



Ichigo Preserves and Improves Real Estate

*[Provisional Translation Only]*

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Issuer

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**Ichigo Hotel Operating Results – July 2018**

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	July 2018 (A)	(Previous) July 2017 (B)	Difference (A) - (B)	YOY Change	February 2018 – July 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	832.8	816.3	+16.5	+2.0%	4,646.1	+143.6	+3.2%
RevPAR (JPY)	8,051	7,832	+219	+2.8%	7,572	+230	+3.1%
Occupancy (%)	90.3	91.2	-0.9	-1.0%	89.9	-0.3	-0.3%
ADR (JPY)	8,912	8,587	+325	+3.8%	8,420	+281	+3.5%

Variable Rent Hotels (12 Hotels)

	July 2018 (A)	(Previous) July 2017 (B)	Difference (A) - (B)	YOY Change	February 2018 – July 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	588.9	572.0	+16.9	+3.0%	3,261.1	+126.4	+4.0%
RevPAR (JPY)	9,134	8,890	+244	+2.8%	8,537	+285	+3.5%
Occupancy (%)	92.9	93.6	-0.7	-0.8%	92.9	-0.4	-0.5%
ADR (JPY)	9,831	9,493	+338	+3.6%	9,186	+349	+3.9%

Fixed Rent Hotels (7 Hotels)

	July 2018 (A)	(Previous) July 2017 (B)	Difference (A) - (B)	YOY Change	February 2018 – July 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	243.9	244.3	-0.4	-0.2%	1,385.0	+17.2	+1.3%
RevPAR (JPY)	6,393	6,217	+176	+2.8%	6,096	+141	+2.4%
Occupancy (%)	86.4	87.5	-1.1	-1.2%	85.3	–	–
ADR (JPY)	7,400	7,106	+293	+4.1%	7,143	+168	+2.4%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		July 2018 (A)	(Previous) July 2017 (B)	Difference (A) - (B)	YOY Change	February 2018 – July 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	88.3	73.0	+15.3	+21.0%	373.7	+51.0	+15.8%
	RevPAR (JPY)	15,464	12,838	+2,626	+20.5%	10,591	+1,445	+15.8%
	Occupancy (%)	97.6	97.8	-0.2	-0.2%	98.0	+0.3	+0.3%
	ADR (JPY)	15,849	13,131	+2,718	+20.7%	10,812	+1,447	+15.4%
Nest Hotel Sapporo Odori	Revenue (JPY million)	74.9	62.4	+12.5	+20.1%	303.4	+49.7	+19.6%
	RevPAR (JPY)	18,755	15,526	+3,229	+20.8%	12,667	+2,111	+20.0%
	Occupancy (%)	96.9	97.7	-0.7	-0.7%	97.4	+0.8	+0.9%
	ADR (JPY)	19,348	15,899	+3,449	+21.7%	13,006	+2,075	+19.0%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	32.2	27.4	+4.7	+17.3%	183.9	+13.0	+7.6%
	RevPAR (JPY)	9,009	7,706	+1,303	+16.9%	8,809	+551	+6.7%
	Occupancy (%)	98.6	93.1	+5.5	+5.9%	95.4	+0.2	+0.2%
	ADR (JPY)	9,138	8,281	+857	+10.4%	9,230	+557	+6.4%
Smile Hotel Asakusa	Revenue (JPY million)	22.2	22.0	+0.3	+1.1%	125.1	-5.2	-4.0%
	RevPAR (JPY)	7,140	7,069	+71	+1.0%	6,910	-273	-3.8%
	Occupancy (%)	98.7	96.9	+1.8	+1.9%	94.4	-2.8	-2.9%
	ADR (JPY)	7,235	7,297	-63	-0.9%	7,319	-71	-1.0%
Hotel Wing International Nagoya	Revenue (JPY million)	41.5	47.4	-5.9	-12.5%	242.3	-22.0	-8.3%
	RevPAR (JPY)	5,406	6,188	-782	-12.6%	5,396	-501	-8.5%
	Occupancy (%)	87.0	90.6	-3.6	-3.9%	86.9	-2.6	-2.9%
	ADR (JPY)	6,214	6,834	-619	-9.1%	6,209	-382	-5.8%

		July 2018 (A)	(Previous) July 2017 (B)	Difference (A) - (B)	YOY Change	February 2018 – July 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Smile Hotel Kyoto Shijo	Revenue (JPY million)	36.7	40.8	-4.1	-10.0%	261.8	-18.9	-6.7%
	RevPAR (JPY)	7,656	8,803	-1,148	-13.0%	9,474	-1,069	-10.1%
	Occupancy (%)	99.6	99.6	+0.1	+0.1%	98.1	-1.7	-1.7%
	ADR (JPY)	7,683	8,840	-1,157	-13.1%	9,658	-909	-8.6%
Hotel Vista Premio Kyoto	Revenue (JPY million)	30.0	33.2	-3.2	-9.6%	205.0	-8.0	-3.8%
	RevPAR (JPY)	10,307	11,903	-1,597	-13.4%	12,299	-807	-6.2%
	Occupancy (%)	93.2	86.1	+7.2	+8.3%	93.7	+3.9	+4.3%
	ADR (JPY)	11,054	13,831	-2,778	-20.1%	13,120	-1,469	-10.1%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	27.5	31.6	-4.1	-13.0%	169.5	-8.4	-4.7%
	RevPAR (JPY)	6,814	7,836	-1,022	-13.0%	7,203	-358	-4.7%
	Occupancy (%)	89.6	93.6	-4.0	-4.2%	88.8	-2.1	-2.3%
	ADR (JPY)	7,605	8,374	-769	-9.2%	8,114	-209	-2.5%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	83.9	87.8	-3.8	-4.4%	532.0	+20.3	+4.0%
	RevPAR (JPY)	8,369	8,662	-293	-3.4%	9,116	+516	+6.0%
	Occupancy (%)	88.5	98.2	-9.7	-9.8%	94.0	-4.5	-4.6%
	ADR (JPY)	9,457	8,824	+633	+7.2%	9,693	+969	+11.1%
Nest Hotel Matsuyama	Revenue (JPY million)	45.3	46.0	-0.7	-1.6%	271.3	+3.5	+1.3%
	RevPAR (JPY)	5,419	5,273	+146	+2.8%	5,334	+65	+1.2%
	Occupancy (%)	92.1	85.9	+6.3	+7.3%	88.8	+1.6	+1.8%
	ADR (JPY)	5,881	6,141	-260	-4.2%	6,005	-32	-0.5%
Valie Hotel Tenjin	Revenue (JPY million)	23.9	23.0	+0.9	+3.9%	138.5	+11.2	+8.8%
	RevPAR (JPY)	9,382	8,899	+482	+5.4%	9,268	+884	+10.5%
	Occupancy (%)	95.3	92.0	+3.4	+3.6%	96.4	+6.9	+7.7%
	ADR (JPY)	9,839	9,674	+166	+1.7%	9,612	+247	+2.6%
Nest Hotel Naha	Revenue (JPY million)	82.6	77.4	+5.1	+6.6%	454.6	+40.2	+9.7%
	RevPAR (JPY)	9,992	9,445	+547	+5.8%	8,965	+660	+7.9%
	Occupancy (%)	90.9	90.3	+0.6	+0.6%	90.2	+2.8	+3.2%
	ADR (JPY)	10,997	10,462	+535	+5.1%	9,937	+433	+4.6%

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

		July 2018 (A)	(Previous) July 2017 (B)	Difference (A) - (B)	YOY Change	February 2018 – July 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	24.5	22.2	+2.3	+10.5%	87.4	-1.7	-1.9%
	RevPAR (JPY)	6,283	5,398	+886	+16.4%	3,833	+185	+5.1%
	Occupancy (%)	89.0	89.3	-0.3	-0.3%	71.8	-3.9	-5.2%
	ADR (JPY)	7,057	6,043	+1,014	+16.8%	5,337	+520	+10.8%
Comfort Hotel Hamamatsu	Revenue (JPY million)	27.0	29.4	-2.4	-8.1%	165.4	-9.3	-5.3%
	RevPAR (JPY)	4,444	4,838	-394	-8.1%	4,662	-262	-5.3%
	Occupancy (%)	77.1	81.3	-4.2	-5.2%	79.3	-0.5	-0.6%
	ADR (JPY)	5,766	5,952	-185	-3.1%	5,881	-291	-4.7%
Comfort Hotel Central International Airport	Revenue (JPY million)	95.0	101.9	-7.0	-6.8%	571.5	+12.1	+2.2%
	RevPAR (JPY)	8,437	8,540	-103	-1.2%	8,312	+295	+3.7%
	Occupancy (%)	91.4	93.7	-2.3	-2.4%	90.8	+2.1	+2.4%
	ADR (JPY)	9,227	9,115	+112	+1.2%	9,152	+116	+1.3%
Comfort Hotel Suzuka	Revenue (JPY million)	17.4	17.0	+0.4	+2.4%	88.8	-1.5	-1.7%
	RevPAR (JPY)	5,293	5,168	+125	+2.4%	4,616	-59	-1.3%
	Occupancy (%)	76.3	82.2	-5.9	-7.1%	74.9	-6.3	-7.7%
	ADR (JPY)	6,936	6,289	+647	+10.3%	6,162	+404	+7.0%
Comfort Hotel Okayama	Revenue (JPY million)	38.2	33.6	+4.6	+13.5%	220.1	+19.1	+9.5%
	RevPAR (JPY)	5,718	5,013	+705	+14.1%	5,612	+515	+10.1%
	Occupancy (%)	87.9	83.8	+4.0	+4.8%	90.1	+4.2	+4.9%
	ADR (JPY)	6,506	5,979	+527	+8.8%	6,231	+295	+5.0%
Urbain Hiroshima Executive	Revenue (JPY million)	32.7				197.9		
	RevPAR (JPY)	6,172				6,393		
	Occupancy (%)	89.2				90.4		
	ADR (JPY)	6,922				7,073		

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:  
$$\text{RevPAR} = \text{Total Revenue from accommodations (excluding restaurant charges and other service fees)} / \text{number of available guest rooms.}$$
4. Occupancy is calculated with the following formula:  
$$\text{Occupancy} = \text{Total number of guest rooms occupied during the period} / (\text{total number of guest rooms} * \text{number of days hotel was in operation during the period})$$

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:  
$$\text{ADR} = \text{Total revenue from accommodations (excluding restaurant charges and other service fees)} / \text{number of guest rooms occupied during the period.}$$
6. Data for Urbain Hiroshima Executive prior to its acquisition in August 2017 are not disclosed, because the hotel operator did not provide consent to disclose hotel-specific data.
7. 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.
8. 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.

## 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 suffered 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, and the Smile Hotel Tokyo Asagaya, where occupancy rebounded after rooms became available following the completion of renovations in June.

## Value-Add Actions

Ichigo Hotel completed entrance and entry lobby renovations last month at the Valie Hotel Tenjin, which is located in Tenjin, Fukuoka's most vibrant business, shopping, and entertainment district. Guest room renovations in 2015 and the launch of a new restaurant and lounge in 2016 had successfully attracted more female guests and inbound tourists, and the most recent renovations sought to capture increasing tourist demand by improving the ambience and visibility of the entrance and turning the lobby into a vibrant space where guests can relax outside of the guest rooms.

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

## Valie Hotel Tenjin – Entrance

Before



After



## Valie Hotel Tenjin – Lobby

Before



After

