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[Provisional Translation Only]

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Issuer

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Ichigo Hotel Operating Results – August 2023

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (23 Hotels)

	Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
Revenue (JPY million)	907.7	593.8	+313.9	+52.9%	775.9
RevPAR (JPY)	7,800	5,332	+2,468	+46.3%	7,417
Occupancy (%)	83.3	83.5	-0.2	-0.2%	89.0
ADR (JPY)	9,363	6,385	+2,978	+46.6%	8,334

Variable Rent Hotels (16 Hotels)

	Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
Revenue (JPY million)	668.3	437.9	+230.4	+52.6%	505.7
RevPAR (JPY)	8,381	5,476	+2,905	+53.1%	8,255
Occupancy (%)	85.6	88.4	-2.8	-3.2%	95.6
ADR (JPY)	9,790	6,194	+3,596	+58.0%	8,638

Fixed Rent Hotels (7 Hotels)

	Aug 2023 (A)	(Previous) Aug 2022	(Previous) Aug 2022	YOY Change	Aug 2019 (Reference)
Revenue (JPY million)	239.4	155.9	+83.4	+53.5%	270.2
RevPAR (JPY)	6,578	4,980	+1,598	+32.1%	7,079
Occupancy (%)	78.5	71.5	+6.9	+9.7%	90.0
ADR (JPY)	8,383	6,961	+1,422	+20.4%	7,862

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (16 Hotels)

		Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	111.9	50.2	+61.7	+122.9%	72.1
	RevPAR (JPY)	20,231	8,897	+11,335	+127.4%	12,585
	Occupancy (%)	98.1	91.5	+6.6	+7.2%	96.3
	ADR (JPY)	20,621	9,724	+10,898	+112.1%	13,071
Nest Hotel Sapporo Odori	Revenue (JPY million)	70.6	40.7	+29.9	+73.5%	55.7
	RevPAR (JPY)	17,833	9,658	+8,176	+84.7%	13,611
	Occupancy (%)	82.8	92.3	-9.5	-10.3%	94.9
	ADR (JPY)	21,530	10,458	+11,072	+105.9%	14,337
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	38.7	26.1	+12.7	+48.7%	31.5
	RevPAR (JPY)	11,056	7,416	+3,640	+49.1%	8,872
	Occupancy (%)	99.8	100	-0.2	-0.2%	97.7
	ADR (JPY)	11,079	7,416	+3,663	+49.4%	9,078
The OneFive Tokyo Shibuya	Revenue (JPY million)	33.1	17.0	+16.1	+94.4%	
	RevPAR (JPY)	14,564	7,627	+6,937	+90.9%	
	Occupancy (%)	98.6	99.4	-0.8	-0.8%	
	ADR (JPY)	14,776	7,675	+7,100	+92.5%	
Hotel Wing International Nagoya	Revenue (JPY million)	33.0	37.9	-4.9	-12.9%	40.4
	RevPAR (JPY)	4,411	5,455	-1,044	-19.1%	5,248
	Occupancy (%)	57.1	100	-42.9	-42.9%	84.4
	ADR (JPY)	7,724	5,455	+2,269	+41.6%	6,220

		Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
Smile Hotel Kyoto Shijo	Revenue (JPY million)	17.0	11.4	+5.7	+50.0%	32.5
	RevPAR (JPY)	3,608	2,298	+1,310	+57.0%	6,694
	Occupancy (%)	54.3	59.9	-5.6	-9.3%	99.7
	ADR (JPY)	6,647	3,839	+2,808	+73.2%	6,717
The OneFive Osaka Sakaisuji	Revenue (JPY million)	24.9	12.7	+12.2	+95.6%	22.0
	RevPAR (JPY)	6,149	3,136	+3,014	+96.1%	5,459
	Occupancy (%)	97.0	96.6	+0.4	+0.4%	79.0
	ADR (JPY)	6,341	3,247	+3,094	+95.3%	6,908
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	67.0	31.3	+35.7	+113.8%	63.7
	RevPAR (JPY)	7,124	3,134	+3,990	+127.3%	6,259
	Occupancy (%)	87.5	77.3	+10.2	+13.2%	78.3
	ADR (JPY)	8,140	4,053	+4,087	+100.8%	7,991
Hotel Wing International Kobe Shin Nagata Ekimae	Revenue (JPY million)	29.7	25.5	+4.2	+16.4%	33.3
	RevPAR (JPY)	6,419	5,608	+811	+14.5%	7,247
	Occupancy (%)	78.7	68.8	+9.9	+14.3%	86.9
	ADR (JPY)	8,159	8,150	+9	+0.1%	8,341
Nest Hotel Matsuyama	Revenue (JPY million)	44.5	32.2	+12.3	+38.3%	50.8
	RevPAR (JPY)	6,302	4,585	+1,717	+37.4%	6,172
	Occupancy (%)	92.9	68.3	+24.7	+36.1%	91.4
	ADR (JPY)	6,783	6,718	+65	+1.0%	6,751
The OneFive Okayama	Revenue (JPY million)	42.3	29.1	+13.3	+45.6%	39.1
	RevPAR (JPY)	6,360	4,340	+2,020	+46.5%	5,836
	Occupancy (%)	99.3	99.6	-0.3	-0.3%	88.8
	ADR (JPY)	6,404	4,357	+2,046	+47.0%	6,572
The OneFive Garden Kurashiki	Revenue (JPY million)	32.7	22.9	+9.8	+42.7%	36.7
	RevPAR (JPY)	9,212	6,314	+2,898	+45.9%	9,379
	Occupancy (%)	98.9	81.3	+17.7	+21.7%	97.7
	ADR (JPY)	9,310	7,768	+1,542	+19.8%	9,596
Valie Hotel Hiroshima	Revenue (JPY million)	34.4	40.0	-5.5	-13.9%	
	RevPAR (JPY)	6,456	7,500	-1,044	-13.9%	
	Occupancy (%)	77.1	100	-22.9	-22.9%	
	ADR (JPY)	8,370	7,500	+870	+11.6%	

		Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
The OneFive Fukuoka Tenjin	Revenue (JPY million)	28.3	12.9	+15.5	+120.1%	23.6
	RevPAR (JPY)	11,319	4,992	+6,327	+126.7%	9,221
	Occupancy (%)	97.9	97.9	+0.0	+0.0%	96.2
	ADR (JPY)	11,561	5,101	+6,460	+126.6%	9,587
Nest Hotel Kumamoto	Revenue (JPY million)	38.9	31.2	+7.8	+25.0%	43.3
	RevPAR (JPY)	5,915	5,000	+915	+18.3%	6,223
	Occupancy (%)	82.7	100	-17.3	-17.3%	80.0
	ADR (JPY)	7,152	5,000	+2,152	+43.0%	7,777
Smile Hotel Nagano	Revenue (JPY million)	21.2	17.0	+4.2	+25.0%	
	RevPAR (JPY)	8,704	7,136	+1,568	+22.0%	
	Occupancy (%)	98.5	95.6	+2.9	+3.0%	
	ADR (JPY)	8,839	7,466	+1,373	+18.4%	

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

		Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
Comfort Hotel Kushiro	Revenue (JPY million)	38.0	31.8	+6.2	+19.4%	30.5
	RevPAR (JPY)	9,458	7,829	+1,629	+20.8%	7,547
	Occupancy (%)	93.1	94.0	-0.9	-1.0%	92.0
	ADR (JPY)	10,163	8,332	+1,831	+22.0%	8,203
Comfort Hotel Hamamatsu	Revenue (JPY million)	40.0	29.0	+11.0	+38.0%	35.6
	RevPAR (JPY)	6,590	4,775	+1,815	+38.0%	5,851
	Occupancy (%)	86.7	77.9	+8.8	+11.2%	90.0
	ADR (JPY)	7,602	6,127	+1,475	+24.1%	6,498
Comfort Hotel Central International Airport	Revenue (JPY million)	74.4	52.4	+22.0	+42.0%	99.7
	RevPAR (JPY)	6,808	4,755	+2,053	+43.2%	8,896
	Occupancy (%)	73.9	59.3	+14.5	+24.5%	92.1
	ADR (JPY)	9,216	8,014	+1,202	+15.0%	9,658
Comfort Hotel Suzuka	Revenue (JPY million)	21.6	18.6	+3.0	+16.1%	18.8
	RevPAR (JPY)	6,597	5,676	+921	+16.2%	5,728
	Occupancy (%)	85.4	89.4	-4.0	-4.5%	82.8
	ADR (JPY)	7,727	6,349	+1,378	+21.7%	6,918

		Aug 2023 (A)	(Previous) Aug 2022 (B)	Difference (A) - (B)	YOY Change	Aug 2019 (Reference)
Urbain Hiroshima Executive	Revenue (JPY million)	30.5	19.4	+11.1	+57.2%	39.7
	RevPAR (JPY)	5,747	3,656	+2,091	+57.2%	7,495
	Occupancy (%)	70.1	61.1	+9.0	+14.8%	92.7
	ADR (JPY)	8,194	5,983	+2,211	+36.9%	8,089
Hotel Sunshine Utsunomiya	Revenue (JPY million)	25.4	—	—	—	
	RevPAR (JPY)	4,752	—	—	—	
	Occupancy (%)	68.5	—	—	—	
	ADR (JPY)	6,941	—	—	—	

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 OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, and Smile Hotel Tokyo Asagaya 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. Ichigo Hotel acquired five hotels (Comfort Hotel Osaka Shinsaibashi, HOTEL THE KNOT YOKOHAMA, Quintessa Ise Shima, Quintessa Hotel Ogaki, and THE KNOT SAPPORO) on August 25, 2023, and the total number of hotels on the portfolio as of the end of August is 30 hotels. However, these five hotels are not included in the above data. The Capsule Plus Yokohama and the Washington Hotel Plaza Shimonoseki Eki Nishi 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. Data for the Hotel Livemax Nihombashi-Hakozaki are included in the total and fixed rent hotels data above, but not separately disclosed because the hotel operator did not provide consent to disclose hotel-specific data.
7. Pre-acquisition data for acquired hotels are based on data received from the previous owners.
8. August 2019 Revenue, RevPAR, Occupancy, and ADR data provided as a reference is for the 19 hotels owned since August 2019, and is not available for Valie Hotel Hiroshima, The OneFive Tokyo Shibuya, Smile Hotel Nagano, and Hotel Sunshine Utsunomiya. The OneFive Okayama was operating under the name Comfort Hotel Okayama in August 2019, and hotel data is included as a fixed rent hotel.

Explanation of Changes

August 2023 ADR and RevPAR increased by 46.6% and 46.3% year-on-year respectively, marking a significant growth compared to August 2022 due to summer holiday travel, a sharp recovery in inbound tourism, and various events such as the 2023 Inter-High School Championships. RevPAR exceeded the pre-Covid levels of August 2019 due to a 12% ADR increase year-on-year.

Overall hotel demand is expected to continue to recover driven by inbound tourism.

Value-Add Actions

Ichigo Hotel acquired five hotels including HOTEL THE KNOT YOKOHAMA and THE KNOT SAPPORO on August 25, 2023. THE KNOT hotels are Ichigo's boutique hotels positioned between lodging-focused hotels and luxury hotels that move beyond the traditional view of hotels to provide facilities that cater to people's needs in the modern era. THE KNOT aims to provide opportunities to travelers, business people, and locals to discover and rediscover the local community, and promote culture.

THE KNOT hotels differ from the lodging-focused hotels owned by Ichigo Hotel and commands higher daily rates, and Ichigo Hotel believes they will contribute to driving earnings and portfolio stability.

Ichigo Hotel will continue to work closely with hotel operators to increase guest satisfaction, drive higher earnings on the back of expected hotel demand recovery and growth, and maximize shareholder value.

HOTEL THE KNOT YOKOHAMA



THE KNOT SAPPORO



THE KNOT YOKOHAMA



THE KNOT SAPPORO

