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[Provisional Translation Only]

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April 27, 2020

Issuer

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Ichigo Hotel Operating Results – March 2020

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (18 Hotels)

	March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	247.4	679.0	-431.6	-63.6%	710.6	-618.8	-46.5%
RevPAR (JPY)	2,419	6,684	-4,264	-63.8%	3,625	-3,306	-47.7%
Occupancy (%)	49.4	90.5	-41.1	-45.4%	61.7	-28.4	-31.5%
ADR (JPY)	4,894	7,385	-2,490	-33.7%	5,874	-1,818	-23.6%

Variable Rent Hotels (11 Hotels)

	March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	153.2	447.4	-294.2	-65.8%	450.4	-448.5	-49.9%
RevPAR (JPY)	2,399	7,109	-4,710	-66.3%	3,705	-3,920	-51.4%
Occupancy (%)	51.3	93.3	-42.0	-45.0%	63.1	-29.8	-32.0%
ADR (JPY)	4,677	7,621	-2,945	-38.6%	5,869	-2,338	-28.5%

Fixed Rent Hotels (7 Hotels)

	March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	94.2	231.6	-137.4	-59.3%	260.2	-170.3	-39.6%
RevPAR (JPY)	2,449	6,057	-3,608	-59.6%	3,507	-2,402	-40.6%
Occupancy (%)	46.7	86.4	-39.7	-46.0%	59.6	-26.4	-30.7%
ADR (JPY)	5,247	7,009	-1,762	-25.1%	5,883	-990	-14.4%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (14 Hotels)

		March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	18.4	49.3	-30.9	-62.7%	65.3	-64.5	-49.7%
	RevPAR (JPY)	2,982	7,025	-4,043	-57.5%	5,647	-5,368	-48.7%
	Occupancy (%)	77.9	100.0	-22.1	-22.1%	85.9	-13.2	-13.3%
	ADR (JPY)	3,827	7,025	-3,197	-45.5%	6,576	-4,543	-40.9%
Nest Hotel Sapporo Odori	Revenue (JPY million)	14.0	32.7	-18.7	-57.3%	53.9	-46.1	-46.1%
	RevPAR (JPY)	3,056	7,676	-4,619	-60.2%	6,608	-6,325	-48.9%
	Occupancy (%)	73.7	96.1	-22.3	-23.3%	83.2	-13.4	-13.9%
	ADR (JPY)	4,146	7,991	-3,845	-48.1%	7,940	-5,447	-40.7%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	18.4	34.8	-16.4	-47.2%	46.0	-19.6	-29.9%
	RevPAR (JPY)	5,080	9,768	-4,688	-48.0%	6,587	-3,075	-31.8%
	Occupancy (%)	89.1	99.2	-10.1	-10.2%	93.0	-5.9	-6.0%
	ADR (JPY)	5,704	9,851	-4,146	-42.1%	7,084	-2,688	-27.5%
HOTEL EMIT SHIBUYA	Revenue (JPY million)	11.7				14.0		
	RevPAR (JPY)	5,085				5,217		
	Occupancy (%)	95.1				91.4		
	ADR (JPY)	5,346				5,710		
Hotel Wing International Nagoya	Revenue (JPY million)	9.5	42.0	-32.5	-77.4%	44.4	-35.7	-44.6%
	RevPAR (JPY)	1,211	5,494	-4,283	-78.0%	3,021	-2,459	-44.9%
	Occupancy (%)	21.0	91.3	-70.3	-77.0%	46.1	-44.8	-49.3%
	ADR (JPY)	5,769	6,015	-246	-4.1%	6,558	+529	+8.8%

		March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	15.8	43.1	-27.3	-63.3%	34.9	-33.4	-48.9%
	RevPAR (JPY)	3,320	9,085	-5,765	-63.5%	3,780	-3,737	-49.7%
	Occupancy (%)	71.6	99.8	-28.3	-28.3%	83.4	-16.4	-16.4%
	ADR (JPY)	4,640	9,101	-4,461	-49.0%	4,532	-3,001	-39.8%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	2.5	24.7	-22.1	-89.8%	13.8	-33.0	-70.5%
	RevPAR (JPY)	627	6,119	-5,493	-89.8%	1,773	-4,339	-71.0%
	Occupancy (%)	13.8	86.9	-73.1	-84.1%	32.4	-54.0	-62.5%
	ADR (JPY)	4,527	7,042	-2,515	-35.7%	5,471	-1,605	-22.7%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	7.3	78.1	-70.8	-90.7%	33.9	-113.7	-77.0%
	RevPAR (JPY)	521	7,822	-7,302	-93.3%	1,552	-6,179	-79.9%
	Occupancy (%)	11.3	93.6	-82.3	-87.9%	24.8	-68.0	-73.3%
	ADR (JPY)	4,593	8,356	-3,763	-45.0%	6,252	-2,075	-24.9%
Hotel Wing International Kobe Shin Nagata Ekimae	Revenue (JPY million)	10.6				27.4		
	RevPAR (JPY)	2,324				3,125		
	Occupancy (%)	36.7				45.5		
	ADR (JPY)	6,328				6,865		
Nest Hotel Matsuyama	Revenue (JPY million)	25.6	48.2	-22.6	-46.8%	64.5	-24.2	-27.3%
	RevPAR (JPY)	3,608	5,552	-1,944	-35.0%	4,413	-1,048	-19.2%
	Occupancy (%)	76.4	90.2	-13.8	-15.3%	82.7	-5.9	-6.7%
	ADR (JPY)	4,723	6,154	-1,432	-23.3%	5,336	-825	-13.4%
Court Hotel Kurashiki	Revenue (JPY million)	11.3	33.1	-21.8	-65.8%	27.8	-24.8	-47.1%
	RevPAR (JPY)	2,857	8,361	-5,504	-65.8%	3,630	-3,496	-49.1%
	Occupancy (%)	53.9	97.7	-43.7	-44.8%	64.5	-33.3	-34.1%
	ADR (JPY)	5,297	8,560	-3,263	-38.1%	5,629	-1,655	-22.7%
Valie Hotel Hiroshima	Revenue (JPY million)	14.1				30.7		
	RevPAR (JPY)	2,573				2,915		
	Occupancy (%)	68.2				69.3		
	ADR (JPY)	3,774				4,207		
Valie Hotel Tenjin	Revenue (JPY million)	11.8	26.3	-14.6	-55.3%	28.8	-22.4	-43.7%
	RevPAR (JPY)	4,387	10,338	-5,952	-57.6%	5,644	-4,942	-46.7%
	Occupancy (%)	87.8	98.6	-10.9	-11.0%	90.4	-8.0	-8.2%
	ADR (JPY)	4,998	10,483	-5,485	-52.3%	6,241	-4,511	-42.0%

		March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Kumamoto	Revenue (JPY million)	18.6	35.0	-16.4	-46.9%	37.1	-31.0	-45.5%
	RevPAR (JPY)	2,526	4,894	-2,368	-48.4%	2,610	-2,414	-48.0%
	Occupancy (%)	59.8	82.6	-22.8	-27.6%	68.3	-15.1	-18.1%
	ADR (JPY)	4,226	5,925	-1,700	-28.7%	3,819	-2,202	-36.6%

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

		March 2020 (A)	(Previous) March 2019 (B)	Difference (A) - (B)	YOY Change	February 2020 – March 2020 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	7.4	12.6	-5.3	-41.6%	21.5	-7.7	-26.4%
	RevPAR (JPY)	1,744	3,037	-1,292	-42.6%	2,658	-1,048	-28.3%
	Occupancy (%)	41.6	69.2	-27.6	-39.9%	55.4	-20.7	-27.2%
	ADR (JPY)	4,196	4,391	-196	-4.5%	4,796	-76	-1.6%
Comfort Hotel Hamamatsu	Revenue (JPY million)	14.8	32.0	-17.3	-53.9%	35.9	-21.1	-37.0%
	RevPAR (JPY)	2,430	5,271	-2,842	-53.9%	3,054	-1,875	-38.0%
	Occupancy (%)	49.1	85.2	-36.1	-42.4%	57.4	-25.9	-31.1%
	ADR (JPY)	4,950	6,188	-1,237	-20.0%	5,315	-595	-10.1%
Comfort Hotel Central International Airport	Revenue (JPY million)	27.1	90.8	-63.7	-70.2%	88.8	-81.8	-48.0%
	RevPAR (JPY)	2,409	8,121	-5,711	-70.3%	4,105	-3,899	-48.7%
	Occupancy (%)	31.0	90.2	-59.1	-65.6%	49.0	-40.5	-45.2%
	ADR (JPY)	7,760	9,006	-1,246	-13.8%	8,374	-565	-6.3%
Comfort Hotel Suzuka	Revenue (JPY million)	6.2	15.7	-9.5	-60.6%	16.0	-9.4	-37.0%
	RevPAR (JPY)	1,877	4,776	-2,899	-60.7%	2,509	-1,542	-38.1%
	Occupancy (%)	40.5	80.8	-40.3	-49.9%	53.1	-19.9	-27.2%
	ADR (JPY)	4,639	5,911	-1,272	-21.5%	4,721	-824	-14.9%
Comfort Hotel Okayama	Revenue (JPY million)	22.0	37.3	-15.3	-41.1%	50.6	-18.1	-26.4%
	RevPAR (JPY)	3,211	5,520	-2,310	-41.8%	3,845	-1,496	-28.0%
	Occupancy (%)	69.7	91.1	-21.4	-23.5%	76.0	-14.8	-16.3%
	ADR (JPY)	4,608	6,061	-1,453	-24.0%	5,056	-822	-14.0%
Urbain Hiroshima Executive	Revenue (JPY million)	12.7	33.2	-20.5	-61.7%	37.0	-24.3	-39.6%
	RevPAR (JPY)	2,395	6,258	-3,864	-61.7%	3,608	-2,469	-40.6%
	Occupancy (%)	48.1	90.5	-42.4	-46.8%	65.9	-24.7	-27.3%
	ADR (JPY)	4,980	6,919	-1,939	-28.0%	5,477	-1,229	-18.3%

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:
$$\text{Occupancy} = \text{Total number of guest rooms occupied during the period} / (\text{total number of guest rooms} * \text{number of days hotel was in operation during the period})$$

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 and the Washington Hotel Plaza Shimonoseki Eki Nishi are 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 EMIT SHIBUYA, 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

Both 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 due to Covid-19 restrictions on travel and public gatherings and events, resulting in cancellations by both Japanese and inbound guests. The impact was especially significant among hotels in the Osaka area.

Value-Add Actions

(1) Hotel Acquisition

As announced in its February 26, 2020 release, Ichigo Hotel acquired the Washington Hotel Plaza Shimonoseki Eki Nishi in the city of Shimonoseki in Yamaguchi Prefecture, an area with stable business and leisure demand. Since Ichigo Hotel has a fixed-lease agreement with the hotel's operator, the acquisition will both increase geographic diversification and support stable earnings growth.

Washington Hotel Plaza Shimonoseki Eki Nishi



(2) Operator Change

Ichigo Investment Advisors ("IIA"), the asset management company of Ichigo Hotel, has appointed a new operator for the Comfort Hotel Okayama due to the upcoming expiration of the current fixed term lease contract with Greens Co., Ltd.

The new hotel operator will be Hakata Hotels Inc., a consolidated subsidiary of Ichigo, IIA's parent company. Hakata Hotels currently operates five hotels in the Hakata area. Hakata Hotels was chosen from among several candidate operators based on its competitive price offering. Under the new contract, the hotel's fixed, minimum guaranteed rent will increase significantly, while the introduction of a variable rent component will increase the upside potential for revenue growth. As the new hotel operator, Hakata Hotels will deploy PROPERA, an AI-based revenue management system developed by Ichigo, to maximize earnings and increase guest satisfaction. The hotel is expected to be rebranded as The OneFive Okayama for reopening in September 2020.