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More Sustainable**

[Provisional Translation Only]

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Issuer

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Ichigo Hotel Operating Results – April 2019

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	April 2019 (A)	(Previous) April 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – April 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	803.1	802.4	+0.6	+0.1%	2,276.6	-60.0	-2.6%
RevPAR (JPY)	7,893	7,774	+119	+1.5%	7,508	-143	-1.9%
Occupancy (%)	90.4	90.4	–	–	90.5	-0.3	-0.4%
ADR (JPY)	8,727	8,597	+130	+1.5%	8,296	-127	-1.5%

Variable-Rent Hotels (12 Hotels)

	April 2019 (A)	(Previous) April 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – April 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	555.9	568.4	-12.5	-2.2%	1,598.9	-58.4	-3.5%
RevPAR (JPY)	8,670	8,846	-175	-2.0%	8,374	-347	-4.0%
Occupancy (%)	91.9	94.0	-2.1	-2.2%	93.0	-1.3	-1.4%
ADR (JPY)	9,430	9,410	+20	+0.2%	9,008	-246	-2.7%

Fixed-Rent Hotels (7 Hotels)

	April 2019 (A)	(Previous) April 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – April 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	247.1	234.0	+13.1	+5.6%	677.7	-1.7	-0.2%
RevPAR (JPY)	6,695	6,127	+567	+9.3%	6,174	+167	+2.8%
Occupancy (%)	88.1	84.9	+3.2	+3.8%	86.7	+1.1	+1.3%
ADR (JPY)	7,597	7,214	+383	+5.3%	7,121	+102	+1.5%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable-Rent Hotels (12 Hotels)

		April 2019 (A)	(Previous) April 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – April 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	45.8	40.1	+5.8	+14.4%	175.6	+17.0	+10.7%
	RevPAR (JPY)	7,102	5,833	+1,269	+21.8%	9,696	+1,006	+11.6%
	Occupancy (%)	98.5	98.0	+0.5	+0.5%	98.9	+0.9	+0.9%
	ADR (JPY)	7,209	5,950	+1,259	+21.2%	9,806	+938	+10.6%
Nest Hotel Sapporo Odori	Revenue (JPY million)	32.3	30.4	+1.9	+6.4%	132.3	+5.4	+4.2%
	RevPAR (JPY)	7,911	7,251	+660	+9.1%	11,241	+646	+6.1%
	Occupancy (%)	95.1	96.2	-1.2	-1.2%	96.1	-1.3	-1.4%
	ADR (JPY)	8,321	7,535	+786	+10.4%	11,698	+823	+7.6%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	34.7	33.4	+1.3	+3.9%	100.2	+2.2	+2.2%
	RevPAR (JPY)	10,088	9,677	+411	+4.2%	9,806	+240	+2.5%
	Occupancy (%)	99.1	98.5	+0.6	+0.6%	99.0	+0.1	+0.1%
	ADR (JPY)	10,175	9,820	+355	+3.6%	9,908	+232	+2.4%
Hotel Wing International Nagoya	Revenue (JPY million)	47.7	41.1	+6.6	+16.0%	127.8	+6.8	+5.7%
	RevPAR (JPY)	6,456	5,534	+922	+16.7%	5,809	+331	+6.0%
	Occupancy (%)	92.0	89.2	+2.8	+3.2%	91.3	+5.0	+5.8%
	ADR (JPY)	7,015	6,202	+813	+13.1%	6,364	+15	+0.2%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	56.7	75.4	-18.7	-24.8%	125.1	-25.6	-17.0%
	RevPAR (JPY)	12,447	16,739	-4,292	-25.6%	9,179	-2,054	-18.3%
	Occupancy (%)	100.2	98.3	+1.9	+1.9%	99.9	+1.6	+1.7%
	ADR (JPY)	12,424	17,027	-4,603	-27.0%	9,186	-2,244	-19.6%

		April 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – April 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	50.0	51.9	-1.9	-3.7%	103.1	-10.0	-8.8%
	RevPAR (JPY)	18,314	19,169	-855	-4.5%	12,569	-1,443	-10.3%
	Occupancy (%)	94.0	96.3	-2.3	-2.4%	91.2	-2.5	-2.6%
	ADR (JPY)	19,481	19,895	-414	-2.1%	13,788	-1,177	-7.9%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	25.1	32.5	-7.5	-22.9%	72.0	-20.1	-21.8%
	RevPAR (JPY)	6,431	8,344	-1,913	-22.9%	6,219	-1,735	-21.8%
	Occupancy (%)	83.3	88.9	-5.6	-6.3%	85.4	-6.8	-7.4%
	ADR (JPY)	7,717	9,386	-1,669	-17.8%	7,287	-1,343	-15.6%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	80.3	97.7	-17.4	-17.8%	227.9	-54.2	-19.2%
	RevPAR (JPY)	8,290	10,075	-1,785	-17.7%	7,919	-1,906	-19.4%
	Occupancy (%)	88.6	96.9	-8.3	-8.5%	91.4	-6.3	-6.4%
	ADR (JPY)	9,357	10,400	-1,043	-10.0%	8,664	-1,396	-13.9%
Nest Hotel Matsuyama	Revenue (JPY million)	51.1	46.4	+4.8	+10.3%	139.8	+5.3	+4.0%
	RevPAR (JPY)	6,400	5,307	+1,093	+20.6%	5,777	+444	+8.3%
	Occupancy (%)	84.3	88.2	-3.9	-4.4%	87.2	-1.2	-1.4%
	ADR (JPY)	7,595	6,019	+1,576	+26.2%	6,628	+595	+9.9%
Court Hotel Kurashiki	Revenue (JPY million)	39.1	28.7	+10.3	+36.0%	91.7	+13.8	+17.7%
	RevPAR (JPY)	10,600	7,387	+3,213	+43.5%	8,297	+1,344	+19.3%
	Occupancy (%)	98.4	96.0	+2.5	+2.6%	98.0	+3.6	+3.8%
	ADR (JPY)	10,769	7,698	+3,071	+39.9%	8,463	+1,102	+15.0%
Valie Hotel Tenjin	Revenue (JPY million)	24.7	21.7	+2.9	+13.5%	75.9	+6.6	+9.5%
	RevPAR (JPY)	10,056	8,677	+1,378	+15.9%	10,408	+1,035	+11.0%
	Occupancy (%)	97.9	96.7	+1.2	+1.2%	98.3	+1.2	+1.2%
	ADR (JPY)	10,274	8,973	+1,301	+14.5%	10,592	+940	+9.7%
Nest Hotel Naha	Revenue (JPY million)	68.4	69.0	-0.6	-0.9%	227.5	-5.5	-2.4%
	RevPAR (JPY)	7,967	8,056	-89	-1.1%	9,107	-302	-3.2%
	Occupancy (%)	86.1	90.4	-4.3	-4.8%	88.7	-4.7	-5.0%
	ADR (JPY)	9,256	8,913	+344	+3.9%	10,269	+189	+1.9%

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

		April 2019 (A)	(Previous) April 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – April 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	13.7	9.0	+4.7	+52.4%	42.9	+10.0	+30.4%
	RevPAR (JPY)	3,417	2,206	+1,211	+54.9%	3,609	+870	+31.8%
	Occupancy (%)	66.4	52.9	+13.5	+25.6%	72.8	+9.9	+15.7%
	ADR (JPY)	5,143	4,172	+972	+23.3%	4,955	+606	+13.9%
Comfort Hotel Hamamatsu	Revenue (JPY million)	31.8	28.0	+3.8	+13.5%	88.8	+3.2	+3.7%
	RevPAR (JPY)	5,403	4,761	+642	+13.5%	5,088	+181	+3.7%
	Occupancy (%)	85.5	82.0	+3.6	+4.4%	84.1	+0.5	+0.5%
	ADR (JPY)	6,316	5,809	+507	+8.7%	6,049	+184	+3.1%
Comfort Hotel Central International Airport	Revenue (JPY million)	94.8	96.8	-1.9	-2.0%	265.4	-15.9	-5.6%
	RevPAR (JPY)	8,784	8,384	+400	+4.8%	8,267	+42	+0.5%
	Occupancy (%)	94.8	90.9	+3.9	+4.3%	91.3	+1.4	+1.6%
	ADR (JPY)	9,266	9,227	+38	+0.4%	9,054	-95	-1.0%
Comfort Hotel Suzuka	Revenue (JPY million)	16.7	14.5	+2.2	+15.3%	42.0	-1.5	-3.4%
	RevPAR (JPY)	5,250	4,528	+722	+15.9%	4,455	-141	-3.1%
	Occupancy (%)	83.3	75.2	+8.1	+10.8%	76.5	-0.9	-1.1%
	ADR (JPY)	6,300	6,018	+282	+4.7%	5,822	-115	-1.9%
Comfort Hotel Okayama	Revenue (JPY million)	38.1	37.7	+0.4	+1.2%	106.8	-2.3	-2.1%
	RevPAR (JPY)	5,872	5,801	+72	+1.2%	5,520	-146	-2.6%
	Occupancy (%)	89.2	93.0	-3.7	-4.0%	90.3	-2.1	-2.3%
	ADR (JPY)	6,580	6,239	+341	+5.5%	6,111	-17	-0.3%
Urbain Hiroshima Executive	Revenue (JPY million)	40.6	37.6	+3.1	+8.2%	102.0	+2.8	+2.9%
	RevPAR (JPY)	7,924	7,069	+855	+12.1%	6,700	+374	+5.9%
	Occupancy (%)	94.8	94.1	+0.6	+0.7%	92.0	+1.6	+1.7%
	ADR (JPY)	8,361	7,510	+851	+11.3%	7,280	+288	+4.1%

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 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 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 because it is currently undergoing renovations for its re-opening in June 2019. The Nest Hotel Kumamoto is excluded because it was acquired during the month covered in this release (acquisition date: April 25, 2019).
8. Pre-acquisition data for acquired hotels is 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, saw year-on-year decreases in Revenue, RevPAR, and Occupancy because of lower performance in Kyoto and Osaka due to increased hotel supply.

Hotels generating year-on-year increases were the Nest Hotel Sapporo Ekimae, the Hotel Wing International Nagoya, the Nest Hotel Matsuyama, the Court Hotel Kurashiki, and the Valie Hotel Tenjin, which generated significantly higher RevPARs on strong domestic leisure demand over the Golden Week holiday.

Value-Add Actions

At the Court Hotel Kurashiki, Ichigo Hotel is converting three two-guest suites into six rooms that can each accommodate up to three guests. The Court Hotel Kurashiki has been operating at over 95% occupancy, driven by significant leisure demand due to its proximity to the Kurashiki Bikan Historical Quarter. The room conversions 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.