



Ichigo Preserves and Improves Real Estate

*[Provisional Translation Only]*

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Issuer

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## Ichigo Hotel Operating Results – December 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	December 2018 (A)	(Previous) December 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – December 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	741.4	735.7	+5.7	+0.8%	3,998.5	+1.8	–
RevPAR (JPY)	6,863	6,741	+121	+1.8%	7,704	+56	+0.7%
Occupancy (%)	87.5	86.7	+0.9	+1.0%	90.3	-0.1	-0.1%
ADR (JPY)	7,840	7,777	+62	+0.8%	8,531	+67	+0.8%

Variable Rent Hotels (12 Hotels)

	December 2018 (A)	(Previous) December 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – December 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	531.4	522.6	+8.8	+1.7%	2,775.8	-29.4	-1.0%
RevPAR (JPY)	7,765	7,603	+163	+2.1%	8,504	-116	-1.3%
Occupancy (%)	91.1	90.1	+1.0	+1.1%	92.1	-1.1	-1.2%
ADR (JPY)	8,523	8,438	+85	+1.0%	9,235	-13	-0.1%

Fixed Rent Hotels (7 Hotels)

	December 2018 (A)	(Previous) December 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – December 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	209.9	213.1	-3.1	-1.5%	1,222.7	+31.2	+2.6%
RevPAR (JPY)	5,472	5,420	+52	+1.0%	6,473	+315	+5.1%
Occupancy (%)	82.0	81.4	+0.6	+0.7%	87.6	+1.6	+1.8%
ADR (JPY)	6,671	6,657	+14	+0.2%	7,393	+231	+3.2%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		December 2018 (A)	(Previous) December 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – December 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	56.5	45.5	+11.0	+24.1%	300.0	+42.5	+16.5%
	RevPAR (JPY)	8,639	6,663	+1,976	+29.7%	10,148	+1,485	+17.1%
	Occupancy (%)	97.6	95.8	+1.8	+1.9%	95.7	-0.9	-0.9%
	ADR (JPY)	8,848	6,954	+1,895	+27.3%	10,602	+1,631	+18.2%
Nest Hotel Sapporo Odori	Revenue (JPY million)	45.3	35.9	+9.4	+26.2%	234.6	+16.0	+7.3%
	RevPAR (JPY)	10,998	8,484	+2,514	+29.6%	11,594	+896	+8.4%
	Occupancy (%)	97.3	95.6	+1.7	+1.8%	94.0	-2.4	-2.5%
	ADR (JPY)	11,302	8,872	+2,430	+27.4%	12,337	+1,236	+11.1%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	34.4	29.9	+4.5	+15.0%	164.8	+18.8	+12.9%
	RevPAR (JPY)	9,685	8,366	+1,319	+15.8%	9,376	+1,129	+13.7%
	Occupancy (%)	98.3	88.2	+10.1	+11.5%	98.6	+7.7	+8.4%
	ADR (JPY)	9,852	9,486	+366	+3.9%	9,506	+442	+4.9%
Hotel Wing International Nagoya	Revenue (JPY million)	43.2	42.6	+0.7	+1.5%	218.3	-15.6	-6.7%
	RevPAR (JPY)	5,585	5,543	+42	+0.8%	5,701	-485	-7.8%
	Occupancy (%)	92.7	87.2	+5.5	+6.3%	89.9	-2.4	-2.6%
	ADR (JPY)	6,022	6,354	-331	-5.2%	6,344	-362	-5.4%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	32.6	39.3	-6.7	-16.9%	212.5	-21.3	-9.1%
	RevPAR (JPY)	6,866	8,601	-1,735	-20.2%	9,040	-1,335	-12.9%
	Occupancy (%)	92.3	99.4	-7.1	-7.1%	98.4	-1.4	-1.4%
	ADR (JPY)	7,436	8,651	-1,215	-14.0%	9,183	-1,213	-11.7%

		December 2018 (A)	(Previous) December 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – December 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	24.7	29.2	-4.4	-15.2%	166.4	-16.4	-9.0%
	RevPAR (JPY)	8,690	10,592	-1,902	-18.0%	11,789	-1,463	-11.0%
	Occupancy (%)	83.6	79.6	+4.0	+5.0%	90.8	+1.1	+1.2%
	ADR (JPY)	10,389	13,299	-2,910	-21.9%	12,986	-1,788	-12.1%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	26.1	31.1	-5.0	-16.0%	128.8	-25.3	-16.4%
	RevPAR (JPY)	6,483	7,719	-1,236	-16.0%	6,477	-1,270	-16.4%
	Occupancy (%)	86.0	88.7	-2.7	-3.0%	84.4	-6.6	-7.3%
	ADR (JPY)	7,536	8,699	-1,163	-13.4%	7,674	-837	-9.8%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	86.4	90.7	-4.3	-4.8%	410.7	-34.0	-7.6%
	RevPAR (JPY)	8,685	9,020	-335	-3.7%	8,324	-593	-6.7%
	Occupancy (%)	92.1	96.5	-4.4	-4.6%	90.2	-7.5	-7.7%
	ADR (JPY)	9,434	9,346	+87	+0.9%	9,228	+99	+1.1%
Nest Hotel Matsuyama	Revenue (JPY million)	47.7	52.2	-4.5	-8.6%	234.4	-38.1	-14.0%
	RevPAR (JPY)	5,005	5,120	-115	-2.2%	5,758	-912	-13.7%
	Occupancy (%)	85.2	89.3	-4.1	-4.5%	91.1	-1.5	-1.7%
	ADR (JPY)	5,872	5,734	+138	+2.4%	6,319	-879	-12.2%
Court Hotel Kurashiki	Revenue (JPY million)	24.4	19.7	+4.7	+23.9%	163.3	+25.1	+18.2%
	RevPAR (JPY)	6,321	5,188	+1,134	+21.9%	8,713	+1,474	+20.4%
	Occupancy (%)	97.9	69.5	+28.4	+40.9%	97.6	+17.0	+21.1%
	ADR (JPY)	6,455	7,463	-1,008	-13.5%	8,923	-54	-0.6%
Valie Hotel Tenjin	Revenue (JPY million)	25.5	23.6	+2.0	+8.3%	122.9	+6.2	+5.3%
	RevPAR (JPY)	10,045	9,156	+890	+9.7%	9,774	+613	+6.7%
	Occupancy (%)	96.1	92.2	+3.9	+4.2%	95.1	+3.2	+3.5%
	ADR (JPY)	10,452	9,929	+523	+5.3%	10,275	+306	+3.1%
Nest Hotel Naha	Revenue (JPY million)	84.5	83.0	+1.5	+1.8%	419.1	+12.7	+3.1%
	RevPAR (JPY)	8,678	8,524	+154	+1.8%	9,781	+250	+2.6%
	Occupancy (%)	80.4	86.1	-5.7	-6.6%	87.4	-2.5	-2.8%
	ADR (JPY)	10,800	9,904	+896	+9.0%	11,190	+592	+5.6%

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

		December 2018 (A)	(Previous) December 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – December 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	10.9	12.3	-1.5	-11.8%	89.8	-5.6	-5.9%
	RevPAR (JPY)	2,584	2,929	-345	-11.8%	4,425	-258	-5.5%
	Occupancy (%)	61.5	69.7	-8.3	-11.9%	74.9	-6.2	-7.7%
	ADR (JPY)	4,203	4,200	+3	+0.1%	5,911	+136	+2.4%
Comfort Hotel Hamamatsu	Revenue (JPY million)	25.3	26.0	-0.8	-3.0%	151.3	+5.9	+4.0%
	RevPAR (JPY)	4,158	4,287	-129	-3.0%	5,046	+195	+4.0%
	Occupancy (%)	75.8	77.1	-1.3	-1.7%	84.5	+3.1	+3.8%
	ADR (JPY)	5,489	5,561	-72	-1.3%	5,975	+14	+0.2%
Comfort Hotel Central International Airport	Revenue (JPY million)	88.2	89.7	-1.5	-1.6%	457.0	-11.4	-2.4%
	RevPAR (JPY)	7,869	7,530	+339	+4.5%	8,237	+289	+3.6%
	Occupancy (%)	89.3	83.6	+5.7	+6.8%	91.7	+4.1	+4.7%
	ADR (JPY)	8,811	9,007	-195	-2.2%	8,983	-95	-1.0%
Comfort Hotel Suzuka	Revenue (JPY million)	13.4	13.5	-0.2	-1.2%	89.7	+8.3	+10.2%
	RevPAR (JPY)	4,048	4,092	-44	-1.1%	5,519	+518	+10.4%
	Occupancy (%)	74.6	73.4	+1.2	+1.6%	81.8	+2.2	+2.7%
	ADR (JPY)	5,424	5,573	-149	-2.7%	6,748	+469	+7.5%
Comfort Hotel Okayama	Revenue (JPY million)	33.5	33.1	+0.4	+1.3%	195.1	+2.1	+1.1%
	RevPAR (JPY)	4,960	4,918	+42	+0.9%	5,890	+44	+0.8%
	Occupancy (%)	88.5	88.5	-	+0.1%	90.1	+0.2	+0.2%
	ADR (JPY)	5,604	5,560	+45	+0.8%	6,534	+37	+0.6%
Urbain Hiroshima Executive	Revenue (JPY million)	29.8	29.7	+0.2	+0.5%	192.7	+27.3	+16.5%
	RevPAR (JPY)	5,631	5,601	+29	+0.5%	7,367	+1,045	+16.5%
	Occupancy (%)	88.0	85.5	+2.5	+3.0%	93.7	+3.6	+4.0%
	ADR (JPY)	6,395	6,550	-155	-2.4%	7,863	+847	+12.1%

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. Hotel Suave Kobe Asuta and Grandpark-Inn Yokohama are excluded from the above data because the hotel operators did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons.
8. Pre-acquisition data for acquired hotels is 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 increases in Revenue, RevPAR, Occupancy, and ADR.

Hotels generating significant year-on-year increases were Ichigo Hotel's two hotels in Sapporo, which experienced strong domestic leisure demand and a rebound in inbound demand post-September's earthquake; the Court Hotel Kurashiki and the Valie Hotel Tenjin, which had strong leisure and inbound demand; and the Smile Hotel Tokyo Asagaya, where occupancy rebounded following completion of last year's renovations.

### Value-Add Actions

At the Court Hotel Kurashiki, Ichigo Hotel is converting 16 double rooms into twin-bed rooms and adding an extra bed to existing twin-bed rooms to increase occupancy from two to three guests. These renovations will allow the hotel to capture greater leisure demand given its proximity to the Kurashiki Bikan Historical Quarter, as well as business demand from Kurashiki's Mizushima Coastal Industrial Complex, one of Japan's biggest industrial areas (forecast ROI 18.5%).

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