
	RevPAR (JPY)	10,861	9,874	+987	+10.0%
	Occupancy (%)	98.3	96.9	+1.3	+1.4%
	ADR (JPY)	11,051	10,186	+865	+8.5%
Nest Hotel Naha	Revenue (JPY million)	77.0	78.4	-1.3	-1.7%
	RevPAR (JPY)	10,311	10,809	-498	-4.6%
	Occupancy (%)	91.0	96.5	-5.5	-5.7%
	ADR (JPY)	11,328	11,197	+132	+1.2%

Fixed Rent Hotels (6 Hotels – excludes Hotel Livemax Nihombashi-Hakozaki)

		February 2019 (A)	(Previous) February 2018 (B)	Difference (A) - (B)	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	16.5	12.2	+4.3	+34.7%
	RevPAR (JPY)	4,447	3,277	+1,170	+35.7%
	Occupancy (%)	83.7	69.6	+14.1	+20.3%
	ADR (JPY)	5,312	4,708	+604	+12.8%
Comfort Hotel Hamamatsu	Revenue (JPY million)	25.0	25.4	-0.4	-1.6%
	RevPAR (JPY)	4,549	4,622	-73	-1.6%
	Occupancy (%)	81.4	80.2	+1.2	+1.5%
	ADR (JPY)	5,589	5,766	-178	-3.1%
Comfort Hotel Central International Airport	Revenue (JPY million)	79.8	90.6	-10.8	-12.0%
	RevPAR (JPY)	7,875	8,425	-550	-6.5%
	Occupancy (%)	88.8	90.9	-2.1	-2.3%
	ADR (JPY)	8,864	9,266	-402	-4.3%
Comfort Hotel Suzuka	Revenue (JPY million)	9.7	12.2	-2.5	-20.5%
	RevPAR (JPY)	3,247	4,069	-822	-20.2%
	Occupancy (%)	64.5	75.2	-10.8	-14.3%
	ADR (JPY)	5,038	5,409	-371	-6.9%
Comfort Hotel Okayama	Revenue (JPY million)	31.4	32.0	-0.6	-1.9%
	RevPAR (JPY)	5,143	5,290	-147	-2.8%
	Occupancy (%)	90.7	89.9	+0.8	+0.8%
	ADR (JPY)	5,673	5,884	-211	-3.6%
Urbain Hiroshima Executive	Revenue (JPY million)	28.1	28.0	+0.1	+0.3%
	RevPAR (JPY)	5,877	5,729	+147	+2.6%
	Occupancy (%)	90.8	86.0	+4.8	+5.6%
	ADR (JPY)	6,471	6,660	-189	-2.8%

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 their 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 Hotel Livemax Nihombashi-Hakozaki are included in the total hotel and fixed rental hotel data above, but not separately disclosed because the hotel operator did not provide consent to disclose hotel-specific data.
7. 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. Hotel Suave Kobe Asuta, renamed Hotel Wing International Kobe Shin Nagata Ekimae on March 1, 2019, is also excluded because it is currently undergoing renovations for its re-opening in June 2019.
8. Pre-acquisition data for acquired hotels is based on data received from the previous owners.

Explanation of Changes

Both variable rent hotels, which are the primary driver of increases/decreases in Ichigo Hotel's earnings, and the total portfolio were affected by lower performance in Kyoto and Osaka and thus saw year-on-year decreases in Revenue, RevPAR, Occupancy, and ADR.

Ichigo Hotel's two hotels in Kyoto and two hotels in Osaka saw significant year-on-year decreases in Revenue, RevPAR, and ADR due to Chinese New Year demand having partially shifted forward to January (the Chinese New Year holidays fell in the beginning of February this year versus mid-February last year), in addition to being affected by increased hotel supply.

Hotels generating significant year-on-year increases were Ichigo Hotel's two hotels in Sapporo, which continued to experience strong domestic leisure and inbound demand post-September's earthquake, and the Valie Hotel Tenjin, which had strong leisure and inbound demand.

Value-Add Actions

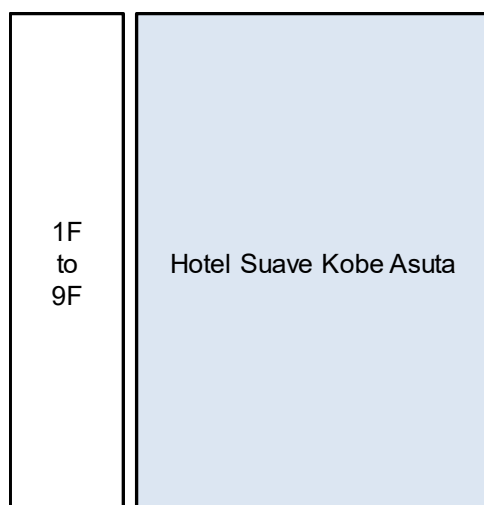
As announced in the August 3, 2018 release "Change in Hotel Operator," Ichigo Hotel replaced the operator of Hotel Suave Kobe Asuta and changed the hotel name to Hotel Wing International Kobe Shin Nagata Ekimae on March 1, 2019. Ichigo Hotel is currently renovating the hotel for its re-opening under its new Hotel Wing International brand in June.

The hotel operator change will drive both earnings growth and earnings stability, as the new operator contract simultaneously increases the fixed rent and newly adds an additional variable rent. The hotel will also benefit from higher demand with the completion of a nearby government building in June.

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

Hotel Wing International Kobe Shin Nagata Ekimae

Before Operator Change



After Operator Change

New Restaurant & Mini Onsen (Hot Spring)

