Ichigo Preserves and Improves Real Estate

[Provisional Translation Only]
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Ichigo Hotel Operating Results – March 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels – excludes Grandpark-Inn Yokohama)

	March 2018 (A)	(Previous) March 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – March 2018		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	802.3	788.1	+14.2	+1.8%	1,560.7	+60.3	+4.0%
RevPAR (JPY)	7,201	7,134	+67	+0.9%	7,455	+275	+3.8%
Occupancy (%)	91.2	91.4	-0.2	-0.2%	90.5	–	–
ADR (JPY)	7,895	7,802	+93	+1.2%	8,233	+307	+3.9%

Variable Rent Hotels (12 Hotels)

	March 2018 (A)	(Previous) March 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – March 2018		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	546.3	535.3	+11.0	+2.1%	1,080.7	+56.5	+5.5%
RevPAR (JPY)	8,180	8,150	+29	+0.4%	8,679	+402	+4.9%
Occupancy (%)	94.4	95.2	-0.8	-0.8%	94.4	-0.5	-0.6%
ADR (JPY)	8,666	8,564	+101	+1.2%	9,193	+476	+5.5%

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

	March 2018 (A)	(Previous) March 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – March 2018		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	256.0	252.8	+3.2	+1.3%	480.1	+3.8	+0.8%
RevPAR (JPY)	5,853	5,740	+113	+2.0%	5,769	+93	+1.6%
Occupancy (%)	86.8	86.3	+0.5	+0.6%	85.2	+0.6	+0.7%
ADR (JPY)	6,741	6,649	+92	+1.4%	6,769	+60	+0.9%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		March 2018 (A)	(Previous) March 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – March 2018		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	46.0	41.6	+4.4	+10.5%	118.6	+19.3	+19.4%
	RevPAR (JPY)	6,566	6,153	+413	+6.7%	10,144	+1,580	+18.4%
	Occupancy (%)	98.2	97.8	+0.4	+0.4%	98.0	+0.8	+0.8%
	ADR (JPY)	6,686	6,293	+392	+6.2%	10,354	+1,540	+17.5%
Nest Hotel Sapporo Odori	Revenue (JPY million)	33.5	29.1	+4.4	+15.1%	96.5	+20.0	+26.1%
	RevPAR (JPY)	7,671	6,721	+950	+14.1%	12,294	+2,534	+26.0%
	Occupancy (%)	98.0	95.5	+2.5	+2.6%	98.0	+3.1	+3.3%
	ADR (JPY)	7,828	7,034	+793	+11.3%	12,542	+2,260	+22.0%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	33.2	30.4	+2.8	+9.1%	64.7	+5.5	+9.3%
	RevPAR (JPY)	9,288	8,648	+640	+7.4%	9,509	+689	+7.8%
	Occupancy (%)	98.9	98.6	+0.3	+0.3%	99.0	+0.3	+0.3%
	ADR (JPY)	9,388	8,769	+619	+7.1%	9,604	+670	+7.5%
Smile Hotel Asakusa	Revenue (JPY million)	21.3	22.9	-1.5	-6.7%	40.6	-2.1	-5.0%
	RevPAR (JPY)	6,880	7,336	-457	-6.2%	6,907	-297	-4.1%
	Occupancy (%)	94.3	97.2	-2.9	-3.0%	94.4	-2.3	-2.4%
	ADR (JPY)	7,299	7,550	-250	-3.3%	7,315	-131	-1.8%
Hotel Wing International Nagoya	Revenue (JPY million)	41.1	46.0	-4.8	-10.5%	79.8	-7.5	-8.6%
	RevPAR (JPY)	5,319	6,008	-689	-11.5%	5,449	-550	-9.2%
	Occupancy (%)	81.3	88.7	-7.4	-8.3%	84.8	-5.7	-6.3%
	ADR (JPY)	6,540	6,773	-234	-3.4%	6,427	-201	-3.0%

		March 2018 (A)	(Previous) March 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – March 2018		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	45.6	51.5	-5.9	-11.4%	75.3	-6.4	-7.8%
	RevPAR (JPY)	9,666	11,348	-1,681	-14.8%	8,414	-1,004	-10.7%
	Occupancy (%)	99.4	99.9	-0.6	-0.6%	98.3	-1.8	-1.8%
	ADR (JPY)	9,730	11,356	-1,626	-14.3%	8,564	-853	-9.1%
Hotel Vista Premio Kyoto	Revenue (JPY million)	38.2	40.4	-2.2	-5.5%	61.2	-4.1	-6.3%
	RevPAR (JPY)	13,618	14,646	-1,028	-7.0%	11,390	-1,041	-8.4%
	Occupancy (%)	96.3	93.1	+3.2	+3.5%	92.3	+0.9	+0.9%
	ADR (JPY)	14,139	15,733	-1,594	-10.1%	12,346	-1,257	-9.2%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	32.4	32.9	-0.4	-1.3%	59.9	+0.1	+0.1%
	RevPAR (JPY)	8,049	8,155	-106	-1.3%	7,811	+9	+0.1%
	Occupancy (%)	93.7	95.2	-1.4	-1.5%	93.8	-0.8	-0.9%
	ADR (JPY)	8,585	8,570	+16	+0.2%	8,325	+84	+1.0%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	96.9	90.5	+6.4	+7.0%	184.4	+14.1	+8.3%
	RevPAR (JPY)	9,740	8,955	+785	+8.8%	9,698	+943	+10.8%
	Occupancy (%)	98.1	99.0	-0.9	-0.9%	98.1	-1.0	-1.0%
	ADR (JPY)	9,929	9,048	+881	+9.7%	9,888	+1,052	+11.9%
Nest Hotel Matsuyama	Revenue (JPY million)	47.8	47.0	+0.8	+1.7%	88.1	+2.1	+2.4%
	RevPAR (JPY)	5,373	5,383	-11	-0.2%	5,347	+132	+2.5%
	Occupancy (%)	91.1	90.6	+0.5	+0.6%	88.5	+1.0	+1.1%
	ADR (JPY)	5,899	5,944	-45	-0.8%	6,041	+85	+1.4%
Valie Hotel Tenjin	Revenue (JPY million)	24.6	22.7	+1.9	+8.5%	47.6	+3.6	+8.1%
	RevPAR (JPY)	9,592	8,781	+811	+9.2%	9,726	+793	+8.9%
	Occupancy (%)	97.7	92.3	+5.4	+5.8%	97.3	+5.2	+5.7%
	ADR (JPY)	9,823	9,514	+309	+3.2%	9,995	+292	+3.0%
Nest Hotel Naha	Revenue (JPY million)	85.6	80.4	+5.2	+6.5%	164.0	+12.1	+8.0%
	RevPAR (JPY)	9,456	9,346	+110	+1.2%	10,098	+485	+5.0%
	Occupancy (%)	93.3	94.3	-0.9	-1.0%	94.9	-0.3	-0.3%
	ADR (JPY)	10,131	9,914	+217	+2.2%	10,646	+545	+5.4%

Fixed Rent Hotels (8 Hotels)

		March 2018 (A)	(Previous) March 2017 (B)	Difference (A) - (B)	YOY Change	Current Fiscal Period February 2018 – March 2018		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	11.6	13.2	-1.6	-11.9%	23.9	-2.0	-7.7%
	RevPAR (JPY)	2,976	3,118	-141	-4.5%	3,211	-11	-0.3%
	Occupancy (%)	66.7	72.7	-6.0	-8.3%	68.1	-5.0	-6.8%
	ADR (JPY)	4,463	4,286	+177	+4.1%	4,717	+305	+6.9%
Comfort Hotel Hamamatsu	Revenue (JPY million)	32.2	35.8	-3.6	-9.9%	57.6	-3.8	-6.1%
	RevPAR (JPY)	5,307	5,891	-585	-9.9%	4,982	-326	-6.1%
	Occupancy (%)	88.5	88.6	-0.1	-0.1%	84.5	+2.5	+3.0%
	ADR (JPY)	5,998	6,652	-655	-9.8%	5,894	-577	-8.9%
Comfort Hotel Central International Airport	Revenue (JPY million)	93.9	87.0	+6.8	+7.9%	184.5	+8.8	+5.0%
	RevPAR (JPY)	7,891	7,288	+603	+8.3%	8,144	+422	+5.5%
	Occupancy (%)	88.1	83.2	+4.9	+5.9%	89.4	+3.1	+3.5%
	ADR (JPY)	8,961	8,763	+198	+2.3%	9,108	+166	+1.9%
Comfort Hotel Suzuka	Revenue (JPY million)	16.9	16.9	–	-0.2%	29.1	+1.0	+3.6%
	RevPAR (JPY)	5,136	5,077	+59	+1.2%	4,630	+223	+5.1%
	Occupancy (%)	81.4	90.8	-9.3	-10.3%	78.5	-3.1	-3.8%
	ADR (JPY)	6,306	5,594	+711	+12.7%	5,898	+498	+9.2%
Comfort Hotel Okayama	Revenue (JPY million)	39.4	33.3	+6.1	+18.3%	71.4	+7.9	+12.5%
	RevPAR (JPY)	5,876	4,901	+975	+19.9%	5,598	+715	+14.6%
	Occupancy (%)	94.3	85.9	+8.4	+9.8%	92.2	+6.0	+6.9%
	ADR (JPY)	6,233	5,708	+525	+9.2%	6,071	+408	+7.2%
Urbain Hiroshima Executive	Revenue (JPY million)	32.6				60.0		
	RevPAR (JPY)	6,145				5,948		
	Occupancy (%)	90.9				88.6		
	ADR (JPY)	6,759				6,713		
Other (Hotel Suave Kobe Asuta & Hotel Livemax Nihombashi-Hakozaki)	Revenue (JPY million)	26.2	28.8	-2.6	-9.1%	53.6	-5.6	-9.4%
	RevPAR (JPY)	4,668	5,134	-466	-9.1%	4,554	-477	-9.5%
	Occupancy (%)	87.4	88.3	-0.8	-0.9%	82.6	-1.2	-1.4%
	ADR (JPY)	5,338	5,817	-479	-8.2%	5,510	-492	-8.2%

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

Both variable rent hotels, which are a more significant contributor to Ichigo Hotel's earnings, and fixed rent hotels saw year-on-year increases in Revenue, RevPAR, and ADR, resulting in year-on-year increases in Revenue, RevPAR, and ADR for the total portfolio.

Driving these positive results were significant year-on-year increases in Revenue, RevPAR, and ADR at Nest Hotel Sapporo Odori, Nest Hotel Sapporo Ekimae, and Nest Hotel Osaka Shinsaibashi owing to the successful capture of increased inbound tourist demand. Smile Hotel Tokyo Asagaya also generated year-on-year increases in Revenue, RevPAR, Occupancy, and ADR as a result of the guest room renovations completed in December 2017.

Value-Add Actions

Upon exploring ideas to make more efficient use of space on the second floor of Smile Hotel Shijo, Ichigo Hotel has decided with the hotel operator to bring in a retail tenant that will sell Japanese goods and Japanese and Western desserts and offer guests the opportunity to play Japanese musical instruments and experience the tea ceremony. Ichigo expects that the addition of this retailer will increase both earnings and guest satisfaction. The store is scheduled to open in mid-May upon completion of renovations.

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.