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Issuer

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## Ichigo Hotel Operating Results – September 2019

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels)

	September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	687.4	758.0	-70.5	-9.3%	1,540.0	-172.2	-10.1%
RevPAR (JPY)	6,341	7,010	-669	-9.5%	7,016	-830	-10.6%
Occupancy (%)	83.4	87.8	-4.4	-5.0%	86.3	-4.8	-5.2%
ADR (JPY)	7,605	7,986	-381	-4.8%	8,129	-485	-5.6%

Variable-Rent Hotels (13 Hotels)

	September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	465.6	521.1	-55.4	-10.6%	1,048.1	-134.0	-11.3%
RevPAR (JPY)	6,544	7,377	-833	-11.3%	7,291	-1,026	-12.3%
Occupancy (%)	83.7	88.4	-4.6	-5.2%	86.2	-5.3	-5.8%
ADR (JPY)	7,814	8,348	-534	-6.4%	8,456	-628	-6.9%

Fixed-Rent Hotels (7 Hotels)

	September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	221.8	236.9	-15.1	-6.4%	492.0	-38.1	-7.2%
RevPAR (JPY)	5,992	6,384	-392	-6.1%	6,544	-497	-7.1%
Occupancy (%)	82.7	86.8	-4.0	-4.7%	86.4	-3.8	-4.2%
ADR (JPY)	7,243	7,357	-114	-1.5%	7,570	-232	-3.0%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable-Rent Hotels (14 Hotels – current month data include Hotel Wing International Kobe Shin Nagata Ekimae, which reopened June 2019)

		September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	61.9	52.0	+9.9	+19.1%	134.0	-0.1	-0.1%
	RevPAR (JPY)	10,788	9,427	+1,361	+14.4%	11,701	-336	-2.8%
	Occupancy (%)	96.6	88.0	+8.6	+9.8%	96.5	+3.7	+3.9%
	ADR (JPY)	11,162	10,712	+450	+4.2%	12,131	-841	-6.5%
Nest Hotel Sapporo Odori	Revenue (JPY million)	44.0	37.9	+6.1	+16.1%	99.7	-10.8	-9.8%
	RevPAR (JPY)	11,077	9,611	+1,467	+15.3%	12,365	-1,488	-10.7%
	Occupancy (%)	93.8	83.2	+10.6	+12.7%	94.4	+4.1	+4.5%
	ADR (JPY)	11,809	11,552	+257	+2.2%	13,102	-2,240	-14.6%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	29.8	31.1	-1.3	-4.2%	61.3	-2.6	-4.1%
	RevPAR (JPY)	8,633	8,995	-362	-4.0%	8,755	-355	-3.9%
	Occupancy (%)	98.3	98.2	+0.1	+0.1%	98.0	-0.5	-0.5%
	ADR (JPY)	8,782	9,156	-374	-4.1%	8,932	-319	-3.5%
Hotel Wing International Nagoya	Revenue (JPY million)	39.8	42.4	-2.7	-6.3%	80.1	-10.5	-11.5%
	RevPAR (JPY)	5,401	5,725	-324	-5.7%	5,323	-652	-10.9%
	Occupancy (%)	89.0	91.9	-3.0	-3.2%	86.6	-6.2	-6.6%
	ADR (JPY)	6,071	6,227	-156	-2.5%	6,145	-296	-4.6%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	27.9	33.7	-5.8	-17.1%	60.4	-10.8	-15.1%
	RevPAR (JPY)	5,951	7,206	-1,255	-17.4%	6,329	-1,181	-15.7%
	Occupancy (%)	99.2	99.7	-0.5	-0.5%	99.4	-0.5	-0.5%
	ADR (JPY)	5,999	7,226	-1,227	-17.0%	6,365	-1,152	-15.3%

		September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	25.2	26.6	-1.3	-5.1%	51.9	-7.2	-12.2%
	RevPAR (JPY)	8,449	9,225	-777	-8.4%	8,684	-1,428	-14.1%
	Occupancy (%)	91.7	89.3	+2.4	+2.7%	91.4	-0.5	-0.6%
	ADR (JPY)	9,213	10,328	-1,115	-10.8%	9,500	-1,501	-13.6%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	15.8	20.6	-4.8	-23.4%	37.8	-10.3	-21.4%
	RevPAR (JPY)	4,052	5,288	-1,236	-23.4%	4,767	-1,295	-21.4%
	Occupancy (%)	71.5	70.6	+0.9	+1.3%	75.3	-4.6	-5.7%
	ADR (JPY)	5,669	7,494	-1,825	-24.4%	6,329	-1,261	-16.6%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	45.6	66.1	-20.5	-31.0%	109.3	-44.0	-28.7%
	RevPAR (JPY)	4,558	6,788	-2,231	-32.9%	5,422	-2,353	-30.3%
	Occupancy (%)	65.8	79.1	-13.3	-16.8%	72.2	-13.6	-15.9%
	ADR (JPY)	6,926	8,579	-1,653	-19.3%	7,513	-1,549	-17.1%
Hotel Wing International Kobe Shin Nagata Ekimae	Revenue (JPY million)	23.4				56.7		
	RevPAR (JPY)	5,445				6,360		
	Occupancy (%)	73.2				80.2		
	ADR (JPY)	7,437				7,935		
Nest Hotel Matsuyama	Revenue (JPY million)	37.8	43.7	-5.9	-13.5%	88.6	-4.7	-5.0%
	RevPAR (JPY)	4,805	5,588	-783	-14.0%	5,500	-345	-5.9%
	Occupancy (%)	81.7	88.5	-6.8	-7.7%	86.6	-5.8	-6.3%
	ADR (JPY)	5,883	6,316	-432	-6.8%	6,349	+29	+0.5%
Court Hotel Kurashiki	Revenue (JPY million)	26.4	29.9	-3.5	-11.8%	63.1	-6.7	-9.6%
	RevPAR (JPY)	6,996	7,954	-959	-12.1%	8,207	-1,088	-11.7%
	Occupancy (%)	93.4	96.7	-3.3	-3.4%	95.6	-1.3	-1.3%
	ADR (JPY)	7,490	8,223	-733	-8.9%	8,584	-1,011	-10.5%
Valie Hotel Tenjin	Revenue (JPY million)	20.2	24.3	-4.1	-17.0%	43.8	-3.1	-6.6%
	RevPAR (JPY)	8,034	9,849	-1,815	-18.4%	8,637	-692	-7.4%
	Occupancy (%)	96.3	95.3	+1.0	+1.0%	96.3	+0.2	+0.2%
	ADR (JPY)	8,341	10,332	-1,991	-19.3%	8,974	-736	-7.6%
Nest Hotel Kumamoto	Revenue (JPY million)	34.7	33.9	+0.8	+2.2%	78.0	+6.7	+9.3%
	RevPAR (JPY)	5,105	4,894	+211	+4.3%	5,673	+611	+12.1%
	Occupancy (%)	75.7	86.8	-11.1	-12.8%	77.9	-10.4	-11.8%
	ADR (JPY)	6,743	5,638	+1,105	+19.6%	7,283	+1,552	+27.1%

		September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Naha	Revenue (JPY million)	56.6	78.9	-22.3	-28.2%	140.0	-30.0	-17.6%
	RevPAR (JPY)	6,997	9,835	-2,839	-28.9%	8,908	-2,043	-18.7%
	Occupancy (%)	74.0	93.7	-19.8	-21.1%	81.7	-12.4	-13.2%
	ADR (JPY)	9,460	10,492	-1,032	-9.8%	10,901	-731	-6.3%

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

		September 2019 (A)	(Previous) September 2018 (B)	Difference (A) - (B)	YOY Change	August 2019 – September 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	25.2	18.2	+6.9	+37.9%	55.6	+9.6	+20.8%
	RevPAR (JPY)	6,407	4,594	+1,813	+39.5%	6,987	+1,255	+21.9%
	Occupancy (%)	89.7	73.9	+15.9	+21.5%	90.9	+7.4	+8.9%
	ADR (JPY)	7,140	6,220	+920	+14.8%	7,687	+821	+12.0%
Comfort Hotel Hamamatsu	Revenue (JPY million)	29.8	28.3	+1.5	+5.1%	65.3	+0.3	+0.5%
	RevPAR (JPY)	5,062	4,814	+248	+5.1%	5,463	+28	+0.5%
	Occupancy (%)	79.4	83.0	-3.7	-4.4%	84.8	-2.2	-2.6%
	ADR (JPY)	6,379	5,797	+582	+10.0%	6,443	+198	+3.2%
Comfort Hotel Central International Airport	Revenue (JPY million)	80.2	92.4	-12.2	-13.2%	179.8	-16.1	-8.2%
	RevPAR (JPY)	7,355	8,472	-1,117	-13.2%	8,138	-718	-8.1%
	Occupancy (%)	82.2	92.7	-10.5	-11.3%	87.3	-7.1	-7.5%
	ADR (JPY)	8,943	9,135	-192	-2.1%	9,327	-58	-0.6%
Comfort Hotel Suzuka	Revenue (JPY million)	10.7	13.3	-2.6	-19.8%	29.4	-10.9	-27.1%
	RevPAR (JPY)	3,368	4,172	-804	-19.3%	4,567	-1,666	-26.7%
	Occupancy (%)	65.6	75.5	-9.9	-13.1%	74.3	-10.5	-12.4%
	ADR (JPY)	5,135	5,529	-394	-7.1%	6,144	-1,203	-16.4%
Comfort Hotel Okayama	Revenue (JPY million)	34.7	37.8	-3.2	-8.3%	73.8	-9.3	-11.2%
	RevPAR (JPY)	5,368	5,823	-455	-7.8%	5,606	-693	-11.0%
	Occupancy (%)	83.3	88.5	-5.2	-5.9%	86.1	-3.6	-4.1%
	ADR (JPY)	6,447	6,579	-132	-2.0%	6,512	-509	-7.2%
Urbain Hiroshima Executive	Revenue (JPY million)	33.6	37.2	-3.7	-9.8%	73.3	-8.1	-9.9%
	RevPAR (JPY)	6,544	7,256	-712	-9.8%	7,027	-774	-9.9%
	Occupancy (%)	91.5	93.3	-1.9	-2.0%	92.1	-3.5	-3.7%
	ADR (JPY)	7,155	7,776	-621	-8.0%	7,633	-528	-6.5%

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 Wing International Kobe Shin Nagata Ekimae is 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. The Valie Hotel Hiroshima, acquired on July 19, 2019, is excluded from the above data as it was rebranded and reopened on September 18, 2019, and thus its operating period is less than one month.
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 in Kyoto, Osaka, Tenjin, and Naha due to increased hotel supply and political tensions between Japan and South Korea, which led to a decrease in Korean tourists. Hotels in Matsuyama, Kurashiki, and Naha also saw cancellations due to two large typhoons last month.

More positively, RevPAR significantly increased year-on-year in Sapporo as demand rebounded from declines linked to last year's earthquake.

### Value-Add Actions

As announced in the September 17, 2019 release "Rebranding and Reopening of Valie Hotel Hiroshima," the Valie Hotel Hiroshima reopened on September 18, 2019.

After acquiring the hotel on July 19, 2019, Ichigo Hotel did a full two-month redesign and renovation of the lobby and all of the guestroom bathrooms, along with significantly improving the Wi-Fi environment, to enhance guest comfort and increase the hotel's competitiveness. Given the hotel's prime downtown location and surrounding government buildings and offices, Ichigo Hotel expects to capture stable business demand as well as leisure and inbound tourist demand.

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

### Valie Hotel Hiroshima

Lobby



Guestroom

