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Ichigo Hotel Operating Results – March 2019

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	March 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – March 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	759.6	790.3	-30.7	-3.9%	1,473.5	-60.6	-4.0%
RevPAR (JPY)	7,098	7,344	-245	-3.3%	7,312	-276	-3.6%
Occupancy (%)	91.0	91.5	-0.5	-0.6%	90.5	-0.5	-0.6%
ADR (JPY)	7,804	8,027	-222	-2.8%	8,078	-258	-3.1%

Variable-Rent Hotels (12 Hotels)

	March 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – March 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	528.0	553.8	-25.8	-4.7%	1,043.0	-45.9	-4.2%
RevPAR (JPY)	7,774	8,207	-433	-5.3%	8,223	-435	-5.0%
Occupancy (%)	93.9	94.4	-0.5	-0.6%	93.5	-0.9	-0.9%
ADR (JPY)	8,279	8,690	-411	-4.7%	8,796	-378	-4.1%

Fixed-Rent Hotels (7 Hotels)

	March 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – March 2019 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	231.6	236.5	-4.9	-2.1%	430.5	-14.8	-3.3%
RevPAR (JPY)	6,057	6,017	+40	+0.7%	5,909	-37	-0.6%
Occupancy (%)	86.4	87.0	-0.5	-0.6%	86.0	+0.1	+0.1%
ADR (JPY)	7,009	6,919	+90	+1.3%	6,873	-48	-0.7%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable-Rent Hotels (12 Hotels)

		March 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – March 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	49.3	46.0	+3.3	+7.3%	129.8	+11.2	+9.5%
	RevPAR (JPY)	7,025	6,566	+459	+7.0%	11,016	+872	+8.6%
	Occupancy (%)	100.0	98.2	+1.8	+1.8%	99.1	+1.1	+1.1%
	ADR (JPY)	7,025	6,686	+339	+5.1%	11,119	+765	+7.4%
Nest Hotel Sapporo Odori	Revenue (JPY million)	32.7	33.5	-0.8	-2.4%	99.9	+3.4	+3.5%
	RevPAR (JPY)	7,676	7,671	+5	+0.1%	12,934	+639	+5.2%
	Occupancy (%)	96.1	98.0	-1.9	-2.0%	96.6	-1.4	-1.4%
	ADR (JPY)	7,991	7,828	+163	+2.1%	13,387	+845	+6.7%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	34.8	33.2	+1.6	+4.7%	65.5	+0.9	+1.3%
	RevPAR (JPY)	9,768	9,288	+480	+5.2%	9,663	+154	+1.6%
	Occupancy (%)	99.2	98.9	+0.2	+0.2%	98.9	-0.1	-0.1%
	ADR (JPY)	9,851	9,388	+463	+4.9%	9,772	+168	+1.8%
Hotel Wing International Nagoya	Revenue (JPY million)	42.0	41.1	+0.9	+2.2%	80.1	+0.3	+0.3%
	RevPAR (JPY)	5,494	5,319	+175	+3.3%	5,480	+30	+0.6%
	Occupancy (%)	91.3	81.3	+10.0	+12.3%	90.9	+6.1	+7.2%
	ADR (JPY)	6,015	6,540	-525	-8.0%	6,029	-398	-6.2%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	43.1	45.6	-2.5	-5.4%	68.4	-6.9	-9.2%
	RevPAR (JPY)	9,085	9,666	-582	-6.0%	7,517	-897	-10.7%
	Occupancy (%)	99.8	99.4	+0.5	+0.5%	99.8	+1.5	+1.6%
	ADR (JPY)	9,101	9,730	-629	-6.5%	7,533	-1,031	-12.0%

		March 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – March 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	33.5	38.2	-4.7	-12.2%	53.1	-8.1	-13.2%
	RevPAR (JPY)	11,644	13,618	-1,974	-14.5%	9,648	-1,742	-15.3%
	Occupancy (%)	91.1	96.3	-5.2	-5.4%	89.7	-2.5	-2.8%
	ADR (JPY)	12,777	14,139	-1,362	-9.6%	10,754	-1,592	-12.9%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	24.7	32.2	-7.5	-23.3%	46.9	-12.6	-21.2%
	RevPAR (JPY)	6,119	7,981	-1,861	-23.3%	6,112	-1,644	-21.2%
	Occupancy (%)	86.9	93.7	-6.8	-7.3%	86.4	-7.5	-7.9%
	ADR (JPY)	7,042	8,513	-1,471	-17.3%	7,076	-1,189	-14.4%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	78.1	96.9	-18.7	-19.3%	147.6	-36.8	-20.0%
	RevPAR (JPY)	7,822	9,740	-1,918	-19.7%	7,731	-1,967	-20.3%
	Occupancy (%)	93.6	98.1	-4.5	-4.6%	92.8	-5.2	-5.3%
	ADR (JPY)	8,356	9,929	-1,573	-15.8%	8,327	-1,562	-15.8%
Nest Hotel Matsuyama	Revenue (JPY million)	48.2	47.8	+0.4	+0.8%	88.7	+0.6	+0.6%
	RevPAR (JPY)	5,552	5,373	+180	+3.3%	5,461	+114	+2.1%
	Occupancy (%)	90.2	91.1	-0.8	-0.9%	88.6	+0.1	+0.1%
	ADR (JPY)	6,154	5,899	+255	+4.3%	6,161	+120	+2.0%
Court Hotel Kurashiki	Revenue (JPY million)	33.1	29.1	+4.0	+13.7%	52.7	+3.5	+7.0%
	RevPAR (JPY)	8,361	7,543	+818	+10.8%	7,126	+393	+5.8%
	Occupancy (%)	97.7	95.1	+2.6	+2.7%	97.8	+4.1	+4.4%
	ADR (JPY)	8,560	7,934	+626	+7.9%	7,284	+98	+1.4%
Valie Hotel Tenjin	Revenue (JPY million)	26.3	24.6	+1.7	+6.9%	51.2	+3.6	+7.6%
	RevPAR (JPY)	10,338	9,592	+746	+7.8%	10,587	+860	+8.8%
	Occupancy (%)	98.6	97.7	+1.0	+1.0%	98.5	+1.1	+1.2%
	ADR (JPY)	10,483	9,823	+661	+6.7%	10,752	+758	+7.6%
Nest Hotel Naha	Revenue (JPY million)	82.1	85.6	-3.6	-4.1%	159.1	-4.9	-3.0%
	RevPAR (JPY)	9,124	9,456	-332	-3.5%	9,687	-411	-4.1%
	Occupancy (%)	89.1	93.3	-4.2	-4.5%	90.0	-4.8	-5.1%
	ADR (JPY)	10,239	10,131	+108	+1.1%	10,762	+116	+1.1%

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

		March 2019 (A)	(Previous) March 2018 (B)	Difference (A) - (B)	YOY Change	February 2019 – March 2019 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	12.6	11.6	+1.0	+8.7%	29.1	+5.3	+22.1%
	RevPAR (JPY)	3,037	2,766	+270	+9.8%	3,706	+697	+23.2%
	Occupancy (%)	69.2	66.7	+2.5	+3.7%	76.1	+8.0	+11.7%
	ADR (JPY)	4,391	4,148	+243	+5.9%	4,872	+452	+10.2%
Comfort Hotel Hamamatsu	Revenue (JPY million)	32.0	32.2	-0.2	-0.7%	57.0	-0.6	-1.1%
	RevPAR (JPY)	5,271	5,307	-36	-0.7%	4,928	-53	-1.1%
	Occupancy (%)	85.2	88.5	-3.3	-3.7%	83.4	-1.1	-1.4%
	ADR (JPY)	6,188	5,998	+190	+3.2%	5,910	+17	+0.3%
Comfort Hotel Central International Airport	Revenue (JPY million)	90.8	93.9	-3.1	-3.3%	170.6	-13.9	-7.5%
	RevPAR (JPY)	8,121	7,891	+230	+2.9%	8,004	-140	-1.7%
	Occupancy (%)	90.2	88.1	+2.1	+2.4%	89.5	+0.1	+0.1%
	ADR (JPY)	9,006	8,961	+46	+0.5%	8,939	-169	-1.9%
Comfort Hotel Suzuka	Revenue (JPY million)	15.7	16.9	-1.2	-7.1%	25.4	-3.7	-12.7%
	RevPAR (JPY)	4,776	5,136	-359	-7.0%	4,050	-579	-12.5%
	Occupancy (%)	80.8	81.4	-0.6	-0.8%	73.0	-5.5	-7.0%
	ADR (JPY)	5,911	6,306	-395	-6.3%	5,545	-352	-6.0%
Comfort Hotel Okayama	Revenue (JPY million)	37.3	39.4	-2.1	-5.4%	68.7	-2.7	-3.8%
	RevPAR (JPY)	5,520	5,876	-356	-6.1%	5,341	-257	-4.6%
	Occupancy (%)	91.1	94.3	-3.2	-3.4%	90.9	-1.3	-1.4%
	ADR (JPY)	6,061	6,233	-172	-2.8%	5,877	-194	-3.2%
Urbain Hiroshima Executive	Revenue (JPY million)	33.2	33.5	-0.3	-1.0%	61.3	-0.2	-0.4%
	RevPAR (JPY)	6,258	6,146	+112	+1.8%	6,077	+129	+2.2%
	Occupancy (%)	90.5	90.9	-0.5	-0.5%	90.6	+2.0	+2.3%
	ADR (JPY)	6,919	6,759	+159	+2.4%	6,706	-8	-0.1%

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 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:
   RevPAR = Total Revenue from accommodations (excluding restaurant charges and other service fees) / number of available guest rooms.
4. Occupancy is calculated with the following formula:
   Occupancy = Total number of guest rooms occupied during the period /
   (total number of guest rooms * 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:
   ADR = Total revenue from accommodations (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period.
6. Data for 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. 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. Hotel Suave Kobe Asuta, renamed Hotel Wing International Kobe Shin Nagata Ekimae on March 1, 2019, is also excluded because it is currently undergoing renovations for its re-opening in June 2019.
8. Pre-acquisition data for acquired hotels is 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 because of lower performance in Kyoto and Osaka affected by increased hotel supply.

Hotels generating significant year-on-year increases were the Nest Hotel Sapporo Ekimae, the Court Hotel Kurashiki, and the Valie Hotel Tenjin, which had strong domestic leisure and inbound demand and thus saw year-on-year increases in Revenue, RevPAR, Occupancy, and ADR.

Value-Add Actions

Ichigo Hotel completed the room conversions at the Court Hotel Kurashiki that were originally announced in the January 25, 2019 release "Ichigo Hotel Operating Results – December 2018" and has begun renting out these rooms.

Ichigo Hotel completed converting 16 double rooms into twin-bed rooms and adding an extra bed to existing twin-bed rooms to increase occupancy from two to three guests per room. These improvements were implemented to capture greater leisure demand taking advantage of the hotel's proximity to the Kurashiki Bikan Historical Quarter. In the two months since completion of the renovations, guest occupancy per room and RevPAR increased 26% and 5.8% year-on-year, respectively.

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