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Ichigo Hotel Operating Results – October 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	October 2018 (A)	(Previous) October 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – October 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	791.8	826.2	-34.3	-4.2%	2,432.7	-29.9	-1.2%
RevPAR (JPY)	7,540	7,845	-305	-3.9%	7,869	-41	-0.5%
Occupancy (%)	90.3	90.7	-0.5	-0.5%	90.9	-0.8	-0.9%
ADR (JPY)	8,355	8,645	-291	-3.4%	8,655	+31	+0.4%

Variable Rent Hotels (12 Hotels)

	October 2018 (A)	(Previous) October 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – October 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	545.2	576.8	-31.6	-5.5%	1,655.9	-60.0	-3.5%
RevPAR (JPY)	8,245	8,808	-563	-6.4%	8,536	-342	-3.9%
Occupancy (%)	91.9	93.7	-1.8	-2.0%	91.9	-2.6	-2.7%
ADR (JPY)	8,972	9,397	-425	-4.5%	9,288	-110	-1.2%

Fixed Rent Hotels (7 Hotels)

	October 2018 (A)	(Previous) October 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – October 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	246.7	249.3	-2.7	-1.1%	776.8	+30.1	+4.0%
RevPAR (JPY)	6,456	6,369	+87	+1.4%	6,844	+417	+6.5%
Occupancy (%)	87.7	86.2	+1.6	+1.8%	89.4	+1.9	+2.2%
ADR (JPY)	7,358	7,391	-33	-0.4%	7,655	+310	+4.2%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		October 2018 (A)	(Previous) October 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – October 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	56.4	48.2	+8.2	+17.0%	190.5	+14.7	+8.4%
	RevPAR (JPY)	9,246	7,898	+1,348	+17.1%	11,097	+866	+8.5%
	Occupancy (%)	97.6	96.4	+1.2	+1.3%	94.4	-3.1	-3.1%
	ADR (JPY)	9,476	8,197	+1,280	+15.6%	11,754	+1,257	+12.0%
Nest Hotel Sapporo Odori	Revenue (JPY million)	39.0	40.2	-1.2	-3.0%	149.5	-1.0	-0.7%
	RevPAR (JPY)	9,360	9,634	-273	-2.8%	12,339	-31	-0.3%
	Occupancy (%)	95.3	96.5	-1.2	-1.2%	92.0	-5.2	-5.3%
	ADR (JPY)	9,818	9,980	-161	-1.6%	13,413	+683	+5.4%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	33.4	30.8	+2.6	+8.4%	97.4	+7.4	+8.2%
	RevPAR (JPY)	9,357	8,540	+816	+9.6%	9,193	+746	+8.8%
	Occupancy (%)	99.0	91.2	+7.9	+8.6%	98.7	+2.4	+2.4%
	ADR (JPY)	9,449	9,369	+80	+0.9%	9,318	+547	+6.2%
Hotel Wing International Nagoya	Revenue (JPY million)	41.0	48.7	-7.7	-15.8%	131.6	-13.3	-9.2%
	RevPAR (JPY)	5,287	6,385	-1,098	-17.2%	5,741	-644	-10.1%
	Occupancy (%)	83.3	92.0	-8.7	-9.5%	89.5	-3.9	-4.2%
	ADR (JPY)	6,348	6,941	-592	-8.5%	6,411	-419	-6.1%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	44.6	50.8	-6.1	-12.1%	115.8	-8.6	-6.9%
	RevPAR (JPY)	9,320	11,107	-1,787	-16.1%	8,120	-1,010	-11.1%
	Occupancy (%)	100.1	100.0	–	–	100.0	–	–
	ADR (JPY)	9,314	11,102	-1,788	-16.1%	8,123	-1,006	-11.0%

		October 2018 (A)	(Previous) October 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – October 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	38.4	41.0	-2.6	-6.4%	97.5	-6.0	-5.8%
	RevPAR (JPY)	13,517	14,535	-1,018	-7.0%	11,259	-1,064	-8.6%
	Occupancy (%)	93.4	93.7	-0.3	-0.3%	92.4	+1.1	+1.2%
	ADR (JPY)	14,473	15,518	-1,045	-6.7%	12,183	-1,312	-9.7%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	27.1	31.0	-3.9	-12.6%	75.2	-18.1	-19.4%
	RevPAR (JPY)	6,721	7,692	-971	-12.6%	6,285	-1,517	-19.4%
	Occupancy (%)	88.2	91.6	-3.4	-3.7%	82.7	-9.9	-10.7%
	ADR (JPY)	7,617	8,394	-777	-9.3%	7,600	-823	-9.8%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	84.4	89.3	-5.0	-5.6%	237.6	-27.2	-10.3%
	RevPAR (JPY)	8,421	8,855	-434	-4.9%	7,993	-820	-9.3%
	Occupancy (%)	91.5	97.7	-6.2	-6.3%	87.7	-10.3	-10.5%
	ADR (JPY)	9,201	9,064	+136	+1.5%	9,111	+120	+1.3%
Nest Hotel Matsuyama	Revenue (JPY million)	43.4	60.9	-17.5	-28.7%	136.7	-32.5	-19.2%
	RevPAR (JPY)	5,630	8,212	-2,582	-31.4%	5,772	-1,439	-20.0%
	Occupancy (%)	92.2	94.4	-2.2	-2.3%	92.4	-1.5	-1.6%
	ADR (JPY)	6,105	8,696	-2,591	-29.8%	6,248	-1,434	-18.7%
Court Hotel Kurashiki	Revenue (JPY million)	33.1	31.2	+1.9	+6.1%	102.8	+15.0	+17.0%
	RevPAR (JPY)	9,114	7,900	+1,213	+15.4%	9,373	+1,726	+22.6%
	Occupancy (%)	97.9	86.8	+11.0	+12.7%	97.2	+15.3	+18.7%
	ADR (JPY)	9,310	9,097	+213	+2.3%	9,642	+303	+3.2%
Valie Hotel Tenjin	Revenue (JPY million)	23.1	24.2	-1.1	-4.4%	70.0	–	–
	RevPAR (JPY)	9,051	9,367	-316	-3.4%	9,236	+103	+1.1%
	Occupancy (%)	90.7	89.9	+0.9	+1.0%	94.3	+2.8	+3.0%
	ADR (JPY)	9,975	10,424	-449	-4.3%	9,796	-185	-1.9%
Nest Hotel Naha	Revenue (JPY million)	81.4	80.6	+0.7	+0.9%	251.3	+9.8	+4.1%
	RevPAR (JPY)	8,913	9,330	-417	-4.5%	10,264	+299	+3.0%
	Occupancy (%)	84.2	88.6	-4.4	-5.0%	90.8	-1.2	-1.3%
	ADR (JPY)	10,586	10,527	+59	+0.6%	11,305	+471	+4.3%

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

		October 2018 (A)	(Previous) October 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – October 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	18.8	19.3	-0.5	-2.8%	64.8	-4.8	-6.9%
	RevPAR (JPY)	4,567	4,672	-104	-2.2%	5,339	-380	-6.7%
	Occupancy (%)	76.3	82.3	-6.0	-7.3%	81.0	-6.6	-7.5%
	ADR (JPY)	5,989	5,677	+311	+5.5%	6,588	+62	+1.0%
Comfort Hotel Hamamatsu	Revenue (JPY million)	30.6	29.9	+0.7	+2.3%	95.6	+5.1	+5.6%
	RevPAR (JPY)	5,033	4,921	+112	+2.3%	5,300	+280	+5.6%
	Occupancy (%)	85.1	80.8	+4.3	+5.3%	86.4	+4.7	+5.8%
	ADR (JPY)	5,916	6,092	-176	-2.9%	6,136	-10	-0.2%
Comfort Hotel Central International Airport	Revenue (JPY million)	87.9	96.1	-8.2	-8.5%	283.8	-3.7	-1.3%
	RevPAR (JPY)	7,826	8,036	-210	-2.6%	8,509	+387	+4.8%
	Occupancy (%)	89.2	88.1	+1.1	+1.2%	92.6	+3.3	+3.6%
	ADR (JPY)	8,775	9,121	-346	-3.8%	9,187	+98	+1.1%
Comfort Hotel Suzuka	Revenue (JPY million)	20.8	19.9	+0.9	+4.7%	61.2	+9.6	+18.6%
	RevPAR (JPY)	6,312	6,025	+287	+4.8%	6,260	+986	+18.7%
	Occupancy (%)	84.6	80.6	+4.1	+5.0%	84.8	+4.1	+5.1%
	ADR (JPY)	7,457	7,476	-19	-0.3%	7,384	+843	+12.9%
Comfort Hotel Okayama	Revenue (JPY million)	37.8	40.9	-3.1	-7.5%	121.0	+0.4	+0.4%
	RevPAR (JPY)	5,659	6,158	-499	-8.1%	6,084	+1	–
	Occupancy (%)	90.4	89.9	+0.5	+0.6%	89.9	-0.2	-0.2%
	ADR (JPY)	6,261	6,852	-591	-8.6%	6,764	+17	+0.3%
Urbain Hiroshima Executive	Revenue (JPY million)	41.0	34.5	+6.5	+18.8%	122.4	+20.0	+19.6%
	RevPAR (JPY)	7,737	6,510	+1,227	+18.8%	7,779	+1,273	+19.6%
	Occupancy (%)	95.8	90.2	+5.6	+6.2%	95.7	+4.3	+4.7%
	ADR (JPY)	8,075	7,215	+860	+11.9%	8,132	+1,013	+14.2%

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 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

Variable rent hotels saw year-on-year decreases in Revenue, RevPAR, Occupancy, and ADR in part due to the effects of Typhoon 25 (Kong-rey). This included the Nest Hotel Matsuyama, which declined from last year's unusually strong results when a national student sports championship was held nearby.

Hotels generating year-on-year increases were the Smile Hotel Tokyo Asagaya, where occupancy rebounded following completion of last year's renovations; the Court Hotel Kurashiki, which had strong business demand driven by continuing reconstruction work from July's floods; and the Nest Hotel Sapporo Ekimae, where business demand rebounded after September's earthquake-linked cancellations.

Value-Add Actions

Ichigo Hotel has been increasing the speed and bandwidth of its WiFi networks as a key driver of guest satisfaction, and recently upgraded the WiFi at the Nest Hotel Sapporo Ekimae and the Nest Hotel Osaka Shinsaibashi, where there is a high percentage of overseas guests who tend to use WiFi extensively.

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