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Issuer

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**Ichigo Hotel Operating Results – December 2019**

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	639.7	751.0	-111.3	-14.8%	3,595.4	-420.1	-10.5%
RevPAR (JPY)	5,611	6,685	-1,075	-16.1%	6,624	-813	-10.9%
Occupancy (%)	82.9	87.6	-4.7	-5.4%	85.6	-4.6	-5.1%
ADR (JPY)	6,769	7,632	-863	-11.3%	7,739	-504	-6.1%

Variable-Rent Hotels (12 Hotels)

	December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	446.6	541.0	-94.4	-17.5%	2,437.4	-355.4	-12.7%
RevPAR (JPY)	5,963	7,426	-1,463	-19.7%	6,921	-1,106	-13.8%
Occupancy (%)	85.1	91.0	-5.9	-6.5%	86.3	-5.5	-6.0%
ADR (JPY)	7,007	8,160	-1,153	-14.1%	8,016	-722	-8.3%

Fixed-Rent Hotels (7 Hotels)

	December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	193.1	209.9	-16.8	-8.0%	1,158.0	-64.7	-5.3%
RevPAR (JPY)	5,032	5,473	-441	-8.1%	6,137	-336	-5.2%
Occupancy (%)	79.3	82.0	-2.8	-3.4%	84.4	-3.2	-3.6%
ADR (JPY)	6,348	6,672	-324	-4.8%	7,272	-121	-1.6%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable-Rent Hotels (14 Hotels)

		December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	46.9	56.5	-9.6	-17.0%	281.1	-18.9	-6.3%
	RevPAR (JPY)	6,812	8,639	-1,827	-21.2%	9,371	-776	-7.7%
	Occupancy (%)	98.1	97.6	+0.5	+0.5%	96.8	+1.1	+1.2%
	ADR (JPY)	6,940	8,848	-1,908	-21.6%	9,678	-923	-8.7%
Nest Hotel Sapporo Odori	Revenue (JPY million)	30.8	45.3	-14.5	-32.1%	200.2	-34.4	-14.7%
	RevPAR (JPY)	7,342	10,998	-3,656	-33.2%	9,789	-1,805	-15.6%
	Occupancy (%)	89.6	97.3	-7.7	-7.9%	91.9	-2.1	-2.2%
	ADR (JPY)	8,194	11,302	-3,108	-27.5%	10,654	-1,683	-13.6%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	31.6	34.4	-2.9	-8.3%	156.0	-8.9	-5.4%
	RevPAR (JPY)	8,823	9,685	-862	-8.9%	8,851	-526	-5.6%
	Occupancy (%)	98.5	98.3	+0.2	+0.2%	97.9	-0.8	-0.8%
	ADR (JPY)	8,957	9,852	-895	-9.1%	9,043	-463	-4.9%
Hotel Wing International Nagoya	Revenue (JPY million)	40.7	43.2	-2.6	-5.9%	206.7	-11.6	-5.3%
	RevPAR (JPY)	5,359	5,585	-226	-4.0%	5,493	-208	-3.6%
	Occupancy (%)	86.6	92.7	-6.2	-6.7%	87.2	-2.6	-2.9%
	ADR (JPY)	6,191	6,022	+169	+2.8%	6,297	-46	-0.7%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	27.1	32.6	-5.5	-16.9%	173.8	-38.7	-18.2%
	RevPAR (JPY)	5,597	6,866	-1,269	-18.5%	7,328	-1,712	-18.9%
	Occupancy (%)	98.4	92.3	+6.0	+6.5%	99.3	+0.9	+0.9%
	ADR (JPY)	5,690	7,436	-1,745	-23.5%	7,379	-1,804	-19.6%

		December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Chisun Inn Osaka Hommachi	Revenue (JPY million)	15.7	26.1	-10.4	-39.8%	89.4	-39.4	-30.6%
	RevPAR (JPY)	3,904	6,483	-2,579	-39.8%	4,495	-1,982	-30.6%
	Occupancy (%)	63.8	86.0	-22.2	-25.8%	71.8	-12.6	-14.9%
	ADR (JPY)	6,115	7,536	-1,421	-18.9%	6,259	-1,415	-18.4%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	57.2	86.4	-29.2	-33.8%	284.5	-126.2	-30.7%
	RevPAR (JPY)	5,749	8,685	-2,936	-33.8%	5,695	-2,629	-31.6%
	Occupancy (%)	80.3	92.1	-11.8	-12.8%	77.3	-12.9	-14.4%
	ADR (JPY)	7,162	9,434	-2,272	-24.1%	7,371	-1,856	-20.1%
Hotel Wing International Kobe Shin Nagata Ekimae	Revenue (JPY million)	28.8				144.1		
	RevPAR (JPY)	6,147				6,410		
	Occupancy (%)	78.0				79.6		
	ADR (JPY)	7,885				8,052		
Nest Hotel Matsuyama	Revenue (JPY million)	46.3	47.7	-1.4	-2.9%	227.6	-6.8	-2.9%
	RevPAR (JPY)	4,773	5,005	-232	-4.6%	5,580	-178	-3.1%
	Occupancy (%)	85.0	85.2	-0.3	-0.3%	87.8	-3.3	-3.7%
	ADR (JPY)	5,618	5,872	-254	-4.3%	6,357	+38	+0.6%
Court Hotel Kurashiki	Revenue (JPY million)	19.5	24.4	-4.9	-19.9%	155.2	-8.1	-5.0%
	RevPAR (JPY)	4,845	6,321	-1,476	-23.4%	8,032	-681	-7.8%
	Occupancy (%)	77.2	97.9	-20.7	-21.2%	90.4	-7.2	-7.4%
	ADR (JPY)	6,275	6,455	-180	-2.8%	8,883	-40	-0.4%
Valie Hotel Hiroshima	Revenue (JPY million)	14.9				64.1		
	RevPAR (JPY)	2,759				3,519		
	Occupancy (%)	68.3				63.2		
	ADR (JPY)	4,041				5,569		
Valie Hotel Tenjin	Revenue (JPY million)	21.9	25.5	-3.6	-14.2%	111.2	-11.7	-9.5%
	RevPAR (JPY)	8,531	10,045	-1,514	-15.1%	8,764	-1,010	-10.3%
	Occupancy (%)	93.8	96.1	-2.3	-2.4%	95.7	+0.5	+0.6%
	ADR (JPY)	9,095	10,452	-1,357	-13.0%	9,162	-1,113	-10.8%

		December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Kumamoto	Revenue (JPY million)	32.4	34.3	-2.0	-5.7%	186.0	+2.6	+1.4%
	RevPAR (JPY)	4,554	4,834	-279	-5.8%	5,347	+132	+2.5%
	Occupancy (%)	80.0	86.9	-6.9	-7.9%	79.5	-9.8	-11.0%
	ADR (JPY)	5,691	5,560	+131	+2.3%	6,723	+886	+15.2%
Nest Hotel Naha	Revenue (JPY million)	76.6	84.5	-7.9	-9.4%	365.8	-53.2	-12.7%
	RevPAR (JPY)	7,577	8,678	-1,101	-12.7%	8,390	-1,391	-14.2%
	Occupancy (%)	80.3	80.4	-0.1	-0.1%	80.5	-6.9	-7.8%
	ADR (JPY)	9,439	10,800	-1,361	-12.6%	10,416	-774	-6.9%

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

		December 2019 (A)	(Previous) December 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – December 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	13.7	10.9	+2.8	+25.8%	102.4	+12.5	+14.0%
	RevPAR (JPY)	3,267	2,584	+683	+26.4%	5,065	+640	+14.5%
	Occupancy (%)	74.1	61.5	+12.6	+20.5%	80.6	+5.7	+7.6%
	ADR (JPY)	4,409	4,203	+206	+4.9%	6,286	+375	+6.4%
Comfort Hotel Hamamatsu	Revenue (JPY million)	21.3	25.3	-4.0	-15.8%	143.8	-7.5	-5.0%
	RevPAR (JPY)	3,500	4,158	-658	-15.8%	4,796	-250	-5.0%
	Occupancy (%)	68.6	75.8	-7.2	-9.5%	78.6	-5.9	-6.9%
	ADR (JPY)	5,102	5,489	-386	-7.0%	6,102	+127	+2.1%
Comfort Hotel Central International Airport	Revenue (JPY million)	82.4	88.2	-5.8	-6.6%	440.3	-16.7	-3.7%
	RevPAR (JPY)	7,371	7,869	-498	-6.3%	7,963	-273	-3.3%
	Occupancy (%)	81.8	89.3	-7.5	-8.4%	86.2	-5.5	-6.0%
	ADR (JPY)	9,013	8,811	+202	+2.3%	9,236	+253	+2.8%
Comfort Hotel Suzuka	Revenue (JPY million)	12.4	13.4	-1.0	-7.2%	75.2	-14.6	-16.2%
	RevPAR (JPY)	3,765	4,048	-282	-7.0%	4,635	-884	-16.0%
	Occupancy (%)	74.3	74.6	-0.3	-0.5%	76.1	-5.7	-7.0%
	ADR (JPY)	5,069	5,424	-355	-6.5%	6,090	-658	-9.7%
Comfort Hotel Okayama	Revenue (JPY million)	30.4	33.5	-3.1	-9.2%	181.0	-14.0	-7.2%
	RevPAR (JPY)	4,487	4,960	-474	-9.5%	5,469	-421	-7.2%
	Occupancy (%)	86.7	88.5	-1.8	-2.1%	87.6	-2.6	-2.9%
	ADR (JPY)	5,175	5,604	-429	-7.7%	6,246	-288	-4.4%
Urbain Hiroshima Executive	Revenue (JPY million)	24.9	29.9	-4.9	-16.5%	174.9	-17.8	-9.2%
	RevPAR (JPY)	4,703	5,634	-931	-16.5%	6,686	-681	-9.2%
	Occupancy (%)	83.9	88.0	-4.1	-4.6%	91.1	-2.6	-2.7%
	ADR (JPY)	5,602	6,399	-797	-12.5%	7,336	-526	-6.7%

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 the Chisun Inn Osaka Hommachi, Hotel Wing International Kobe Shin Nagata Ekimae, and the Smile Hotel Tokyo Asagaya, and rent from the banquet hall at the Nest Hotel Kumamoto are 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:  
$$\text{Occupancy} = \frac{\text{Total number of guest rooms occupied during the period}}{(\text{total number of guest rooms} * \text{number of days hotel was in operation during the period})}$$

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:  
$$\text{ADR} = \frac{\text{Total revenue from accommodations (excluding restaurant charges and other service fees)}}{\text{number of guest rooms occupied during the period.}}$$
6. Data for the Hotel Livemax Nihombashi-Hakozaki are included in the total hotel and fixed-rent hotel data above, but not separately disclosed because the hotel operator did not provide consent to disclose hotel-specific data.
7. The 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. The Hotel Wing International Kobe Shin Nagata Ekimae and the Valie Hotel Hiroshima are excluded from the Total and Variable-Rent Hotels data on page 1 because the previous hotel operator did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons.
8. Pre-acquisition data for acquired hotels are based on data received from the previous owners.

### Explanation of Changes

Variable-rent hotels, which are the primary driver of increases/decreases in Ichigo Hotel's earnings, and the total portfolio saw year-on-year decreases in Revenue, RevPAR, Occupancy, and ADR.

Impacted by a significant drop in Korean tourists and increased hotel supply, RevPAR significantly decreased year-on-year in Sapporo, Kyoto, Osaka, Kurashiki, Fukuoka, and Naha.

### Value-Add Actions

Ichigo Hotel is upgrading the shower heads in the guest rooms at the Valie Hotel Hiroshima to reduce water consumption without a loss in water pressure (forecast ROI 54.9%).

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