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# Ichigo Hotel Operating Results – February 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels – excludes Grandpark-Inn Yokohama)

| | February 2018 (A) | (Previous) February 2017 (B) | Difference (A) - (B) | YOY Change |
|---|---|---|---|---|
| Revenue (JPY million) | 757.1 | 711.9 | +45.2 | +6.3% |
| RevPAR (JPY) | 7,721 | 7,227 | +493 | +6.8% |
| Occupancy (%) | 89.8 | 89.7 | +0.2 | +0.2% |
| ADR (JPY) | 8,596 | 8,062 | +535 | +6.6% |

Variable Rent Hotels (12 Hotels)

| | February 2018 (A) | (Previous) February 2017 (B) | Difference (A) - (B) | YOY Change |
|---|---|---|---|---|
| Revenue (JPY million) | 533.0 | 488.4 | +44.6 | +9.1% |
| RevPAR (JPY) | 9,207 | 8,410 | +796 | +9.5% |
| Occupancy (%) | 94.4 | 94.7 | -0.3 | -0.3% |
| ADR (JPY) | 9,749 | 8,878 | +871 | +9.8% |

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

| | February 2018 (A) | (Previous) February 2017 (B) | Difference (A) - (B) | YOY Change |
|---|---|---|---|---|
| Revenue (JPY million) | 224.1 | 223.5 | +0.6 | +0.3% |
| RevPAR (JPY) | 5,676 | 5,606 | +71 | +1.3% |
| Occupancy (%) | 83.5 | 82.7 | +0.8 | +0.9% |
| ADR (JPY) | 6,802 | 6,779 | +22 | +0.3% |

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

| | | February 2018 (A) | (Previous) February 2017 (B) | Difference (A) - (B) | YOY Change |
|---|---|---|---|---|---|
| Nest Hotel Sapporo Ekimae | Revenue (JPY million) | 72.6 | 57.7 | +14.9 | +25.8% |
| | RevPAR (JPY) | 14,105 | 11,233 | +2,872 | +25.6% |
| | Occupancy (%) | 97.7 | 96.5 | +1.2 | +1.3% |
| | ADR (JPY) | 14,436 | 11,641 | +2,794 | +24.0% |
| Nest Hotel Sapporo Odori | Revenue (JPY million) | 63.0 | 47.4 | +15.6 | +32.9% |
| | RevPAR (JPY) | 17,413 | 13,125 | +4,288 | +32.7% |
| | Occupancy (%) | 98.1 | 94.2 | +3.8 | +4.0% |
| | ADR (JPY) | 17,759 | 13,926 | +3,833 | +27.5% |
| Smile Hotel Tokyo Asagaya | Revenue (JPY million) | 31.4 | 28.7 | +2.7 | +9.4% |
| | RevPAR (JPY) | 9,754 | 9,011 | +744 | +8.3% |
| | Occupancy (%) | 99.1 | 98.9 | +0.3 | +0.3% |
| | ADR (JPY) | 9,842 | 9,115 | +727 | +8.0% |
| Smile Hotel Asakusa | Revenue (JPY million) | 19.2 | 19.8 | -0.6 | -2.9% |
| | RevPAR (JPY) | 6,937 | 7,058 | -121 | -1.7% |
| | Occupancy (%) | 94.6 | 96.3 | -1.7 | -1.7% |
| | ADR (JPY) | 7,332 | 7,331 | +2 | – |
| Hotel Wing International Nagoya | Revenue (JPY million) | 38.7 | 41.4 | -2.7 | -6.5% |
| | RevPAR (JPY) | 5,594 | 5,990 | -397 | -6.6% |
| | Occupancy (%) | 88.6 | 92.5 | -3.9 | -4.2% |
| | ADR (JPY) | 6,313 | 6,474 | -160 | -2.5% |
| Smile Hotel Kyoto Shijo | Revenue (JPY million) | 29.7 | 30.2 | -0.5 | -1.7% |
| | RevPAR (JPY) | 7,009 | 7,283 | -274 | -3.8% |
| | Occupancy (%) | 97.0 | 100.1 | -3.1 | -3.1% |
| | ADR (JPY) | 7,223 | 7,274 | -51 | -0.7% |

| | | February 2018 (A) | (Previous) February 2017 (B) | Difference (A) - (B) | YOY Change |
|---|---|---|---|---|---|
| Hotel Vista Premio Kyoto | Revenue (JPY million) | 23.0 | 24.9 | -1.9 | -7.5% |
| | RevPAR (JPY) | 8,922 | 9,979 | -1,057 | -10.6% |
| | Occupancy (%) | 87.8 | 89.5 | -1.7 | -1.9% |
| | ADR (JPY) | 10,167 | 11,150 | -983 | -8.8% |
| Chisun Inn Osaka Hommachi | Revenue (JPY million) | 26.1 | 26.6 | -0.5 | -1.7% |
| | RevPAR (JPY) | 7,183 | 7,308 | -126 | -1.7% |
| | Occupancy (%) | 93.9 | 94.1 | -0.2 | -0.2% |
| | ADR (JPY) | 7,647 | 7,763 | -116 | -1.5% |
| Nest Hotel Osaka Shinsaibashi | Revenue (JPY million) | 87.5 | 79.8 | +7.7 | +9.7% |
| | RevPAR (JPY) | 9,650 | 8,532 | +1,118 | +13.1% |
| | Occupancy (%) | 98.0 | 99.2 | -1.1 | -1.1% |
| | ADR (JPY) | 9,843 | 8,603 | +1,240 | +14.4% |
| Nest Hotel Matsuyama | Revenue (JPY million) | 40.3 | 39.0 | +1.3 | +3.2% |
| | RevPAR (JPY) | 5,318 | 5,028 | +290 | +5.8% |
| | Occupancy (%) | 85.7 | 84.2 | +1.4 | +1.7% |
| | ADR (JPY) | 6,207 | 5,970 | +238 | +4.0% |
| Valie Hotel Tenjin | Revenue (JPY million) | 23.0 | 21.3 | +1.6 | +7.7% |
| | RevPAR (JPY) | 9,874 | 9,103 | +772 | +8.5% |
| | Occupancy (%) | 96.9 | 91.8 | +5.1 | +5.6% |
| | ADR (JPY) | 10,186 | 9,912 | +274 | +2.8% |
| Nest Hotel Naha | Revenue (JPY million) | 78.4 | 71.5 | +6.9 | +9.7% |
| | RevPAR (JPY) | 10,809 | 9,908 | +901 | +9.1% |
| | Occupancy (%) | 96.5 | 96.2 | +0.4 | +0.4% |
| | ADR (JPY) | 11,197 | 10,303 | +894 | +8.7% |

Fixed Rent Hotels (8 Hotels)

| | | February 2018 (A) | (Previous) February 2017 (B) | Difference (A) - (B) | YOY Change |
|---|---|---|---|---|---|
| Comfort Hotel Kushiro | Revenue (JPY million) | 12.2 | 12.7 | -0.4 | -3.2% |
| | RevPAR (JPY) | 3,472 | 3,338 | +134 | +4.0% |
| | Occupancy (%) | 69.6 | 73.4 | -3.7 | -5.1% |
| | ADR (JPY) | 4,987 | 4,550 | +437 | +9.6% |
| Comfort Hotel Hamamatsu | Revenue (JPY million) | 25.4 | 25.6 | -0.2 | -0.9% |
| | RevPAR (JPY) | 4,622 | 4,662 | -40 | -0.9% |
| | Occupancy (%) | 80.2 | 74.8 | +5.4 | +7.2% |
| | ADR (JPY) | 5,766 | 6,232 | -466 | -7.5% |
| Comfort Hotel Central International Airport | Revenue (JPY million) | 90.6 | 88.7 | +1.9 | +2.2% |
| | RevPAR (JPY) | 8,425 | 8,204 | +221 | +2.7% |
| | Occupancy (%) | 90.9 | 89.9 | +1.0 | +1.1% |
| | ADR (JPY) | 9,266 | 9,125 | +141 | +1.5% |
| Comfort Hotel Suzuka | Revenue (JPY million) | 12.2 | 11.1 | +1.0 | +9.2% |
| | RevPAR (JPY) | 4,069 | 3,665 | +404 | +11.0% |
| | Occupancy (%) | 75.2 | 71.5 | +3.7 | +5.2% |
| | ADR (JPY) | 5,409 | 5,126 | +282 | +5.5% |
| Comfort Hotel Okayama | Revenue (JPY million) | 32.0 | 30.2 | +1.8 | +6.0% |
| | RevPAR (JPY) | 5,290 | 4,863 | +426 | +8.8% |
| | Occupancy (%) | 89.9 | 86.6 | +3.3 | +3.8% |
| | ADR (JPY) | 5,884 | 5,615 | +268 | +4.8% |
| Urbain Hiroshima Executive | Revenue (JPY million) | 27.4 | | | |
| | RevPAR (JPY) | 5,728 | | | |
| | Occupancy (%) | 86.0 | | | |
| | ADR (JPY) | 6,659 | | | |
| Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki) | Revenue (JPY million) | 22.4 | 24.9 | -2.5 | -10.0% |
| | RevPAR (JPY) | 4,427 | 4,917 | -490 | -10.0% |
| | Occupancy (%) | 77.3 | 78.9 | -1.6 | -2.0% |
| | ADR (JPY) | 5,724 | 6,230 | -506 | -8.1% |

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 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:
   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 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 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

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

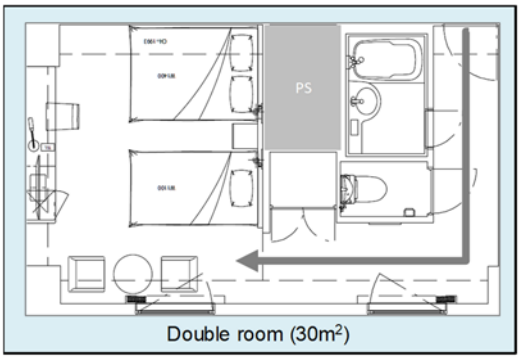
Driving these results were year-on-year Revenue, RevPAR, and ADR increases at Nest Hotel Sapporo Ekimae, Nest Hotel Sapporo Odori, and Nest Hotel Osaka Shinsaibashi on the back of successfully capturing the growth in inbound demand resulting from Chinese New Year shifting to February this year (last year it was in January). Smile Hotel Tokyo Asagaya also saw year-on-year increases in Revenue, RevPAR, Occupancy, and ADR following renovations and improvements for guests in December 2017.

Value-Add Actions

At Smile Hotel Kyoto Shijo, Ichigo Hotel completed renovations to capture growing leisure demand. Specifically, four larger double rooms (30m$^2$) on the 3$^{rd}$ to 6$^{th}$ floors with wasted space and poor layouts for guests were split into smaller double rooms, resulting in a net increase of four two-guest guestrooms. The renovations are expected to contribute to a 1.8X revenue increase for these guestrooms (forecast ROI 15.7%).

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.

Before




After

