



**Make The World
More Sustainable**

[Provisional Translation Only]

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Issuer

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Ichigo Hotel Operating Results – August 2019

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (20 Hotels)

	August 2019 (A)	(Previous) August 2019 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	852.6	954.2	-101.6	-10.6%
RevPAR (JPY)	7,669	8,654	-985	-11.4%
Occupancy (%)	89.1	94.3	-5.1	-5.4%
ADR (JPY)	8,603	9,181	-578	-6.3%

Variable-Rent Hotels (13 Hotels)

	August 2019 (A)	(Previous) August 2018 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	582.4	661.0	-78.6	-11.9%
RevPAR (JPY)	8,014	9,228	-1,213	-13.1%
Occupancy (%)	88.6	94.7	-6.0	-6.4%
ADR (JPY)	9,043	9,749	-706	-7.2%

Fixed-Rent Hotels (7 Hotels)

	August 2019 (A)	(Previous) August 2018 (B)	Difference (A) - (B)	YOY Change
Revenue (JPY million)	270.2	293.2	-23.0	-7.9%
RevPAR (JPY)	7,079	7,677	-599	-7.8%
Occupancy (%)	90.0	93.6	-3.6	-3.8%
ADR (JPY)	7,862	8,202	-341	-4.2%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable-Rent Hotels (14 Hotels – current month data include Hotel Wing International Kobe Shin Nagata Ekimae, which reopened June 2019)

		August 2019 (A)	(Previous) August 2018 (B)	Difference (A) - (B)	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	72.1	82.1	-10.0	-12.2%
	RevPAR (JPY)	12,585	14,562	-1,978	-13.6%
	Occupancy (%)	96.3	97.4	-1.2	-1.2%
	ADR (JPY)	13,071	14,946	-1,875	-12.5%
Nest Hotel Sapporo Odori	Revenue (JPY million)	55.7	72.7	-17.0	-23.3%
	RevPAR (JPY)	13,611	17,959	-4,348	-24.2%
	Occupancy (%)	94.9	97.2	-2.2	-2.3%
	ADR (JPY)	14,337	18,481	-4,144	-22.4%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	31.5	32.8	-1.3	-4.0%
	RevPAR (JPY)	8,872	9,220	-348	-3.8%
	Occupancy (%)	97.7	98.7	-1.0	-1.0%
	ADR (JPY)	9,078	9,344	-266	-2.8%
Hotel Wing International Nagoya	Revenue (JPY million)	40.4	48.2	-7.8	-16.1%
	RevPAR (JPY)	5,248	6,218	-970	-15.6%
	Occupancy (%)	84.4	93.6	-9.2	-9.8%
	ADR (JPY)	6,220	6,643	-424	-6.4%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	32.5	37.5	-5.0	-13.3%
	RevPAR (JPY)	6,694	7,804	-1,110	-14.2%
	Occupancy (%)	99.7	100.1	-0.4	-0.4%
	ADR (JPY)	6,717	7,797	-1,080	-13.9%

		August 2019 (A)	(Previous) August 2018 (B)	Difference (A) - (B)	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	26.7	32.5	-5.8	-18.0%
	RevPAR (JPY)	8,912	10,969	-2,058	-18.8%
	Occupancy (%)	91.1	94.4	-3.3	-3.5%
	ADR (JPY)	9,779	11,616	-1,837	-15.8%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	22.0	27.5	-5.5	-19.9%
	RevPAR (JPY)	5,459	6,812	-1,353	-19.9%
	Occupancy (%)	79.0	88.9	-9.9	-11.1%
	ADR (JPY)	6,908	7,664	-756	-9.9%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	63.7	87.2	-23.5	-26.9%
	RevPAR (JPY)	6,259	8,729	-2,470	-28.3%
	Occupancy (%)	78.3	92.2	-13.9	-15.1%
	ADR (JPY)	7,991	9,463	-1,472	-15.6%
Hotel Wing International Kobe Shin Nagata Ekimae	Revenue (JPY million)	33.3			
	RevPAR (JPY)	7,247			
	Occupancy (%)	86.9			
	ADR (JPY)	8,341			
Nest Hotel Matsuyama	Revenue (JPY million)	50.8	49.7	+1.2	+2.3%
	RevPAR (JPY)	6,172	6,093	+79	+1.3%
	Occupancy (%)	91.4	96.3	-4.9	-5.1%
	ADR (JPY)	6,751	6,324	+427	+6.8%
Court Hotel Kurashiki	Revenue (JPY million)	36.7	39.9	-3.2	-8.0%
	RevPAR (JPY)	9,379	10,591	-1,213	-11.4%
	Occupancy (%)	97.7	97.0	+0.7	+0.8%
	ADR (JPY)	9,596	10,920	-1,324	-12.1%
Valie Hotel Tenjin	Revenue (JPY million)	23.6	22.6	+1.0	+4.5%
	RevPAR (JPY)	9,221	8,827	+394	+4.5%
	Occupancy (%)	96.2	96.8	-0.6	-0.6%
	ADR (JPY)	9,587	9,117	+470	+5.1%
Nest Hotel Kumamoto	Revenue (JPY million)	43.3	37.4	+5.9	+15.8%
	RevPAR (JPY)	6,223	5,225	+999	+19.1%
	Occupancy (%)	80.0	89.8	-9.8	-10.9%
	ADR (JPY)	7,777	5,817	+1,960	+33.7%

		August 2019 (A)	(Previous) August 2018 (B)	Difference (A) - (B)	YOY Change
Nest Hotel Naha	Revenue (JPY million)	83.4	91.1	-7.7	-8.4%
	RevPAR (JPY)	10,757	12,031	-1,274	-10.6%
	Occupancy (%)	89.2	94.5	-5.3	-5.6%
	ADR (JPY)	12,057	12,726	-668	-5.3%

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

		August 2019 (A)	(Previous) August 2018 (B)	Difference (A) - (B)	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	30.5	27.8	+2.6	+9.5%
	RevPAR (JPY)	7,547	6,832	+716	+10.5%
	Occupancy (%)	92.0	92.8	-0.8	-0.8%
	ADR (JPY)	8,203	7,363	+839	+11.4%
Comfort Hotel Hamamatsu	Revenue (JPY million)	35.6	36.7	-1.1	-3.1%
	RevPAR (JPY)	5,851	6,036	-184	-3.1%
	Occupancy (%)	90.0	90.9	-0.8	-0.9%
	ADR (JPY)	6,498	6,641	-143	-2.2%
Comfort Hotel Central International Airport	Revenue (JPY million)	99.7	103.5	-3.8	-3.7%
	RevPAR (JPY)	8,896	9,227	-332	-3.6%
	Occupancy (%)	92.1	95.9	-3.8	-4.0%
	ADR (JPY)	9,658	9,618	+40	+0.4%
Comfort Hotel Suzuka	Revenue (JPY million)	18.8	27.0	-8.3	-30.6%
	RevPAR (JPY)	5,728	8,228	-2,500	-30.4%
	Occupancy (%)	82.8	93.9	-11.1	-11.8%
	ADR (JPY)	6,918	8,761	-1,843	-21.0%
Comfort Hotel Okayama	Revenue (JPY million)	39.1	45.3	-6.2	-13.6%
	RevPAR (JPY)	5,836	6,760	-924	-13.7%
	Occupancy (%)	88.8	90.9	-2.1	-2.3%
	ADR (JPY)	6,572	7,437	-866	-11.6%
Urbain Hiroshima Executive	Revenue (JPY million)	39.7	44.2	-4.4	-10.0%
	RevPAR (JPY)	7,495	8,329	-833	-10.0%
	Occupancy (%)	92.7	97.8	-5.1	-5.2%
	ADR (JPY)	8,089	8,517	-428	-5.0%

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 the Hotel Vista Premio Kyoto, the Chisun Inn Osaka Hommachi, and the Smile Hotel Tokyo Asagaya and rent from the banquet hall at the Nest Hotel Kumamoto are 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 the Hotel Livemax Nihombashi-Hakozaki are included in the total hotel and fixed-rent hotel data above, but not separately disclosed because the hotel operator did not provide consent to disclose hotel-specific data.
7. The 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. The Hotel Suave Kobe Asuta, renamed the Hotel Wing International Kobe Shin Nagata Ekimae on March 1, 2019, is excluded from the Total and Variable-Rent Hotels data on page 1 because it re-opened in June 2019. Prior data for the Hotel Wing International Kobe Shin Nagata Ekimae are also excluded because the previous hotel operator did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons. The Valie Hotel Hiroshima, acquired on July 19, 2019, is excluded from the above data as it was rebranded and reopened on September 18, 2019.
8. Pre-acquisition data for acquired hotels are based on data received from the previous owners.

Explanation of Changes

Variable-rent hotels, which are the primary driver of increases/decreases in Ichigo Hotel's earnings, fixed-rent hotels, and the total portfolio saw year-on-year decreases in Revenue, RevPAR, Occupancy, and ADR.

RevPAR significantly decreased year-on-year in Sapporo, Nagoya, Kyoto, and Osaka due to increased hotel supply and political tensions between Japan and South Korea, which led to a decrease in Korean tourists. While hotels in western Japan and Okinawa saw cancellations due to two typhoons, the Nest Hotel Kumamoto captured demand from Japan's national student sports championships held nearby, generating a 19% year-on-year increase in RevPAR.

Value-Add Actions

Ichigo Hotel completed the renovations to optimize room layouts at the Nest Hotel Naha, which were originally announced in the July 25, 2019 release "Ichigo Hotel Operating Results – June 2019," and has begun accommodating guests in the newly-renovated rooms.

Catering primarily to leisure demand, the Nest Hotel Naha has been operating at over 90% occupancy. The conversion of two low-use, six-guest Japanese-style rooms into four three-guest western-style rooms allows the hotel to capture more demand and drive higher earnings (forecast ROI 16.9%).

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

Nest Hotel Naha

Before



After

