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Ichigo Hotel Operating Results – August 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	August 2018 (A)	(Previous) August 2017 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	916.8	866.7	+50.1	+5.8%
RevPAR (JPY)	8,881	8,307	+573	+6.9%
Occupancy (%)	94.6	93.8	+0.8	+0.8%
ADR (JPY)	9,392	8,856	+536	+6.1%

Variable Rent Hotels (12 Hotels)

	August 2018 (A)	(Previous) August 2017 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	623.6	597.4	+26.2	+4.4%
RevPAR (JPY)	9,664	9,215	+449	+4.9%
Occupancy (%)	95.2	95.7	-0.6	-0.6%
ADR (JPY)	10,154	9,625	+529	+5.5%

Fixed Rent Hotels (7 Hotels)

	August 2018 (A)	(Previous) August 2017 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	293.2	269.3	+24.0	+8.9%
RevPAR (JPY)	7,677	6,915	+762	+11.0%
Occupancy (%)	93.6	90.8	+2.8	+3.1%
ADR (JPY)	8,202	7,614	+588	+7.7%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		August 2018 (A)	(Previous) August 2017 (B)	Difference (A) - (B)	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	82.1	65.1	+17.1	+26.2%
	RevPAR (JPY)	14,562	11,590	+2,973	+25.6%
	Occupancy (%)	97.4	98.5	-1.1	-1.1%
	ADR (JPY)	14,946	11,765	+3,181	+27.0%
Nest Hotel Sapporo Odori	Revenue (JPY million)	72.7	57.3	+15.4	+26.9%
	RevPAR (JPY)	17,959	14,021	+3,937	+28.1%
	Occupancy (%)	97.2	97.7	-0.5	-0.5%
	ADR (JPY)	18,481	14,358	+4,123	+28.7%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	32.8	30.4	+2.4	+7.9%
	RevPAR (JPY)	9,220	8,525	+696	+8.2%
	Occupancy (%)	98.7	98.9	-0.2	-0.2%
	ADR (JPY)	9,344	8,619	+725	+8.4%
Hotel Wing International Nagoya	Revenue (JPY million)	48.2	52.1	-3.9	-7.5%
	RevPAR (JPY)	6,218	6,781	-563	-8.3%
	Occupancy (%)	93.6	97.3	-3.7	-3.8%
	ADR (JPY)	6,643	6,970	-327	-4.7%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	37.5	37.8	-0.4	-0.9%
	RevPAR (JPY)	7,804	8,204	-400	-4.9%
	Occupancy (%)	100.1	99.9	+0.2	+0.2%
	ADR (JPY)	7,797	8,209	-412	-5.0%
Hotel Vista Premio Kyoto	Revenue (JPY million)	32.5	33.2	-0.6	-1.9%
	RevPAR (JPY)	10,969	11,663	-694	-5.9%
	Occupancy (%)	94.4	90.1	+4.3	+4.8%
	ADR (JPY)	11,616	12,946	-1,329	-10.3%

		August 2018 (A)	(Previous) August 2017 (B)	Difference (A) - (B)	YOY Change
Chisun Inn Osaka Hommachi	Revenue (JPY million)	27.5	33.0	-5.6	-16.9%
	RevPAR (JPY)	6,812	8,200	-1,388	-16.9%
	Occupancy (%)	88.9	95.5	-6.7	-7.0%
	ADR (JPY)	7,664	8,584	-919	-10.7%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	87.2	93.0	-5.9	-6.3%
	RevPAR (JPY)	8,729	9,183	-454	-4.9%
	Occupancy (%)	92.2	98.4	-6.1	-6.2%
	ADR (JPY)	9,463	9,334	+129	+1.4%
Nest Hotel Matsuyama	Revenue (JPY million)	49.7	48.0	+1.6	+3.4%
	RevPAR (JPY)	6,093	5,702	+391	+6.9%
	Occupancy (%)	96.3	92.3	+4.0	+4.3%
	ADR (JPY)	6,324	6,175	+149	+2.4%
Court Hotel Kurashiki	Revenue (JPY million)	39.9	33.8	+6.1	+18.0%
	RevPAR (JPY)	10,591	8,819	+1,772	+20.1%
	Occupancy (%)	97.0	82.5	+14.5	+17.6%
	ADR (JPY)	10,920	10,693	+226	+2.1%
Valie Hotel Tenjin	Revenue (JPY million)	22.6	23.5	-1.0	-4.0%
	RevPAR (JPY)	8,827	9,118	-291	-3.2%
	Occupancy (%)	96.8	94.3	+2.5	+2.6%
	ADR (JPY)	9,117	9,665	-548	-5.7%
Nest Hotel Naha	Revenue (JPY million)	91.1	90.2	+0.9	+1.0%
	RevPAR (JPY)	12,031	11,440	+591	+5.2%
	Occupancy (%)	94.5	95.2	-0.6	-0.7%
	ADR (JPY)	12,726	12,021	+704	+5.9%

Fixed Rent Hotels (6 Hotels)

		August 2018 (A)	(Previous) August 2017 (B)	Difference (A) - (B)	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	27.8	26.0	+1.8	+7.0%
	RevPAR (JPY)	6,832	6,662	+170	+2.5%
	Occupancy (%)	92.8	89.3	+3.5	+3.9%
	ADR (JPY)	7,363	7,458	-95	-1.3%
Comfort Hotel Hamamatsu	Revenue (JPY million)	36.7	33.7	+2.9	+8.7%
	RevPAR (JPY)	6,036	5,553	+483	+8.7%
	Occupancy (%)	90.9	84.6	+6.3	+7.5%
	ADR (JPY)	6,641	6,565	+76	+1.2%
Comfort Hotel Central International Airport	Revenue (JPY million)	103.5	103.4	+0.2	+0.2%
	RevPAR (JPY)	9,227	8,683	+545	+6.3%
	Occupancy (%)	95.9	93.5	+2.4	+2.6%
	ADR (JPY)	9,618	9,283	+335	+3.6%
Comfort Hotel Suzuka	Revenue (JPY million)	27.0	19.7	+7.3	+36.9%
	RevPAR (JPY)	8,228	6,005	+2,223	+37.0%
	Occupancy (%)	93.9	92.6	+1.3	+1.4%
	ADR (JPY)	8,761	6,483	+2,278	+35.1%
Comfort Hotel Okayama	Revenue (JPY million)	45.3	43.2	+2.1	+4.8%
	RevPAR (JPY)	6,760	6,457	+303	+4.7%
	Occupancy (%)	90.9	92.2	-1.3	-1.4%
	ADR (JPY)	7,437	7,001	+436	+6.2%
Urbain Hiroshima Executive	Revenue (JPY million)	44.1			
	RevPAR (JPY)	8,328			
	Occupancy (%)	97.8			
	ADR (JPY)	8,516			

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 rental hotel data above, but not separately disclosed because the hotel operator did not provide consent to disclose hotel-specific data.
7. Hotel Suave Kobe Asuta and Grandpark-Inn Yokohama are excluded from the above data because the hotel operators did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons.
8. Pre-acquisition data for acquired hotels is based on data received from the previous owners.

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, resulting in year-on-year increases in Revenue, RevPAR, and ADR across the total portfolio. While hotels in Osaka and Kyoto experienced reservation cancellations due to June's Osaka earthquake and July's heavy rains, these were more than offset by year-on-year gains at other hotels, including the Nest Hotel Sapporo Ekimae and the Nest Hotel Sapporo Odori, which saw strong demand from both inbound and domestic travelers to Hokkaido.

Value-Add Actions

Ichigo Hotel is converting storage space to guest rooms this month at the Hotel Wing International Nagoya.

The Hotel Wing International Nagoya has been operating at 88% occupancy, with its single rooms primarily used by business travelers averaging 96% occupancy. Converting non-revenue-generating storage space into four single rooms for guests is expected to drive higher earnings (forecast ROI 19.3%).

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

Hotel Wing International Nagoya



