



Ichigo Preserves and Improves Real Estate

*[Provisional Translation Only]*

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Issuer

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**Ichigo Hotel Operating Results – November 2017**

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels – excludes Grandpark-Inn Yokohama)

	November 2017 (A)	(Previous) November 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – November 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	805.5	790.5	+15.0	+1.9%	3,298.1	+81.7	+2.5%
RevPAR (JPY)	7,584	7,434	+150	+2.0%	7,690	+213	+2.9%
Occupancy (%)	89.6	88.8	+0.8	+1.0%	91.1	+1.8	+2.0%
ADR (JPY)	8,463	8,375	+88	+1.1%	8,438	+73	+0.9%

Variable Rent Hotels (12 Hotels)

	November 2017 (A)	(Previous) November 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – November 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	555.7	551.9	+3.8	+0.7%	2,241.2	+61.1	+2.8%
RevPAR (JPY)	8,796	8,754	+42	+0.5%	8,806	+260	+3.0%
Occupancy (%)	92.9	93.0	-0.1	-0.1%	94.6	+2.1	+2.3%
ADR (JPY)	9,470	9,412	+58	+0.6%	9,305	+68	+0.7%

Fixed Rent Hotels (8 Hotels – excludes Grandpark-Inn Yokohama)

	November 2017 (A)	(Previous) November 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – November 2017		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	249.9	238.6	+11.2	+4.7%	1,056.9	+20.6	+2.0%
RevPAR (JPY)	5,917	5,628	+289	+5.1%	6,157	+143	+2.4%
Occupancy (%)	85.1	83.0	+2.2	+2.6%	86.3	+1.2	+1.4%
ADR (JPY)	6,953	6,785	+168	+2.5%	7,132	+65	+0.9%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		November 2017 (A)	(Previous) November 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – November 2017		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	70.2	77.1	-6.9	-9.0%	194.6	-24.3	-11.1%
	RevPAR (JPY)	16,030	17,950	-1,920	-10.7%	10,827	-1,585	-12.8%
	Occupancy (%)	99.6	100.0	-0.4	-0.4%	99.9	-0.2	-0.2%
	ADR (JPY)	16,099	17,955	-1,855	-10.3%	10,838	-1,566	-12.6%
Hotel Vista Premio Kyoto	Revenue (JPY million)	50.2	50.8	-0.7	-1.3%	153.6	-0.9	-0.6%
	RevPAR (JPY)	18,851	19,201	-350	-1.8%	13,928	-130	-0.9%
	Occupancy (%)	95.2	94.9	+0.3	+0.3%	92.3	-1.2	-1.3%
	ADR (JPY)	19,810	20,237	-427	-2.1%	15,096	+50	+0.3%
Hotel Wing International Nagoya	Revenue (JPY million)	46.4	46.0	+0.3	+0.7%	191.3	+30.7	+19.1%
	RevPAR (JPY)	6,241	6,155	+86	+1.4%	6,350	+1,083	+20.6%
	Occupancy (%)	93.7	96.0	-2.3	-2.4%	93.5	+7.4	+8.6%
	ADR (JPY)	6,664	6,415	+250	+3.9%	6,789	+672	+11.0%
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	36.2	39.9	-3.7	-9.3%	212.0	-15.1	-6.7%
	RevPAR (JPY)	5,925	6,046	-121	-2.0%	9,171	-141	-1.5%
	Occupancy (%)	94.7	96.4	-1.8	-1.8%	96.8	-0.9	-1.0%
	ADR (JPY)	6,260	6,270	-11	-0.2%	9,478	-54	-0.6%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	28.5	28.8	-0.3	-0.9%	118.0	-6.5	-5.2%
	RevPAR (JPY)	7,306	7,372	-67	-0.9%	7,441	-409	-5.2%
	Occupancy (%)	88.5	85.2	+3.3	+3.9%	91.6	+2.7	+3.1%
	ADR (JPY)	8,256	8,658	-402	-4.6%	8,123	-711	-8.0%

		November 2017 (A)	(Previous) November 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – November 2017		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Odori	Revenue (JPY million)	32.1	30.6	+1.6	+5.1%	182.7	+1.3	+0.7%
	RevPAR (JPY)	7,859	7,530	+329	+4.4%	11,261	-76	-0.7%
	Occupancy (%)	94.7	97.6	-2.9	-3.0%	96.6	-1.1	-1.1%
	ADR (JPY)	8,300	7,718	+583	+7.5%	11,662	+49	+0.4%
Valie Hotel Tenjin	Revenue (JPY million)	23.2	22.2	+1.0	+4.4%	93.1	+6.6	+7.6%
	RevPAR (JPY)	9,253	8,846	+407	+4.6%	9,162	+659	+7.8%
	Occupancy (%)	92.8	88.9	+3.9	+4.3%	91.8	+5.5	+6.4%
	ADR (JPY)	9,975	9,949	+26	+0.3%	9,979	+125	+1.3%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	89.1	85.6	+3.5	+4.1%	353.9	+8.7	+2.5%
	RevPAR (JPY)	9,128	8,576	+552	+6.4%	8,890	+338	+4.0%
	Occupancy (%)	97.8	94.7	+3.1	+3.3%	98.0	+3.4	+3.6%
	ADR (JPY)	9,330	9,054	+276	+3.0%	9,074	+33	+0.4%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	26.1	29.6	-3.5	-11.8%	116.1	+1.7	+1.5%
	RevPAR (JPY)	7,514	8,515	-1,001	-11.8%	8,217	+113	+1.4%
	Occupancy (%)	77.6	97.9	-20.3	-20.7%	91.7	-6.8	-6.9%
	ADR (JPY)	9,680	8,696	+985	+11.3%	8,961	+732	+8.9%
Nest Hotel Naha	Revenue (JPY million)	81.9	76.6	+5.3	+6.9%	323.4	+10.6	+3.4%
	RevPAR (JPY)	9,237	8,840	+398	+4.5%	9,786	+238	+2.5%
	Occupancy (%)	87.6	84.5	+3.1	+3.6%	90.9	-0.4	-0.5%
	ADR (JPY)	10,543	10,458	+86	+0.8%	10,765	+310	+3.0%
Smile Hotel Asakusa	Revenue (JPY million)	20.8	20.9	-0.1	-0.7%	82.1	-1.2	-1.4%
	RevPAR (JPY)	6,839	6,941	-102	-1.5%	6,707	-134	-2.0%
	Occupancy (%)	93.9	96.6	-2.7	-2.8%	94.7	-0.6	-0.6%
	ADR (JPY)	7,281	7,182	+99	+1.4%	7,080	-99	-1.4%
Nest Hotel Matsuyama	Revenue (JPY million)	51.1	43.8	+7.3	+16.7%	220.4	+49.6	+29.1%
	RevPAR (JPY)	6,614	5,699	+915	+16.1%	7,064	+1,776	+33.6%
	Occupancy (%)	92.5	86.1	+6.4	+7.4%	93.5	+9.1	+10.7%
	ADR (JPY)	7,148	6,618	+531	+8.0%	7,552	+1,294	+20.7%

Fixed Rent Hotels (8 Hotels)

		November 2017 (A)	(Previous) November 2016 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period August 2017 – November 2017		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Hamamatsu	Revenue (JPY million)	28.9	31.0	-2.1	-6.7%	119.4	-12.1	-9.2%
	RevPAR (JPY)	4,920	5,273	-353	-6.7%	4,995	-506	-9.2%
	Occupancy (%)	85.0	84.9	+0.1	+0.1%	82.5	-2.2	-2.6%
	ADR (JPY)	5,789	6,213	-424	-6.8%	6,056	-439	-6.8%
Comfort Hotel Central International Airport	Revenue (JPY million)	91.1	82.7	+8.5	+10.3%	378.6	+29.9	+8.6%
	RevPAR (JPY)	7,846	7,116	+731	+10.3%	8,054	+676	+9.2%
	Occupancy (%)	86.1	82.1	+4.0	+4.9%	88.6	+4.4	+5.2%
	ADR (JPY)	9,115	8,668	+447	+5.2%	9,095	+330	+3.8%
Comfort Hotel Okayama	Revenue (JPY million)	39.4	35.7	+3.6	+10.2%	159.9	+5.3	+3.4%
	RevPAR (JPY)	6,081	5,480	+601	+11.0%	6,082	+233	+4.0%
	Occupancy (%)	91.0	89.0	+2.0	+2.2%	90.4	+2.1	+2.4%
	ADR (JPY)	6,680	6,155	+526	+8.5%	6,730	+104	+1.6%
Comfort Hotel Kushiro	Revenue (JPY million)	13.4	12.9	+0.5	+4.1%	83.1	+5.9	+7.6%
	RevPAR (JPY)	3,554	3,130	+424	+13.5%	5,405	+699	+14.9%
	Occupancy (%)	72.7	72.8	-0.1	-0.1%	84.0	+1.3	+1.6%
	ADR (JPY)	4,889	4,302	+586	+13.6%	6,437	+742	+13.0%
Comfort Hotel Suzuka	Revenue (JPY million)	16.3	15.4	+0.8	+5.5%	67.9	+1.0	+1.5%
	RevPAR (JPY)	5,100	4,775	+325	+6.8%	5,231	+130	+2.5%
	Occupancy (%)	83.0	79.6	+3.4	+4.3%	81.2	+1.4	+1.7%
	ADR (JPY)	6,146	6,002	+144	+2.4%	6,442	+53	+0.8%
Urbain Hiroshima Executive	Revenue (JPY million)	33.4				136.5		
	RevPAR (JPY)	6,502				6,507		
	Occupancy (%)	90.9				92.2		
	ADR (JPY)	7,150				7,055		
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki)	Revenue (JPY million)	25.5	27.5	-2.0	-7.3%	111.5	-8.1	-6.8%
	RevPAR (JPY)	4,689	5,061	-372	-7.3%	4,606	-437	-8.7%
	Occupancy (%)	81.0	79.8	+1.2	+1.5%	80.6	-1.5	-1.8%
	ADR (JPY)	5,792	6,345	-553	-8.7%	5,712	-428	-7.0%

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 its 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 Urbain Hiroshima Executive prior to its acquisition in August 2017 is not disclosed, because the hotel operator did not provide consent to disclose hotel-specific data.
7. Data for two hotels, Hotel Suave Kobe Asuta and Hotel Livemax Nihombashi-Hakozaki, are consolidated under Other, because the hotel operators did not provide consent to disclose hotel-specific data.
8. While Hotel Suave Kobe Asuta's lease contract includes a variable rent clause, it has never been triggered. Because Ichigo Hotel does not anticipate receiving variable rent at this hotel, it has been classified as a fixed rent hotel.
9. Grandpark-Inn Yokohama, acquired in March 2017, 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.

### Explanation of Changes

At variable rent hotels, which are a more significant contributor to Ichigo Hotel's earnings, Revenue, RevPAR, and ADR increased year-on-year. Together with year-on-year increases in Revenue, RevPAR, Occupancy, and ADR at fixed rent hotels, this resulted in year-on-year increases in Revenue, RevPAR, Occupancy, and ADR for the total portfolio.

Driving these positive results were Smile Hotel Tokyo Asagaya, where despite fewer rooms being available during ongoing renovations, the positive effects of value-add capex drove higher ADRs, and Nest Hotel Matsuyama, where the conversion of rooms with one double bed into rooms with two single beds has supported higher occupancy and allowed for the successful capture of visitor demand from a major sports event and an academic conference, thus contributing to a significant increase in Revenue, RevPAR, Occupancy, and ADR.

### Value-Add Actions

Ichigo Hotel completed improvements to 56 guest rooms at Smile Hotel Tokyo Asagaya, including installing larger beds to increase guest capacity by 70% (forecast ROI 37.3%).

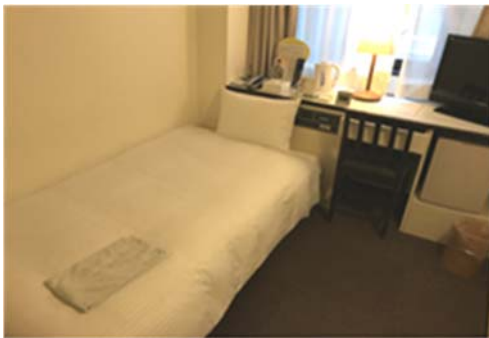
Ichigo Hotel will implement the third and final phase of renovation work at Smile Hotel Tokyo Asagaya between June and July 2018, refurbishing the lobby and 28 guest rooms to accommodate Tokyo's increasing leisure visitor demand (forecast ROI 30.0%).

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

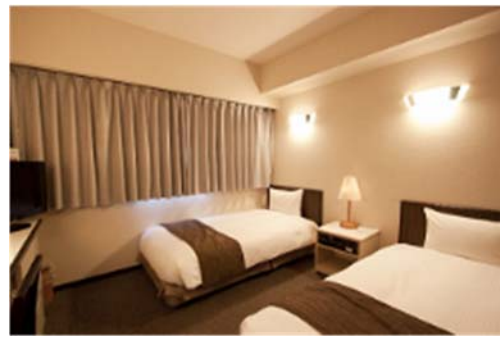
### Smile Hotel Tokyo Asagaya

#### Before Renovation

Single Room

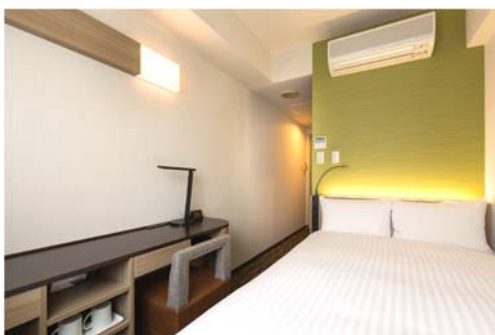


Double Room



#### After Renovation

Single Room



Double Room

