

[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

September 14, 2021

July 2021 Fiscal Period Earnings

Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel,” Tokyo Stock Exchange, 3463)

Representative: Osamu Miyashita, Executive Director

www.ichigo-hotel.co.jp/en

Ichigo Investment Advisors Co., Ltd. (Ichigo Hotel Asset Management Company)

Representative: Hiroshi Iwai, President

Inquiries: Hidehito Iwasaka, Head of Ichigo Hotel

Telephone: +81-3-3502-4892

Submission of Financial Report (*Yuka Shoken Hokokusho*): October 27, 2021 (expected)

Dividend Payment: October 21, 2021 (expected)

Supplemental Material to Financial and Business Results: Yes (Corporate Presentation)

Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. Financial Results for the July 2021 Fiscal Period (February 1, 2021 to July 31, 2021)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2021	1,117	+8.0%	465	+13.7%	269	+28.0%	268	+28.1%
January 2021	1,035	+8.7%	409	+10.3%	210	+22.9%	209	+22.9%

	Net Income per Share (JPY)	Return on Equity (6 months)	Recurring Profit to Total Assets (6 months)	Recurring Profit to Operating Revenue
July 2021	1,054	0.8%	0.5%	24.1%
January 2021	823	0.7%	0.4%	20.3%

Note: Net Income per Share is based on the average number of outstanding shares during the period.

(2) Dividends

	Dividend per Share (JPY)	Total Dividends (JPY million)	Dividend per Share in Excess of Earnings (JPY)	Total Dividends in Excess of Earnings (JPY million)	Payout Ratio	Dividend on Equity (DOE)
July 2021	1,055	268	—	—	100%	0.8%
January 2021	823	209	—	—	100%	0.7%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
July 2021	58,929	31,866	54.1%	124,979
January 2021	58,802	31,807	54.1%	124,748

(4) Cash Flows

(JPY million)

	Cash Flows from Operations	Cash Flows from Investments	Cash Flows from Financing	Cash and Cash Equivalents at End of the Period
July 2021	722	-254	-210	5,881
January 2021	838	-223	-172	5,623

2. Earnings Forecasts for the January 2022 Fiscal Period (August 1, 2021 to January 31, 2022) and July 2022 Fiscal Period (February 1, 2022 to July 31, 2022)

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2022	1,007	-9.9%	336	-27.7%	111	-58.6%	184	-31.3%
July 2022	1,024	+1.7%	395	+17.4%	170	+53.1%	169	-8.0%

(JPY)

	Dividend per Share	Dividend per Share in Excess of Earnings
January 2022	724	—
July 2022	666	—

Note: Forecast Net Income per Share is JPY 724 (-12.0% year-on-year) and JPY 666 (-36.8% year-on-year), respectively, for the January 2022 and July 2022 fiscal periods.

Given ongoing Covid uncertainty, these earnings forecasts are subject to change.

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

- (i) Changes Accompanying Amendments to Accounting Standards: None
- (ii) Changes Not Listed in (i): None
- (iii) Changes in Accounting Estimates: None
- (iv) Retrospective Restatements: None

(2) Number of Shares Issued and Outstanding

The number of issued and outstanding shares (including treasury shares) was 254,974 as of both January 31, 2021 and July 31, 2021.

Completion Status of Auditing Procedures

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Law of Japan. The auditing procedures in accordance with those requirements have thus not been completed as of the date of the publication of this document.

Appropriate Use of Forecasts and Other Matters of Special Note

The forecasts presented in this document are current figures based on certain preconditions. Accordingly, actual results may vary due to changes in circumstances, and these forecasts should not be construed as a guarantee of such results.

For details on the forecast preconditions, please refer to the “Preconditions for the January 2022 Earnings Forecast” on page 5 and “Preconditions for the July 2022 Earnings Forecast” on page 8.

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Material Matters after Closing of the Fiscal Period

Ichigo Hotel filed an eviction lawsuit at the Tokyo District Court on January 18, 2019 against Hotel Tetora Group, the former operator of the Hotel Suave Kobe Asuta (current name: Hotel Wing International Kobe Shin Nagata Ekimae), because of delinquent rent. A settlement was reached between both parties on August 27, 2021, and as a result, an extraordinary gain of JPY 74.012 million will be recorded in the January 2022 Fiscal Period.

Earnings Forecasts

Earnings Forecast for the January 2022 Fiscal Period (August 1, 2021 to January 31, 2022)

For details on the preconditions for this forecast, please refer to page 5.

January 2022 Fiscal Period (August 1, 2021 to January 31, 2022)

Operating Revenue	JPY 1,007 million
Operating Profit	JPY 336 million
Recurring Profit	JPY 111 million
Net Income	JPY 184 million
Dividend per Share	JPY 724
Dividend in Excess of Earnings	–

Earnings Forecast for the July 2022 Fiscal Period (February 1, 2022 to July 31, 2022)

For details on the preconditions for this forecast, please refer to page 8.

July 2022 Fiscal Period (February 1, 2022 to July 31, 2022)

Operating Revenue	JPY 1,024 million
Operating Profit	JPY 395 million
Recurring Profit	JPY 170 million
Net Income	JPY 169 million
Dividend per Share	JPY 666
Dividend in Excess of Earnings	–

Preconditions for the January 2022 Earnings Forecast

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Period	<ul style="list-style-type: none"> • August 1, 2021 to January 31, 2022 (184 days) 																																																		
Number of Hotels	<ul style="list-style-type: none"> • 23 hotels • The Chisun Inn Osaka Hommachi had an operator change on March 17, 2021 and was rebranded and reopened as The OneFive Osaka Sakaisuji on September 1, 2021. 																																																		
Operating Revenue	<p>Within operating revenue, rental income is forecast based on current lease contracts, taking into consideration such factors as hotel and market conditions.¹</p> <p><u>Forecast Operating Performance²</u></p> <table border="1"> <thead> <tr> <th></th> <th>January 2022 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy³</td> <td>63.9%</td> </tr> <tr> <td>ADR⁴</td> <td>JPY 4,548</td> </tr> </tbody> </table> <p>¹ The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.</p> <p>² The 16 variable rent hotels are: Smile Hotel Kyoto Shijo, Nest Hotel Sapporo Ekimae, Chisun Inn Osaka Hommachi, Nest Hotel Sapporo Odori, The OneFive Fukuoka Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, Court Hotel Kurashiki, Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Kumamoto, Valie Hotel Hiroshima, HOTEL EMIT SHIBUYA, The OneFive Okayama, and Capsule Plus Yokohama. However, data for Capsule Plus Yokohama is excluded from the above forecast because the operator did not give consent to disclose forecasts.</p> <p>³ 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)</p> <p>⁴ ADR or Average Daily Rate is calculated with the following formula: ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period</p> <p><u>Details of the January 2022 Rental Income Forecast by Hotel</u></p> <p style="text-align: right;">(JPY million)</p> <table border="1"> <thead> <tr> <th>Hotel Name</th> <th>Fixed Rent/ Minimum Guaranteed Rent</th> <th>Variable Rent</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Smile Hotel Kyoto Shijo</td> <td>34</td> <td>–</td> <td>34</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>32</td> <td>–</td> <td>32</td> </tr> <tr> <td>Chisun Inn Osaka Hommachi</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Comfort Hotel Hamamatsu</td> <td>55</td> <td>–</td> <td>55</td> </tr> <tr> <td>Nest Hotel Sapporo Odori</td> <td>26</td> <td>–</td> <td>26</td> </tr> <tr> <td>The OneFive Fukuoka Tenjin</td> <td>26</td> <td>–</td> <td>26</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>65</td> <td>–</td> <td>65</td> </tr> <tr> <td>Comfort Hotel Central International Airport</td> <td>151</td> <td>–</td> <td>151</td> </tr> <tr> <td>Smile Hotel Tokyo Asagaya</td> <td>59</td> <td>–</td> <td>59</td> </tr> <tr> <td>Nest Hotel Matsuyama</td> <td>35</td> <td>–</td> <td>35</td> </tr> </tbody> </table>		January 2022 Fiscal Period	Occupancy ³	63.9%	ADR ⁴	JPY 4,548	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	–	34	Nest Hotel Sapporo Ekimae	32	–	32	Chisun Inn Osaka Hommachi	–	–	–	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	26	–	26	The OneFive Fukuoka Tenjin	26	–	26	Nest Hotel Osaka Shinsaibashi	65	–	65	Comfort Hotel Central International Airport	151	–	151	Smile Hotel Tokyo Asagaya	59	–	59	Nest Hotel Matsuyama	35	–	35
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Extraordinary Gains	<ul style="list-style-type: none"> • An extraordinary gain of JPY 74 million is expected as a result of reaching a settlement with Hotel Tetora Group, the former operator of the Hotel Suave Kobe Asuta (current name: Hotel Wing International Kobe Shin Nagata Ekimae), against which Ichigo Hotel filed an eviction lawsuit because of delinquent rent. 																																				
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Financial Statements
(1) Balance Sheet

(JPY thousand)

	January 2021 (as of January 31, 2021)	July 2021 (as of July 31, 2021)
Assets		
Current Assets		
Cash and cash equivalents	4,316,461	4,469,012
Cash and cash equivalents in trust	1,806,629	1,912,326
Accounts receivable	170,213	148,571
Prepaid expenses	183,794	142,800
Total Current Assets	6,477,098	6,672,711
Fixed Assets		
Property, Plant, and Equipment		
Buildings	18,280,170	18,536,103
Depreciation	-2,455,850	-2,776,396
Buildings (net)	15,824,319	15,759,706
Structures	17,414	23,564
Depreciation	-2,320	-2,982
Structures (net)	15,094	20,582
Machinery and equipment	73,635	93,307
Depreciation	-19,717	-24,799
Machinery and equipment (net)	53,917	68,508
Fixtures	274,816	328,140
Depreciation	-115,046	-135,869
Fixtures (net)	159,770	192,271
Land	36,023,617	36,023,617
Buildings under construction	6,079	6,307
Total Property, Plant, and Equipment	52,082,800	52,070,993
Investments and Other Assets		
Leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	226,215	170,129
Total Investments and Other Assets	236,215	180,129
Total Fixed Assets	52,319,015	52,251,123
Capitalized Expenses		
Bond issuance expenses	6,611	5,981
Total Capitalized Expenses	6,611	5,981
Total Assets	58,802,725	58,929,816

(JPY thousand)

	January 2021 (as of January 31, 2021)	July 2021 (as of July 31, 2021)
Liabilities		
Current Liabilities		
Accounts payable	78,462	176,467
Short-term loans	7,000,000	7,000,000
Long-term loans (due within one year)	–	450,000
Accounts payable – other	50,512	65,378
Accrued expenses	9,513	8,700
Income taxes payable	679	661
Consumption taxes payable	55,022	19,763
Advances received	60,079	67,563
Rent to be reimbursed to hotel operators	–	2,947
Other	5,976	4,818
Total Current Liabilities	7,260,246	7,796,300
Long-Term Liabilities		
Bonds	500,000	500,000
Long-term loans	18,470,000	18,020,000
Tenant leasehold and security deposits	759,850	741,853
Accrued asset disposal costs	5,006	5,011
Total Long-Term Liabilities	19,734,856	19,266,865
Total Liabilities	26,995,103	27,063,166
Net Assets		
Shareholders' Equity		
Paid-in capital	31,897,545	31,897,545
Treasury shares	-299,921	-299,921
Paid-in capital (net)	31,597,623	31,597,623
Surplus		
Unappropriated retained earnings	209,998	269,026
Total Surplus	209,998	269,026
Total Shareholders' Equity	31,807,622	31,866,650
Total Net Assets	31,807,622	31,866,650
Total Liabilities and Net Assets	58,802,725	58,929,816

(2) Income Statement

(JPY thousand)

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Operating Revenue		
Rental income	1,019,338	1,102,774
Other rental income	16,238	15,184
Total Operating Revenue	1,035,576	1,117,958
Operating Expenses		
Rental expenses	532,095	552,094
Asset management fee	28,549	39,915
Custodian fee	4,378	4,410
Other administrative expenses	23,077	19,163
Directors' compensation	4,200	4,200
Other	33,736	32,556
Total Operating Expenses	626,037	652,339
Operating Profit	409,539	465,618
Non-Operating Income		
Interest income	32	29
Reversal of accrued dividend	1,309	653
Insurance proceeds	–	371
Interest on tax refund	837	–
Other	–	348
Total Non-Operating Income	2,179	1,402
Non-Operating Expenses		
Interest expenses	108,595	100,763
Borrowing-related expenses	92,200	96,090
Amortization of expenses related to REIT establishment	2	–
Amortization of bond issuance expenses	271	629
Total Non-Operating Expenses	201,070	197,483
Recurring Profit	210,648	269,537
Pre-Tax Income	210,648	269,537
Income Taxes – Current	684	666
Total Income Taxes	684	666
Net Income	209,964	268,871
Retained Earnings Brought Forward	34	154
Unappropriated Retained Earnings	209,998	269,026

(3) Statement of Shareholders' Equity

Previous Period (January 2021 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				
	Paid-In Capital			Surplus	
	Paid-In Capital	Treasury Shares	Paid-In Capital (net)	Unappropriated Retained Earnings	Total Surplus
Balance as of August 1, 2020	31,897,545	-299,921	31,597,623	170,866	170,866
Changes during the Period					
Dividends				-170,832	-170,832
Net Income				209,964	209,964
Total Changes	–	–	–	39,131	39,131
Balance as of January 31, 2021	31,897,545	-299,921	31,597,623	209,998	209,998

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of August 1, 2020	31,768,490	31,768,490
Changes during the Period		
Dividends	-170,832	-170,832
Net Income	209,964	209,964
Total Changes	39,131	39,131
Balance as of January 31, 2021	31,807,622	31,807,622

Current Period (July 2021 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				
	Paid-In Capital			Surplus	
	Paid-In Capital	Treasury Shares	Paid-In Capital (net)	Unappropriated Retained Earnings	Total Surplus
Balance as of February 1, 2021	31,897,545	-299,921	31,597,623	209,998	209,998
Changes during the Period					
Dividends				-209,843	-209,843
Net Income				268,871	268,871
Total Changes	–	–	–	59,028	59,028
Balance as of July 31, 2021	31,897,545	-299,921	31,597,623	269,026	269,026

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of February 1, 2021	31,807,622	31,807,622
Changes during the Period		
Dividends	-209,843	-209,843
Net Income	268,871	268,871
Total Changes	59,028	59,028
Balance as of July 31, 2021	31,866,650	31,866,650

(4) Dividend Statement

(JPY)

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
I Unappropriated Retained Earnings	209,998,458	269,026,589
II Total Dividends (Dividend per Share)	209,843,602 (823)	268,997,570 (1,055)
III Retained Earnings Carried Forward	154,856	29,019

(5) Cash Flow Statement

(JPY thousand)

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Cash Flows from Operations:		
Pre-tax income	210,648	269,537
Depreciation	341,139	347,112
Amortization of expenses related to REIT establishment	2	–
Interest income	-32	-29
Interest expense	108,595	100,763
Decrease (increase) in accounts receivable	12,577	21,642
Decrease (increase) in consumption taxes receivable	287,540	–
Decrease (increase) in prepaid expenses	-46,665	40,309
Decrease (increase) in long-term prepaid expenses	57,704	56,769
Increase (decrease) in accrued consumption taxes	15,471	-35,258
Increase (decrease) in accounts payable	38,196	-10,849
Increase (decrease) in accounts payable – other	8,300	14,866
Increase (decrease) in advances received	-9,913	7,483
Increase (decrease) in rent to be reimbursed to hotel operators	-74,133	2,947
Other	-9,342	9,877
Sub-total	940,091	825,173
Interest income received	32	29
Interest expense paid	-101,099	-101,577
Income taxes paid	-609	-683
Net Cash from (Used for) Operations	838,414	722,941
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-138,353	-236,346
Receipt of tenant security deposits	–	24
Return of tenant security deposits	-85,330	-18,020
Net Cash from (Used for) Investments	-223,684	-254,343
Cash Flows from Financing:		
Proceeds from short-term loans	7,000,000	–
Repayment of short-term loans	-1,750,000	–
Repayment of long-term loans	-5,250,000	–
Proceeds from bond issuance	500,000	–
Dividends paid	-172,061	-210,348
Payments into deposits with restricted withdrawals	-500,000	–
Net Cash from (Used for) Financing	-172,061	-210,348
Net Decrease (Increase) in Cash and Cash Equivalents	442,668	258,248
Cash and Cash Equivalents at Beginning of Period	5,180,422	5,623,090
Cash and Cash Equivalents at End of Period	5,623,090	5,881,339

Rental Income Details

(JPY thousand)

	Previous Period January 2021 (August 1, 2020 to January 31, 2021)		Current Period July 2021 (February 1, 2021 to July 31, 2021)	
A Real Estate Rental Income				
Real Estate Rental Income	1,019,338	1,019,338	1,102,774	1,102,774
Other Rental Income				
Utilities Income	7,397		6,732	
Other	8,840	16,238	8,452	15,184
Total Income		1,035,576		1,117,958
B Real Estate Rental Expenses				
Rental Expenses				
Outsourcing Fees	17,487		19,234	
Utilities	7,831		8,219	
Trust Fees	8,700		8,600	
Depreciation Expense	341,139		347,112	
Repair Expenses	43,455		46,520	
Property and City Planning Taxes	108,182		115,462	
Insurance	3,195		3,286	
Other Expenses	2,102		3,659	
Total Expenses		532,095		552,094
C Net Rental Income				
(A) – (B)		503,481		565,863

Notes to Statement of Shareholders' Equity

(shares)

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Number of Authorized Shares	10,000,000	10,000,000
Number of Issued & Outstanding Shares	254,974	254,974

Notes to Cash Flow Statement

Relationship between Cash and Cash Equivalents and Items Shown on Balance Sheet

(JPY thousand)

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Cash and deposits	4,316,461	4,469,012
Cash and deposits in trust	1,806,629	1,912,326
Deposits with restricted withdrawals	-500,000	-500,000
Cash and cash equivalents	5,623,090	5,881,339

Long-Term Loan Maturity Distribution

January 2021 Fiscal Period-End

(JPY thousand)

	Within 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	Over 5 years
Short-term loans	7,000,000	–	–	–	–	–
Bonds	–	–	–	–	–	500,000
Long-term loans	–	2,250,000	9,000,000	5,220,000	–	2,000,000
Total	7,000,000	2,250,000	9,000,000	5,220,000	–	2,500,000

July 2021 Fiscal Period-End

(JPY thousand)

	Within 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	Over 5 years
Short-term loans	7,000,000	–	–	–	–	–
Long-term loans due within 1 year	450,000	–	–	–	–	–
Bonds	–	–	–	–	500,000	–
Long-term loans	–	6,300,000	6,720,000	3,000,000	2,000,000	–
Total	7,450,000	6,300,000	6,720,000	3,000,000	2,500,000	–

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (as of January 31, 2021)

(JPY thousand)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special Treatment of Interest Rate Swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	18,020,000	18,020,000	Note	—

Note: Interest rate swaps accounted under the Special Treatment of Interest Rate Swap method are accounted together with the hedging target (in this case, a long-term loan), and therefore their market values are included in the balance sheet as part of Long-Term Loans.

Current Fiscal Period (as of July 31, 2021)

(JPY thousand)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special Treatment of Interest Rate Swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	18,020,000	18,020,000	Note	—

Note: Interest rate swaps accounted under the Special Treatment of Interest Rate Swap method are accounted together with the hedging target (in this case, a long-term loan), and therefore their market values are included in the balance sheet as part of Long-Term Loans.

Notes to Rental Real Estate

Changes in book value and the period-end market value of Ichigo Hotel's hotel assets are as shown below:

(JPY thousand)

Asset Type		January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Hotel	Book value		
	Beginning of fiscal period	52,294,623	52,076,720
	Changes during fiscal period	-217,903	-12,034
	End of fiscal period	52,076,720	52,064,686
	Market value at end of fiscal period	53,499,000	53,360,000

Notes:

- 1) Book value is acquisition price less accumulated depreciation.
- 2) With respect to changes during the fiscal period, the main factor contributing to the decrease in both the January 2021 and July 2021 fiscal periods was depreciation.
- 3) Market value is the appraisal value calculated by third-party appraisers.

Major Tenants (Hotel Operators)

Previous Fiscal Period (January 2021)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Greens Co., Ltd.	251,376
Nest Hotel Japan Corporation	180,497

Current Fiscal Period (July 2021)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Greens Co., Ltd.	240,666
Nest Hotel Japan Corporation	185,950
Hakata Hotels Inc.	122,858

Per Share Information

(JPY)

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Net Assets per Share	124,748	124,979
Net Income per Share	823	1,054

Note: Net Income per Share is calculated by dividing Net Income by the average number of shares in the period. Diluted Net Income per Share is not stated, because there are no dilutive shares.

	January 2021 (August 1, 2020 to January 31, 2021)	July 2021 (February 1, 2021 to July 31, 2021)
Net Income (JPY thousand)	209,964	268,871
Net Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	209,964	268,871
Average number of shares in the period	254,974	254,974

New Share Issuances

Date	Method	Total Number of Shares		Issue Amount ¹ (JPY million)	
		Issued	Outstanding	Change	Total
August 16, 2016	Public Offering ²	115,800	254,300	17,262	31,408
September 13, 2016	Third-Party Allotment to Underwriter (Greenshoe) ³	3,284	257,584	489	31,897
December 11, 2017	Share Cancellation ⁴	-2,610	254,974	-299	31,597

¹ Issue amount excludes treasury shares.

² New shares were issued via public offering at JPY 154,537 per share (proceeds to Ichigo Hotel of JPY 149,068 per share) to procure funds for asset acquisitions.

³ New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 149,068 per share to procure funds to repay debt.

⁴ Ichigo Hotel conducted a share buyback from October 11 to November 9, 2017. Ichigo Hotel cancelled all of the shares from the buyback (2,610 shares) on December 11, 2017.

Portfolio Information

Portfolio Composition by Region (Book Value)

	Region	July 2021 Fiscal Period-End	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (<i>juekiken</i>)	Hokkaido & Tohoku	3,870	6.6
	Kanto (ex-Tokyo)	1,561	2.7
	Tokyo	9,012	15.3
	Hokuriku & Tokai	9,646	16.4
	Kinki	15,249	25.9
	Chugoku & Shikoku	9,095	15.4
	Kyushu & Okinawa	3,628	6.2
Sub-total		52,064	88.4
Deposits & Other Assets		6,865	11.6
Total Assets		58,929	100

Regions are defined as follows:

Hokkaido & Tohoku	Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima Prefectures
Kanto (ex-Tokyo)	Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, Yamanashi, Niigata, and Nagano Prefectures
Tokyo	Tokyo
Hokuriku & Tokai	Toyama, Ishikawa, Fukui, Gifu, Shizuoka, Aichi, and Mie Prefectures
Kinki	Osaka, Hyogo, Kyoto, Shiga, Nara, and Wakayama Prefectures
Chugoku & Shikoku	Tottori, Shimane, Okayama, Hiroshima, Yamaguchi, Kagawa, Tokushima, Kochi, and Ehime Prefectures
Kyushu & Okinawa	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa Prefectures

Hotel Acquisition Price, Book Value, Appraisal Value, and Portfolio Weighting

(as of July 31, 2021)

Hotel Type	Hotel No.	Hotel Name	Acquisition Price (JPY million)	Book Value (JPY million)	Appraisal Value (JPY million)	Portfolio Weighting (%)	
Lodging-Focused	001	Smile Hotel Kyoto Shijo	4,480	4,519	3,570	8.6	
	003	Hotel Wing International Nagoya	2,670	2,689	2,470	5.1	
	004	Nest Hotel Sapporo Ekimae	2,160	2,112	2,590	4.2	
	005	Chisun Inn Osaka Hommachi ¹	1,630	1,758	1,200	3.1	
	006	Comfort Hotel Hamamatsu	1,550	1,419	1,750	3.0	
	007	Hotel Wing International Kobe Shin Nagata Ekimae	1,490	1,388	1,810	2.9	
	008	Nest Hotel Sapporo Odori	1,450	1,470	1,830	2.8	
	009	The OneFive Fukuoka Tenjin	1,380	1,455	2,200	2.7	
	010	Nest Hotel Osaka Shinsaibashi	7,600	7,583	5,460	14.6	
	011	Comfort Hotel Central International Airport	5,308	5,265	5,790	10.2	
	012	Smile Hotel Tokyo Asagaya	3,910	3,915	4,240	7.5	
	015	Nest Hotel Matsuyama	1,610	1,617	1,970	3.1	
	016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,287	1,400	2.6	
	017	The OneFive Okayama	1,200	1,208	1,800	2.3	
	018	Comfort Hotel Kushiro	300	288	421	0.6	
	019	Comfort Hotel Suzuka	300	271	359	0.6	
	020	Capsule Plus Yokohama	1,490	1,561	1,310	2.9	
	021	Urbain Hiroshima Executive	1,800	1,805	2,060	3.5	
	022	Court Hotel Kurashiki	1,725	1,798	2,000	3.3	
	023	Nest Hotel Kumamoto	2,220	2,173	2,330	4.3	
	024	Valie Hotel Hiroshima	1,500	1,566	1,660	2.9	
	025	HOTEL EMIT SHIBUYA	3,700	3,809	3,960	7.1	
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	1,080	1,098	1,180	2.1	
	Total			51,913	52,064	53,360	100

¹ Rebranded and reopened as The OneFive Osaka Sakaisuji in September 2021

Hotel Location, Rent, Occupancy, and Structural Details

(as of July 31, 2021)

Hotel Type	Hotel No.	Hotel Name	Location	Land Area (m ²)	Total Floor Area (m ²)	Construction Date	Fixed Rent p.a. (JPY million)	Total Leased Area (m ²)	Total Leasable Area (m ²)	Occupancy (%)	No. of Operators/Tenants	Total No. of Guest Rooms
Lodging-Focused	001	Smile Hotel Kyoto Shijo	Kyoto	662.83	4,891.84	Jan 1991	65	4,891.84	4,891.84	100	1	144
	003	Hotel Wing International Nagoya	Nagoya	603.37	5,255.66	Oct 1984	Undisclosed	5,255.66	5,255.66	100	1	224
	004	Nest Hotel Sapporo Ekimae	Sapporo	899.01	5,734.93	Jun 1984	63	5,734.93	5,734.93	100	1	162
	005	Chisun Inn Osaka Hommachi	Osaka	596.21	3,568.32	Oct 1982	42	3,568.32	3,568.32	100	2	130
	006	Comfort Hotel Hamamatsu	Hamamatsu, Shizuoka	835.12	4,173.92	Sep 2009	110	4,173.92	4,173.92	100	1	196
	007	Hotel Wing International Kobe Shin Nagata Ekimae	Kobe	838.88	4,540.90	Jan 2008	Undisclosed	4,540.90	4,540.90	100	2	133
	008	Nest Hotel Sapporo Odori	Sapporo	812.56	5,634.88	Aug 1992	53	5,638.78	5,638.78	100	1	121
	009	The OneFive Fukuoka Tenjin	Fukuoka	788.62	1,910.94	Mar 1994	22	1,910.94	1,910.94	100	1	77
	010	Nest Hotel Osaka Shinsaibashi	Osaka	1,072.78	7,968.49	Aug 1984	131	8,057.26	8,057.26	100	1	302
	011	Comfort Hotel Central International Airport	Tokoname, Aichi	6,637.11	11,599.63	Nov 2004 Jun 2006	302	11,599.63	11,599.63	100	1	346
	012	Smile Hotel Tokyo Asagaya	Tokyo	919.72	2,732.47	Jan 1993	120	2,721.70	2,721.70	100	8	112
	015	Nest Hotel Matsuyama	Matsuyama, Ehime	1,692.01	6,671.94	Nov 1988	72	6,671.94	6,671.94	100	1	190
	016	Hotel Livemax Nihombashi-Hakozaki	Tokyo	123.54	853.00	Feb 2015	Undisclosed	853.00	853.00	100	1	48
	017	The OneFive Okayama	Okayama	986.26	5,543.70	Nov 1983	96	5,543.70	5,543.70	100	1	208
	018	Comfort Hotel Kushiro	Kushiro, Hokkaido	895.05	3,180.58	Aug 2009	36	3,180.58	3,180.58	100	1	126
	019	Comfort Hotel Suzuka	Suzuka, Mie	553.26	2,186.65	Jul 2007	30	2,186.65	2,186.65	100	1	105
	020	Capsule Plus Yokohama	Yokohama	516.22	1,183.26	Dec 1993	Undisclosed	1,183.26	1,183.26	100	1	169
	021	Urbain Hiroshima Executive	Hiroshima	693.96	2,756.20	Jun 2008	Undisclosed	2,756.20	2,756.20	100	1	171
	022	Court Hotel Kurashiki	Kurashiki, Okayama	1,031.57	3,964.19	Mar 1993	64	3,964.19	3,964.19	100	1	107
	023	Nest Hotel Kumamoto	Kumamoto	1,074.39	6,404.36	Aug 1984	52	6,404.36	6,404.36	100	2	201

Hotel Type	Hotel No.	Hotel Name	Location	Land Area (m ²)	Total Floor Area (m ²)	Construction Date	Fixed Rent p.a. (JPY million)	Total Leased Area (m ²)	Total Leasable Area (m ²)	Occupancy (%)	No. of Operators / Tenants	Total No. of Guest Rooms
	024	Valie Hotel Hiroshima	Hiroshima	1,090.97	4,332.50	Aug 1985	41	4,332.50	4,332.50	100	1	171
	025	HOTEL EMIT SHIBUYA	Tokyo	388.82	1,470.52	Jan 2018	87	1,470.52	1,470.52	100	1	72
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	Shimonoseki, Yamaguchi	978.36	5,228.95	Mar 1999	Undisclosed	5,709.35	5,709.35	100	1	238
Total			–	24,690.62	101,787.83	–	1,394	102,350.13	102,350.13	100	33	3,753

Appraisal Data

(as of July 31, 2021)

Hotel Type	Hotel No.	Hotel Name	Appraiser	Appraisal Value (JPY million)	Value via Cost Approach (JPY million)	Value (JPY million)						Appraisal NOI yield (%)	Post-Depreciation NOI Yield (%)
						Value via Direct Capitalization Method	Cap Rate (%)	Value via DCF Method	Discount Rate (%)	Terminal Cap Rate (%)	Appraisal NOI (JPY thousand)		
Lodging-Focused	001	Smile Hotel Kyoto Shijo	The Tanizawa Sogo Appraisal Co., Ltd.	3,570	3,460	3,750	4.5	3,490	4.5	4.6	186,629	4.2	3.4
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,470	2,910	2,540	4.8	2,440	4.5	4.9	136,950	5.1	4.4
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,590	1,760	2,690	5.1	2,550	4.9	5.3	160,566	7.4	6.0
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,200	1,420	1,240	4.9	1,180	4.5	4.9	70,037	4.3	3.3
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,750	1,610	1,760	5.2	1,750	5.2	5.4	100,268	6.5	4.6
	007	Hotel Wing International Kobe Shin Nagata Ekimae	The Tanizawa Sogo Appraisal Co., Ltd.	1,810	1,680	1,820	4.7	1,800	4.7 ¹ 4.8 ²	4.9	92,939	6.2	4.4
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,830	1,820	1,890	5.0	1,800	4.8	5.2	113,770	7.9	5.5
	009	The OneFive Fukuoka Tenjin	Japan Real Estate Institute	2,200	1,790	2,240	4.3	2,160	4.0	4.4	108,521	7.9	6.7
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	5,460	3,180	5,630	4.4	5,380	4.2	4.6	297,734	3.9	3.0
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,790	6,060	5,870	4.1	5,750	3.9	4.3	269,087	5.1	3.8
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,240	1,230	4,350	4.3	4,190	4.1	4.5	200,753	5.1	3.8
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,970	1,010	2,030	5.6	1,940	5.4	5.8	140,839	8.8	6.5
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,400	617	1,420	4.6	1,390	4.4	4.8	66,010	4.9	3.5
	017	The OneFive Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,800	503	1,800	5.7	1,800	5.5	5.9	123,048	10.3	7.6
018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	421	664	420	5.5	421	5.3	5.7	23,388	7.8	4.2	

Hotel Type	Hotel No.	Hotel Name	Appraiser	Appraisal Value (JPY million)	Value via Cost Approach (JPY million)	Value (JPY million)						Appraisal NOI yield (%)	Post-Depreciation NOI Yield (%)
						Value via Direct Capitalization Method	Cap Rate (%)	Value via DCF Method	Discount Rate (%)	Terminal Cap Rate (%)	Appraisal NOI (JPY thousand)		
Lodging-Focused	019	Comfort Hotel Suzuka	Daiwa Real Estate Appraisal Co., Ltd.	359	365	358	5.0	360	4.8	5.2	23,591	7.9	5.1
	020	Capsule Plus Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,310	2,100	1,360	4.8	1,290	4.4	4.8	66,122	4.4	3.8
	021	Urbain Hiroshima Executive	Daiwa Real Estate Appraisal Co., Ltd.	2,060	1,340	2,070	5.3	2,060	5.1	5.5	112,714	6.3	4.6
	022	Court Hotel Kurashiki	The Tanizawa Sogo Appraisal Co., Ltd.	2,000	1,860	2,070	5.1	1,970	5.1	5.2	124,156	7.2	5.9
	023	Nest Hotel Kumamoto	The Tanizawa Sogo Appraisal Co., Ltd.	2,330	2,290	2,420	5.4	2,290	5.4	5.5	150,805	6.8	5.0
	024	Valie Hotel Hiroshima	The Tanizawa Sogo Appraisal Co., Ltd.	1,660	1,570	1,740	5.0	1,630	5.0	5.1	105,612	7.0	4.2
	025	HOTEL EMIT SHIBUYA	The Tanizawa Sogo Appraisal Co., Ltd.	3,960	3,720	4,110	3.6	3,900	3.6	3.7	153,242	4.1	3.7
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	The Tanizawa Sogo Appraisal Co., Ltd.	1,180	1,120	1,230	4.9	1,160	4.9 ¹ 5.0 ²	5.1	79,418	7.4	4.5
Total/Average				53,360	44,079	54,808	4.7	52,701	–	–	2,906,208	5.6	4.3

¹ From first to eighth year

² From ninth year onwards

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in July 2021 Fiscal Period		Total Leased Area	
			(JPY million)	Ratio (%) ¹	(m ²)	Ratio (%)
Nest Hotel Japan Corporation	Hotel Operation	Nest Hotel Sapporo Ekimae Nest Hotel Sapporo Odori Nest Hotel Osaka Shinsaibashi Nest Hotel Matsuyama Nest Hotel Kumamoto	185	19.6	32,141.34	31.4
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Kushiro Comfort Hotel Suzuka	240	25.4	21,140.78	20.7
Hakata Hotels Inc.	Hotel Operation	Chisun Inn Osaka Hommachi The OneFive Fukuoka Tenjin The OneFive Okayama HOTEL EMIT SHIBUYA	122	13.0	12,304.78	12.0

Note: Covers operators occupying more than 10% of total leasable area

¹ Operator fixed rent as percentage of total portfolio fixed rent

Individual Hotel Financials

(JPY thousand)

Hotel No.		001	004	005	006	008	009
Hotel Name	Total	Smile Hotel Kyoto Shijo	Nest Hotel Sapporo Ekimae	Chisun Inn Osaka Hommachi ¹	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori	The OneFive Fukuoka Tenjin
(A) Rental Income	1,117,958	30,744	31,129	2,828	55,361	27,072	14,062
Fixed Rent	947,031	30,744	31,129	2,828	55,361	27,072	14,062
Variable Rent ³	126,577	–	–	–	–	–	–
Other Rent	44,348	–	–	–	–	–	–
(B) Rental Expenses	204,982	7,467	9,218	15,309	3,641	10,948	6,370
Outsourcing Fees	19,234	600	600	2,831	600	600	600
Insurance	3,286	151	177	113	114	190	63
Repair Expenses	46,520	1,451	3,062	8,815	268	1,601	1,987
Taxes	115,462	4,905	4,953	3,161	2,387	8,127	3,355
Other Expenses	20,478	359	424	386	271	429	364
(C) NOI (A) - (B)	912,975	23,276	21,910	-12,481	51,719	16,123	7,692
(D) Depreciation	347,112	16,559	16,030	7,818	14,744	17,287	8,065
(E) Net Rental Income (C) - (D)	565,863	6,717	5,880	-20,299	36,975	-1,163	-373

(JPY thousand)

Hotel No.	010	011	012	015	017	015	019
Hotel Name	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Central International Airport	Smile Hotel Tokyo Asagaya ¹	Nest Hotel Matsuyama	The OneFive Okayama	Nest Hotel Matsuyama	Comfort Hotel Suzuka
(A) Rental Income	66,291	151,441	61,603	36,323	61,227	18,419	15,442
Fixed Rent	66,291	151,441	61,603	36,323	61,227	18,419	15,442
Variable Rent ³	–	–	–	–	–	–	–
Other Rent	–	–	–	–	–	–	–
(B) Rental Expenses	17,612	14,061	9,197	10,451	7,035	5,464	4,114
Outsourcing Fees	1,200	570	2,442	720	600	900	540
Insurance	279	323	99	227	167	95	55
Repair Expenses	1,633	111	2,578	4,678	2,097	48	1,374
Taxes	14,088	12,600	3,665	4,397	3,732	4,009	1,733
Other Expenses	411	455	410	429	438	411	411
(C) NOI (A) - (B)	48,678	137,380	52,405	25,871	54,192	12,955	11,328
(D) Depreciation	34,332	34,905	26,773	18,135	15,771	5,426	4,145
(E) Net Rental Income (C) - (D)	14,346	102,474	25,632	7,736	38,420	7,528	7,182

(JPY thousand)

Hotel No.	022	023	024	025	Other ¹
Hotel Name	Court Hotel Kurashiki	Nest Hotel Kumamoto ¹	Valie Hotel Hiroshima	HOTEL EMIT SHIBUYA	
(A) Rental Income	31,665	25,134	145,079	47,568	296,561
Fixed Rent	31,665	25,134	17,934	47,568	252,780
Variable Rent ³	–	–	126,545	–	32
Other Rent	–	–	600	–	43,748
(B) Rental Expenses	9,074	8,324	6,391	6,201	54,095
Outsourcing Fees	600	790	720	600	3,720
Insurance	118	210	151	70	674
Repair Expenses	3,907	2,218	1,080	507	9,097
Taxes	4,083	4,691	4,071	4,653	26,843
Other Expenses	363	411	369	369	13,759
(C) NOI (A) - (B)	22,591	16,810	138,687	41,366	242,465
(D) Depreciation	11,248	19,455	21,057	7,699	67,654
(E) Net Rental Income (C) - (D)	11,342	-2,644	117,630	33,666	174,811

Note 1: Hotel-operator rental income for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Capsule Plus Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Shimonoseki Eki Nishi, and retail-tenant rental income for Chisun Inn Osaka Hommachi, Smile Hotel Tokyo Asagaya, and Nest Hotel Kumamoto are included in Other, as the operators did not provide consent to disclose the data. The NOI and Depreciation of hotels included in Other are as shown below.

(JPY thousand)

	Hotel Wing International Nagoya	Hotel Wing International Kobe Shin Nagata Ekimae	Hotel Livemax Nihombashi-Hakozaki	Capsule Plus Yokohama	Urbain Hiroshima Executive	Washington Hotel Plaza Shimonoseki Eki Nishi
NOI	52,713	45,255	32,823	-10,645	57,271	38,615
Depreciation	9,981	13,562	9,106	4,482	14,882	15,639

Individual Hotel Operating Results

ADR = Average Daily Rate

RevPAR = Revenue per Available Room

GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	34.5	26.6	34.6	56.2	47.8	19.0	23.3	40.4	24.4	15.9	22.4	41.7	32.3
ADR (JPY)	2,997	3,290	3,072	5,904	3,158	2,882	2,656	3,976	3,292	2,966	2,340	2,729	3,489
RevPAR (JPY)	1,034	877	1,062	3,317	1,509	546	619	1,608	803	470	524	1,139	1,127
Revenue (JPY million)	5	4	5	15	7	3	3	7	4	2	2	5	62
GOP (JPY million)	-5	-4	-3	6	-1	-5	-4	-1	-4	-5	-3	-3	-32

003 Hotel Wing International Nagoya

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	18.3	25.6	32.5	48.2	35.6	26.8	23.0	42.4	56.0	34.4	36.2	46.8	35.5
ADR (JPY)	4,265	4,468	4,523	4,728	4,471	4,085	4,179	4,143	3,613	3,705	3,562	3,965	4,115
RevPAR (JPY)	781	1,146	1,468	2,280	1,591	1,093	960	1,755	2,025	1,276	1,289	1,857	1,462
Revenue (JPY million)	6	9	11	17	12	9	7	14	16	10	10	14	134
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

004 Nest Hotel Sapporo Ekimae

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	96.9	98.1	96.9	87.2	58.1	50.7	84.1	94.5	93.2	81.0	77.2	94.3	84.3
ADR (JPY)	4,464	4,521	4,516	4,009	3,553	3,607	3,667	3,618	3,518	3,764	3,396	4,682	3,994
RevPAR (JPY)	4,326	4,435	4,374	3,496	2,065	1,830	3,085	3,419	3,279	3,049	2,622	4,414	3,367
Revenue (JPY million)	26	28	28	21	12	11	18	21	20	18	16	32	250
GOP (JPY million)	6	8	8	4	-2	-3	2	3	2	2	-	13	43

005 Chisun Inn Osaka Hommachi

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: The operator did not give consent to disclose GOP.

Note 2: Rebranded and reopened on September 1, 2021.

*Temporarily closed since April 17, 2020.

006 Comfort Hotel Hamamatsu

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	39.8	41.1	45.0	48.8	43.4	37.4	40.7	54.1	55.3	48.8	43.6	60.6	46.6
ADR (JPY)	4,647	4,806	4,956	5,260	4,929	5,136	5,051	4,906	4,821	5,052	4,696	4,789	4,917
RevPAR (JPY)	1,849	1,975	2,229	2,566	2,139	1,920	2,055	2,654	2,665	2,464	2,046	2,905	2,291
Revenue (JPY million)	11	12	14	15	13	12	11	16	16	15	12	18	164
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

007 Hotel Wing International Kobe Shin Nagata Ekimae

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	31.6	43.8	48.6	59.0	51.7	39.0	52.3	52.3	33.3	31.5	41.9	37.8	43.5
ADR (JPY)	6,463	6,568	6,735	7,734	7,388	6,669	6,236	6,969	6,578	6,309	7,305	8,048	6,961
RevPAR (JPY)	2,042	2,876	3,272	4,561	3,819	2,603	3,262	3,648	2,188	1,985	3,059	3,041	3,026
Revenue (JPY million)	10	13	15	21	17	12	14	18	10	9	14	14	166
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

008 Nest Hotel Sapporo Odori

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.2	92.3	89.8	67.6	38.9	31.7	47.3	67.0	75.9	58.2	58.7	79.3	68.6
ADR (JPY)	4,691	4,545	4,260	4,101	3,834	4,004	3,681	3,551	3,473	4,068	3,405	4,540	4,092
RevPAR (JPY)	4,325	4,197	3,825	2,773	1,491	1,270	1,740	2,378	2,635	2,367	1,997	3,601	2,806
Revenue (JPY million)	18	18	17	12	7	3	6	10	12	11	9	19	141
GOP (JPY million)	3	3	1	-	-3	-5	-2	-1	-1	-1	-3	5	-4

Note: Temporarily closed from January 17, 2021 and reopened on February 8, 2021. January and February 2021 data reflect data for the period during which the hotel was open.

009 The OneFive Fukuoka Tenjin

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	25.4	24.1	76.2	95.0	86.3	68.2	78.5	97.3	97.0	83.3	87.3	98.1	76.4
ADR (JPY)	4,099	4,535	2,699	3,563	3,296	2,421	2,415	2,804	2,903	2,626	2,349	2,941	2,913
RevPAR (JPY)	1,042	1,094	2,055	3,384	2,845	1,652	1,895	2,729	2,816	2,188	2,051	2,885	2,225
Revenue (JPY million)	3	3	4	9	8	5	5	7	7	6	6	8	73
GOP (JPY million)	-2	-3	-4	1	-	-3	-2	1	-	-1	-2	2	-14

Note: Rebranded and reopened on October 10, 2020.

010 Nest Hotel Osaka Shinsaibashi

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	23.5	8.7	6.9	-	-	9.8	-	-	-	11.1
ADR (JPY)	-	-	-	4,309	3,380	3,599	-	-	3,362	-	-	-	3,726
RevPAR (JPY)	-	-	-	1,013	294	249	-	-	331	-	-	-	415
Revenue (JPY million)	2	2	2	6	5	3	2	2	3	2	2	2	31
GOP (JPY million)	-1	-2	-2	-	-3	-3	-2	-1	-2	-2	-2	-2	-21

Note: Temporarily closed from April 17, 2020 through November 18, 2020, January 13, 2021 through March 31, 2021, and April 18, 2021 through August 5, 2021. November 2020, January 2021, and April 2021 data reflect data for the period during which the hotel was open.

011 Comfort Hotel Central International Airport

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	26.2	34.6	39.6	51.3	39.0	32.8	28.5	43.5	33.6	33.2	40.6	51.7	37.9
ADR (JPY)	7,356	7,233	7,697	8,841	7,731	6,864	7,646	7,080	6,838	6,947	6,958	6,680	7,347
RevPAR (JPY)	1,927	2,501	3,045	4,540	3,018	2,250	2,180	3,078	2,296	2,303	2,823	3,452	2,786
Revenue (JPY million)	21	27	34	49	33	25	22	34	24	25	30	38	363
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

012 Smile Hotel Tokyo Asagaya

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	75.5	78.5	83.6	90.8	92.1	83.6	93.8	96.5	98.2	93.4	97.4	99.0	90.2
ADR (JPY)	4,602	4,634	5,133	5,629	5,161	4,571	5,806	5,326	4,853	4,034	4,232	5,429	4,956
RevPAR (JPY)	3,473	3,637	4,289	5,113	4,755	3,822	5,447	5,140	4,767	3,767	4,121	5,373	4,468
Revenue (JPY million)	13	13	15	18	17	14	18	18	17	13	14	19	188
GOP (JPY million)	4	4	6	8	7	4	8	8	6	4	6	9	74

015 Nest Hotel Matsuyama

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	62.3	65.6	75.3	78.5	57.8	41.8	52.6	73.4	44.9	32.1	54.0	68.2	58.9
ADR (JPY)	4,273	4,454	4,714	5,493	4,607	4,402	4,074	4,406	4,161	4,504	3,887	4,428	4,497
RevPAR (JPY)	2,660	2,921	3,550	4,310	2,661	1,840	2,144	3,234	1,870	1,446	2,100	3,019	2,649
Revenue (JPY million)	19	21	26	29	19	13	13	23	13	11	15	24	224
GOP (JPY million)	2	4	8	13	5	-	1	7	-1	-1	1	7	46

016 Hotel Livemax Nihombashi-Hakozaki

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose operating results.

017 The OneFive Okayama

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	55.5	-	54.0	87.8	93.2	58.8	68.0	96.2	96.0	88.6	90.8	96.2	80.5
ADR (JPY)	4,421	-	2,127	3,035	2,868	2,825	2,470	2,736	2,618	2,533	2,334	3,042	2,796
RevPAR (JPY)	2,453	-	1,148	2,664	2,674	1,661	1,678	2,632	2,514	2,244	2,119	2,927	2,250
Revenue (JPY million)	17	-	7	17	17	11	10	17	17	15	14	20	162
GOP (JPY million)	-	-	-6	7	6	-4	-1	4	4	-	2	6	17

Note 1: Rebranded and reopened on October 1, 2020.

Note 2: The previous operator did not give consent to disclose GOP before October 2020.

018 Comfort Hotel Kushiro

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	87.0	87.2	86.3	58.9	48.6	51.9	63.8	66.5	51.0	47.4	59.4	86.6	66.3
ADR (JPY)	5,918	5,808	5,356	4,804	4,152	4,289	4,701	4,547	4,706	5,398	4,904	6,104	5,175
RevPAR (JPY)	5,148	5,063	4,624	2,829	2,018	2,227	2,998	3,024	2,400	2,558	2,911	5,286	3,429
Revenue (JPY million)	21	20	19	11	8	9	11	13	10	11	12	22	167
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

019 Comfort Hotel Suzuka

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	49.7	46.3	56.4	58.1	58.2	41.6	49.5	59.5	43.7	37.5	52.4	67.5	51.7
ADR (JPY)	5,118	4,469	5,570	5,114	5,466	4,391	4,658	4,951	5,354	4,854	4,552	5,388	5,028
RevPAR (JPY)	2,543	2,067	3,140	2,971	3,184	1,828	2,305	2,947	2,341	1,822	2,386	3,638	2,602
Revenue (JPY million)	8	7	10	9	10	6	7	10	7	6	8	12	101
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

020 Capsule Plus Yokohama

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: The operator did not give consent to disclose operating results.

Note 2: Rebranded and reopened on March 1, 2021.

021 Urbain Hiroshima Executive

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	14.9	0.6	29.6	45.0	12.2	100	100	9.5	12.7	11.6	3.0	8.6	31.7
ADR (JPY)	5,795	1,900	5,500	5,589	5,240	7,728	7,728	5,161	5,229	5,993	5,419	5,453	6,796
RevPAR (JPY)	866	11	1,626	2,518	638	7,728	7,728	493	663	698	164	468	2,155
Revenue (JPY million)	2	-	9	13	3	41	37	3	3	4	1	2	118
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The operator did not give consent to disclose GOP.

022 Court Hotel Kurashiki

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	33.1	44.9	49.5	26.3	20.3	32.5	41.8	23.0	29.0	46.9	31.8	34.5
ADR (JPY)	-	7,371	7,033	8,677	6,413	4,836	4,994	6,838	5,888	5,805	4,826	6,318	6,431
RevPAR (JPY)	-	2,441	3,159	4,295	1,690	984	1,624	2,861	1,355	1,683	2,266	2,008	2,216
Revenue (JPY million)	-	9	13	18	7	4	6	12	6	6	9	8	99
GOP (JPY million)	-4	2	4	7	-	-3	-1	4	-1	-	2	1	11

023 Nest Hotel Kumamoto

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	49.1	54.6	53.8	73.4	80.3	69.7	54.7	74.0	67.8	59.1	58.0	72.3	64.0
ADR (JPY)	3,403	3,916	3,699	4,322	3,762	3,467	3,671	3,683	3,763	3,892	3,607	3,777	3,757
RevPAR (JPY)	1,671	2,140	1,991	3,172	3,020	2,415	2,010	2,726	2,553	2,302	2,091	2,729	2,404
Revenue (JPY million)	12	15	14	21	21	17	13	19	17	16	14	20	197
GOP (JPY million)	1	3	3	9	8	5	2	7	6	4	2	5	55

024 Valie Hotel Hiroshima

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	–	24.4	43.6	45.3	23.6	14.8	77.8	100	100	100	100	100	68.0
ADR (JPY)	–	4,898	3,561	5,344	3,931	3,442	7,614	7,500	7,504	7,522	7,500	7,500	6,884
RevPAR (JPY)	–	1,195	1,552	2,423	927	511	5,923	7,500	7,504	7,522	7,500	7,500	4,684
Revenue (JPY million)	–	3	8	13	5	3	28	40	41	46	40	40	267
GOP (JPY million)	-4	-3	2	5	–	-2	19	30	29	26	28	32	162

Note: Temporarily closed from May 10, 2020 and reopened on September 15, 2020. August 2020 and September 2020 data reflect data for the period during which the hotel was open.

025 HOTEL EMIT SHIBUYA

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	98.5	98.2	99.1	98.8	98.8	68.7	68.8	99.5	98.1	99.0	99.4	99.3	94.0
ADR (JPY)	3,611	3,861	5,022	5,248	5,798	3,546	4,982	4,745	4,417	3,362	4,074	5,051	4,487
RevPAR (JPY)	3,558	3,793	4,979	5,187	5,728	2,437	3,430	4,720	4,331	3,327	4,051	5,015	4,218
Revenue (JPY million)	8	8	11	11	13	5	7	11	9	7	9	11	111
GOP (JPY million)	-3	-1	2	3	5	-3	–	3	1	-3	–	2	6

026 Washington Hotel Plaza Shimonoseki Eki Nishi

	2020					2021							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	–	–	–	–	–	–	–	–	–	–	–	–	–
ADR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
RevPAR (JPY)	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenue (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

Note: The operator did not give consent to disclose operating results.

Portfolio Weighting & NOI Yield by Region

Region	Number of Hotels	Acquisition Price (JPY million)	Portfolio Weighting (%)	Average Appraisal NOI Yield (%)
Hokkaido & Tohoku	3	3,910	7.5	7.6
Kanto (ex-Tokyo)	1	1,490	2.9	4.4
Tokyo	3	8,970	17.3	4.7
Hokuriku & Tokai	4	9,828	18.9	5.4
Kinki	4	15,200	29.3	4.3
Chugoku & Shikoku	6	8,915	17.2	7.7
Kyushu & Okinawa	2	3,600	6.9	7.2
Total	23	51,913	100	5.6

Major Capital Expenditures

a. Major Planned Capital Expenditures

Hotel Name	Location	Purpose	Timing	Forecast Expenditure (JPY million)
The OneFive Fukuoka Tenjin	Fukuoka	Guest room conversions on the ground floor	Mar 2022	90
The OneFive Okayama	Okayama	Upgrade external air conditioning unit	Jul 2022	35
Court Hotel Kurashiki	Kurashiki, Okayama	Guest room renovation	Jul 2022	30
Court Hotel Kurashiki	Kurashiki, Okayama	Renovation for reopening	Dec 2021	30
Nest Hotel Kumamoto	Sapporo, Hokkaido	Guest room renovation	Dec 2021	30

b. Major Capital Expenditures Completed during the July 2021 Fiscal Period

Capital expenditure totaled JPY 335 million during the July 2021 Fiscal Period comprising a total JPY 381 million of construction work, including JPY 46 million of repair work expensed during the period.

Hotel Name	Location	Purpose	Timing	Expenditure (JPY million)
Capsule Plus Yokohama	Yokohama	Renovation for reopening	Feb – Jul 2021	69
Chisun Inn Osaka Hommachi	Osaka	Renovation for reopening	May – Jul 2021	39
Court Hotel Kurashiki	Okayama	Renovation	Mar – Apr 2021	18
Nest Hotel Sapporo Odori	Sapporo, Hokkaido	Upgrade fire alarm systems	Apr 2021	16
Court Hotel Kushiro	Kushiro, Hokkaido	Repair cracks on ground floor eaves on the west side of the building	May 2021	3