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August 26, 2019

Issuer

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**Ichigo Hotel Operating Results – July 2019**

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels)

	July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	791.6	872.0	-80.3	-9.2%	4,727.9	-178.6	-3.6%
RevPAR (JPY)	7,037	7,861	-823	-10.5%	7,182	-245	-3.3%
Occupancy (%)	87.0	90.3	-3.3	-3.6%	88.4	-1.5	-1.7%
ADR (JPY)	8,089	8,708	-619	-7.1%	8,122	-137	-1.7%

Variable-Rent Hotels (13 Hotels)

	July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	554.6	628.1	-73.5	-11.7%	3,349.8	-167.4	-4.8%
RevPAR (JPY)	7,526	8,740	-1,214	-13.9%	7,773	-449	-5.5%
Occupancy (%)	87.5	92.5	-5.0	-5.4%	89.7	-2.9	-3.2%
ADR (JPY)	8,597	9,445	-848	-9.0%	8,668	-211	-2.4%

Fixed-Rent Hotels (7 Hotels)

	July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	237.0	243.9	-6.8	-2.8%	1,378.1	-11.2	-0.8%
RevPAR (JPY)	6,202	6,362	-159	-2.5%	6,171	+99	+1.6%
Occupancy (%)	86.1	86.4	-0.3	-0.4%	86.3	+0.9	+1.1%
ADR (JPY)	7,207	7,363	-156	-2.1%	7,154	+38	+0.5%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable-Rent Hotels (13 Hotels)

		July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	77.7	88.3	-10.6	-12.0%	394.7	+21.0	+5.6%
	RevPAR (JPY)	13,477	15,464	-1,987	-12.8%	11,129	+539	+5.1%
	Occupancy (%)	96.1	97.6	-1.5	-1.6%	98.3	+0.3	+0.4%
	ADR (JPY)	14,031	15,849	-1,819	-11.5%	11,322	+510	+4.7%
Nest Hotel Sapporo Odori	Revenue (JPY million)	59.9	74.9	-15.0	-20.0%	300.0	-3.4	-1.1%
	RevPAR (JPY)	14,896	18,755	-3,859	-20.6%	12,645	-23	-0.2%
	Occupancy (%)	95.9	96.9	-1.0	-1.1%	96.7	-0.7	-0.8%
	ADR (JPY)	15,534	19,348	-3,814	-19.7%	13,081	+75	+0.6%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	30.2	32.2	-2.0	-6.3%	189.3	+5.4	+2.9%
	RevPAR (JPY)	8,537	9,009	-472	-5.2%	9,122	+313	+3.6%
	Occupancy (%)	97.3	98.6	-1.3	-1.3%	98.4	+3.0	+3.1%
	ADR (JPY)	8,777	9,138	-361	-4.0%	9,268	+37	+0.4%
Hotel Wing International Nagoya	Revenue (JPY million)	40.9	41.5	-0.6	-1.5%	245.2	+2.9	+1.2%
	RevPAR (JPY)	5,372	5,406	-34	-0.6%	5,489	+93	+1.7%
	Occupancy (%)	82.8	87.0	-4.2	-4.8%	87.0	+0.1	+0.1%
	ADR (JPY)	6,486	6,214	+272	+4.4%	6,308	+99	+1.6%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	31.2	36.7	-5.5	-14.9%	222.3	-39.5	-15.1%
	RevPAR (JPY)	6,250	7,656	-1,405	-18.4%	7,833	-1,641	-17.3%
	Occupancy (%)	99.6	99.6	-	-	99.4	+1.3	+1.4%
	ADR (JPY)	6,276	7,683	-1,407	-18.3%	7,877	-1,781	-18.4%

		July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	26.3	30.0	-3.7	-12.5%	177.6	-27.4	-13.4%
	RevPAR (JPY)	8,703	10,307	-1,603	-15.6%	10,446	-1,852	-15.1%
	Occupancy (%)	86.8	93.2	-6.4	-6.9%	85.8	-8.0	-8.5%
	ADR (JPY)	10,023	11,054	-1,030	-9.3%	12,179	-941	-7.2%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	19.6	27.5	-7.8	-28.5%	134.0	-35.5	-20.9%
	RevPAR (JPY)	4,872	6,814	-1,942	-28.5%	5,696	-1,507	-20.9%
	Occupancy (%)	73.6	89.6	-16.0	-17.8%	81.0	-7.8	-8.7%
	ADR (JPY)	6,616	7,605	-989	-13.0%	7,031	-1,082	-13.3%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	65.0	83.9	-18.9	-22.5%	436.5	-95.5	-17.9%
	RevPAR (JPY)	6,346	8,369	-2,023	-24.2%	7,419	-1,696	-18.6%
	Occupancy (%)	85.6	88.5	-2.9	-3.3%	90.4	-3.6	-3.9%
	ADR (JPY)	7,416	9,457	-2,041	-21.6%	8,207	-1,486	-15.3%
Hotel Wing International Kobe Shin Nagata Ekimae	Revenue (JPY million)	26.5						
	RevPAR (JPY)	5,842						
	Occupancy (%)	74.6						
	ADR (JPY)	7,835						
Nest Hotel Matsuyama	Revenue (JPY million)	47.9	45.3	+2.6	+5.7%	287.6	+16.3	+6.0%
	RevPAR (JPY)	5,527	5,419	+108	+2.0%	5,826	+492	+9.2%
	Occupancy (%)	88.7	92.1	-3.4	-3.7%	87.4	-1.5	-1.7%
	ADR (JPY)	6,230	5,881	+349	+5.9%	6,670	+664	+11.1%
Court Hotel Kurashiki	Revenue (JPY million)	26.1	24.9	+1.3	+5.1%	186.2	+26.8	+16.8%
	RevPAR (JPY)	6,880	7,359	-479	-6.5%	8,360	+1,177	+16.4%
	Occupancy (%)	92.5	96.4	-3.9	-4.0%	96.3	+1.1	+1.1%
	ADR (JPY)	7,438	7,636	-198	-2.6%	8,685	+1,138	+15.1%
Valie Hotel Tenjin	Revenue (JPY million)	22.8	23.9	-1.1	-4.6%	147.2	+8.8	+6.3%
	RevPAR (JPY)	8,889	9,382	-493	-5.3%	9,906	+638	+6.9%
	Occupancy (%)	96.2	95.3	+0.9	+0.9%	97.3	+0.9	+1.0%
	ADR (JPY)	9,237	9,839	-602	-6.1%	10,177	+565	+5.9%
Nest Hotel Kumamoto	Revenue (JPY million)	35.1	36.5	-1.4	-4.0%	199.1	-22.7	-10.3%
	RevPAR (JPY)	4,925	5,094	-169	-3.3%	4,788	-461	-8.8%
	Occupancy (%)	81.6	90.1	-8.5	-9.4%	77.4	-11.7	-13.1%
	ADR (JPY)	6,034	5,651	+382	+6.8%	6,189	+293	+5.0%

		July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Naha	Revenue (JPY million)	72.0	82.6	-10.6	-12.8%	430.0	-24.6	-5.4%
	RevPAR (JPY)	8,347	9,992	-1,645	-16.5%	8,348	-617	-6.9%
	Occupancy (%)	78.0	90.9	-12.9	-14.2%	83.9	-6.3	-7.0%
	ADR (JPY)	10,701	10,997	-296	-2.7%	9,952	+15	+0.2%

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

		July 2019 (A)	(Previous) July 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – July 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	25.3	24.5	+0.7	+3.0%	101.4	+14.0	+16.0%
	RevPAR (JPY)	6,219	5,985	+234	+3.9%	4,219	+617	+17.1%
	Occupancy (%)	87.5	89.0	-1.6	-1.8%	75.5	+3.6	+5.1%
	ADR (JPY)	7,109	6,721	+388	+5.8%	5,592	+575	+11.5%
Comfort Hotel Hamamatsu	Revenue (JPY million)	29.9	27.0	+2.9	+10.7%	178.0	+12.6	+7.6%
	RevPAR (JPY)	4,920	4,444	+475	+10.7%	5,017	+355	+7.6%
	Occupancy (%)	81.6	77.1	+4.6	+5.9%	82.5	+3.2	+4.0%
	ADR (JPY)	6,025	5,766	+259	+4.5%	6,084	+204	+3.5%
Comfort Hotel Central International Airport	Revenue (JPY million)	93.9	95.0	-1.1	-1.1%	546.4	-25.1	-4.4%
	RevPAR (JPY)	8,410	8,437	-27	-0.3%	8,365	+53	+0.6%
	Occupancy (%)	91.1	91.4	-0.4	-0.4%	91.5	+0.7	+0.8%
	ADR (JPY)	9,234	9,227	+6	+0.1%	9,138	-14	-0.2%
Comfort Hotel Suzuka	Revenue (JPY million)	14.4	17.4	-3.1	-17.6%	86.3	-2.6	-2.9%
	RevPAR (JPY)	4,376	5,293	-917	-17.3%	4,497	-120	-2.6%
	Occupancy (%)	68.4	76.3	-7.9	-10.3%	75.6	+0.7	+1.0%
	ADR (JPY)	6,393	6,936	-543	-7.8%	5,945	-216	-3.5%
Comfort Hotel Okayama	Revenue (JPY million)	35.0	38.2	-3.2	-8.3%	210.5	-9.7	-4.4%
	RevPAR (JPY)	5,212	5,718	-505	-8.8%	5,347	-265	-4.7%
	Occupancy (%)	84.6	87.9	-3.3	-3.7%	88.4	-1.7	-1.9%
	ADR (JPY)	6,160	6,506	-346	-5.3%	6,048	-182	-2.9%
Urbain Hiroshima Executive	Revenue (JPY million)	31.1	32.7	-1.6	-5.0%	202.8	+0.7	+0.3%
	RevPAR (JPY)	5,864	6,172	-307	-5.0%	6,553	+160	+2.5%
	Occupancy (%)	92.5	89.2	+3.3	+3.7%	91.9	+1.5	+1.7%
	ADR (JPY)	6,340	6,922	-582	-8.4%	7,130	+58	+0.8%

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 the Hotel Vista Premio Kyoto, the Chisun Inn Osaka Hommachi, 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:  
$$\text{Occupancy} = \text{Total number of guest rooms occupied during the period} / (\text{total number of guest rooms} * \text{number of days hotel was in operation during the period})$$

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 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 Suave Kobe Asuta, renamed the Hotel Wing International Kobe Shin Nagata Ekimae on March 1, 2019, is excluded from the above Total and Variable-Rent Hotels data because it re-opened in June 2019. Prior data for the Hotel Suave Kobe Asuta are also excluded because the previous hotel operator did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons. The Valie Hotel Hiroshima, acquired on July 19, 2019, is excluded from the above data as it is closed for to be rebranded and re-opened in September 2019.
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, fixed-rent hotels, and the total portfolio saw year-on-year decreases in Revenue, RevPAR, Occupancy, and ADR.

RevPAR significantly decreased year-on-year in Sapporo, Kyoto, Osaka, and Naha due to the impact of political tensions between Japan and South Korea, which led to cancellations by South Korean guests.

### Value-Add Actions

Ichigo Hotel completed renovations to optimize room layouts at the Court Hotel Kurashiki, which were originally announced in the May 27, 2019 release "Ichigo Hotel Operating Results – April 2019." The Court Hotel Kurashiki has been operating at more than 95% occupancy, driven by significant leisure demand. The conversion of three two-guest suites into six rooms that can each accommodate three guests will allow the hotel to optimize room layouts to capture greater leisure demand and drive higher earnings (forecast ROI 15.5%).

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

### Court Hotel Kurashiki

Before



After

