



**Make The World
More Sustainable**

[Provisional Translation Only]

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

March 30, 2023

Issuer

Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel,” 3463)

1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo

Representative: Eriko Ishii, Executive Director

www.ichigo-hotel.co.jp/en

Asset Management Company

Ichigo Investment Advisors Co., Ltd.

Representative: Hiroshi Iwai, President

Inquiries: Hidehito Iwasaka, Head of Ichigo Hotel

Tel: +81-3-3502-4892

Correction: January 2023 Fiscal Period Earnings

Ichigo Hotel is making corrections to its January 2023 fiscal period earnings announced on March 16, 2023.

As part of the new share issuance cancellation announced in the March 28, 2023 release “Cancellation of Issuance of New Shares and Secondary Share Offering, New Loan, and Acquisitions of Five Hotel Assets,” Ichigo Hotel is cancelling the borrowing of funds described in the release “New Loan” and the asset acquisition described in the release “Acquisition of Five Hotel Assets,” both announced on March 16, 2023. Ichigo Hotel is also making revisions to the preconditions for its July 2023 and January 2024 fiscal period earnings forecasts.

Ichigo Hotel has underlined the corrections made in the corrected “January 2023 Fiscal Period Earnings” release, as attached.

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March 16, 2023

January 2023 Fiscal Period Earnings

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

Representative: Eriko Ishii, Executive Director

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Telephone: +81-3-3502-4892

Submission of Financial Report (*Yuka Shoken Hokokusho*): April 27, 2023 (expected)

Dividend Payment: April 21, 2023 (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 January 2023 Fiscal Period (August 1, 2022 to January 31, 2023)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2023	<u>1,537</u>	<u>+23.1%</u>	<u>781</u>	<u>+37.9%</u>	<u>572</u>	<u>+57.9%</u>	<u>571</u>	<u>+58.0%</u>
July 2022	1,248	+10.9%	566	+20.1%	362	+32.1%	361	+5.4%

	Net Income per Share (JPY)	Return on Equity (6 months)	Recurring Profit to Total Assets (6 months)	Recurring Profit to Operating Revenue
January 2023	<u>2,240</u>	1.8%	1.0%	<u>37.2%</u>
July 2022	1,417	1.1%	0.6%	29.0%

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)
January 2023	<u>2,240</u>	<u>571</u>	—	—	100.0%	1.8%
July 2022	1,418	361	—	—	100.1%	1.1%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
January 2023	<u>59,766</u>	<u>32,168</u>	53.8%	<u>126,165</u>
July 2022	59,356	31,959	53.8%	125,342

(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
January 2023	937	-2,475	-361	3,748
July 2022	726	-928	-342	5,647

2. Earnings Forecasts for the July 2023 Fiscal Period (February 1, 2023 to July 31, 2023) and January 2024 Fiscal Period (August 1, 2023 to January 31, 2024)

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2023	<u>1,400</u>	<u>-8.9%</u>	<u>655</u>	<u>-16.1%</u>	<u>402</u>	<u>-29.6%</u>	<u>401</u>	<u>-29.7%</u>
January 2024	<u>1,559</u>	<u>+11.3%</u>	<u>782</u>	<u>+19.3%</u>	<u>495</u>	<u>+23.0%</u>	<u>494</u>	<u>+23.0%</u>

(JPY)

	Dividend per Share	Dividend per Share in Excess of Earnings
July 2023	<u>1,576</u>	—
January 2024	<u>1,938</u>	—

Note: Forecast Net Income per Share is JPY 1,575 (+11.2% year-on-year) and JPY 1,938 (-13.5% year-on-year), respectively, for the July 2023 and January 2024 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 July 31, 2022 and January 31, 2023.

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 July 2023 Earnings Forecast” on page 5 and “Preconditions for the January 2024 Earnings Forecast” on page 8.

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Earnings Forecasts

Earnings Forecast for the July 2023 Fiscal Period (February 1, 2023 to July 31, 2023)

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

Operating Revenue	<u>JPY 1,400 million</u>
Operating Profit	<u>JPY 655 million</u>
Recurring Profit	<u>JPY 402 million</u>
Net Income	<u>JPY 401 million</u>
Dividend per Share	<u>JPY 1,576</u>
Dividend in Excess of Earnings	—

Earnings Forecast for the January 2024 Fiscal Period (August 1, 2023 to January 31, 2024)

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

Operating Revenue	<u>JPY 1,559 million</u>
Operating Profit	<u>JPY 782 million</u>
Recurring Profit	<u>JPY 495 million</u>
Net Income	<u>JPY 494 million</u>
Dividend per Share	<u>JPY 1,938</u>
Dividend in Excess of Earnings	—

Preconditions for the July 2023 Earnings Forecast

	Preconditions																																														
Period	<ul style="list-style-type: none"> February 1, 2023 to July 31, 2023 (181 days) 																																														
Number of Hotels	<ul style="list-style-type: none"> <u>25 hotels as of the date of this report</u> 																																														
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" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>July 2023 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy³</td> <td style="text-align: right;"><u>80.3%</u></td> </tr> <tr> <td>ADR⁴</td> <td style="text-align: right;"><u>JPY 6,759</u></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 <u>17</u> variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Wing International Nagoya, Nest Hotel Sapporo Ekimae, The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Sapporo Odori, The OneFive Fukuoka Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, The OneFive Okayama, Capsule Plus Yokohama, The OneFive Garden Kurashiki, Nest Hotel Kumamoto, Valie Hotel Hiroshima, The OneFive Tokyo Shibuya, and Smile Hotel Nagano. 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 July 2023 Rental Income Forecast by Hotel</u></p> <p style="text-align: right;">(JPY million)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <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 style="text-align: right;">30</td> <td style="text-align: center;">–</td> <td style="text-align: right;">30</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td style="text-align: right;">31</td> <td style="text-align: right;">61</td> <td style="text-align: right;">92</td> </tr> <tr> <td>The OneFive Osaka Sakaisuji</td> <td style="text-align: right;">11</td> <td style="text-align: right;">11</td> <td style="text-align: right;">23</td> </tr> <tr> <td>Comfort Hotel Hamamatsu</td> <td style="text-align: right;">55</td> <td style="text-align: center;">–</td> <td style="text-align: right;">55</td> </tr> <tr> <td>Nest Hotel Sapporo Odori</td> <td style="text-align: right;">27</td> <td style="text-align: right;">42</td> <td style="text-align: right;">69</td> </tr> <tr> <td>The OneFive Fukuoka Tenjin</td> <td style="text-align: right;">34</td> <td style="text-align: right;">9</td> <td style="text-align: right;">43</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td style="text-align: right;">66</td> <td style="text-align: right;">16</td> <td style="text-align: right;">82</td> </tr> <tr> <td>Comfort Hotel Central International Airport</td> <td style="text-align: right;">151</td> <td style="text-align: center;">–</td> <td style="text-align: right;">151</td> </tr> <tr> <td>Smile Hotel Tokyo Asagaya</td> <td style="text-align: right;">61</td> <td style="text-align: right;">26</td> <td style="text-align: right;">87</td> </tr> </tbody> </table>		July 2023 Fiscal Period	Occupancy ³	<u>80.3%</u>	ADR ⁴	<u>JPY 6,759</u>	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	30	–	30	Nest Hotel Sapporo Ekimae	31	61	92	The OneFive Osaka Sakaisuji	11	11	23	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	27	42	69	The OneFive Fukuoka Tenjin	34	9	43	Nest Hotel Osaka Shinsaibashi	66	16	82	Comfort Hotel Central International Airport	151	–	151	Smile Hotel Tokyo Asagaya	61	26	87
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	Nest Hotel Matsuyama	36	37	74
	The OneFive Okayama	61	–	62
	Comfort Hotel Kushiro	18	–	18
	Comfort Hotel Suzuka	15	–	15
	The OneFive Garden Kurashiki	9	23	33
	Nest Hotel Kumamoto	25	23	48
	Valie Hotel Hiroshima	12	56	69
	The OneFive Tokyo Shibuya	47	17	65
	Hotel Sunshine Utsunomiya	57	–	57
	Other ¹	219	58	277
	Total	<u>972</u>	<u>385</u>	<u>1,358</u>
	<p>¹ Figures for 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, and Smile Hotel Nagano are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.</p> <ul style="list-style-type: none"> • Retail: <u>JPY 26 million</u> of rental income from retail tenants at The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Smile Hotel Tokyo Asagaya, and Hotel Sunshine Utsunomiya. 			
Operating Expenses	<ul style="list-style-type: none"> • Depreciation: <u>JPY 378 million</u>. Depreciation has been calculated using the straight-line method. • Property and city planning taxes: JPY 127 million. • Building maintenance and repair expenses are based on what Ichigo Investment Advisors, the asset management company of Ichigo Hotel, estimates will be necessary for each hotel during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc. • Rental expenses, Ichigo Hotel’s principal operating expense (other than depreciation, see above), are calculated based on historical data adjusted for anticipated expense variations. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors. • SG&A expenses: JPY 1 million for engineering report costs and JPY 0.5 million for environment certification costs. 			
Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses: <u>JPY 251 million</u> • <u>Amortization of bond issuance expenses: JPY 1 million</u> 			
Borrowings	<ul style="list-style-type: none"> • Total borrowings: <u>JPY 26.34 billion as of July 31, 2023, including loans and bonds.</u> 			
Number of Shares	<ul style="list-style-type: none"> • <u>254,974 shares issued and outstanding as of the date of this report</u> • The forecast assumes there will be no additional new shares issued through July 31, 2023 			

Dividend	<ul style="list-style-type: none"> • The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel’s Articles of Incorporation. • The dividend is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with operator turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.
Dividend in Excess of Earnings	<ul style="list-style-type: none"> • Ichigo Hotel does not plan on paying any Dividend in Excess of Earnings.
Other	<ul style="list-style-type: none"> • This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions. • Given ongoing Covid uncertainty, these earnings forecasts are subject to change.

Preconditions for the January 2024 Earnings Forecast

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Period	• August 1, 2023 to January 31, 2024 (184 days)																																										
Number of Hotels	• <u>25 hotels as of the date of this report</u>																																										
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 2024 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy³</td> <td><u>84.6%</u></td> </tr> <tr> <td>ADR⁴</td> <td><u>JPY 7,281</u></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 <u>17</u> variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Wing International Nagoya, Nest Hotel Sapporo Ekimae, The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Sapporo Odori, The OneFive Fukuoka Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, The OneFive Okayama, Capsule Plus Yokohama, The OneFive Garden Kurashiki, Nest Hotel Kumamoto, Valie Hotel Hiroshima, The OneFive Tokyo Shibuya, and Smile Hotel Nagano. 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 2024 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>7</td> <td>41</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>32</td> <td>62</td> <td>94</td> </tr> <tr> <td>The OneFive Osaka Sakaisuji</td> <td>17</td> <td>14</td> <td>31</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>43</td> <td>69</td> </tr> <tr> <td>The OneFive Fukuoka Tenjin</td> <td>40</td> <td>21</td> <td>62</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>40</td> <td>21</td> <td>62</td> </tr> <tr> <td>Comfort Hotel Central International Airport</td> <td>151</td> <td>–</td> <td>151</td> </tr> </tbody> </table>		January 2024 Fiscal Period	Occupancy ³	<u>84.6%</u>	ADR ⁴	<u>JPY 7,281</u>	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	7	41	Nest Hotel Sapporo Ekimae	32	62	94	The OneFive Osaka Sakaisuji	17	14	31	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	26	43	69	The OneFive Fukuoka Tenjin	40	21	62	Nest Hotel Osaka Shinsaibashi	40	21	62	Comfort Hotel Central International Airport	151	–	151
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	Comfort Hotel Suzuka	15	–	15
	The OneFive Garden Kurashiki	18	56	75
	Nest Hotel Kumamoto	27	39	67
	Valie Hotel Hiroshima	22	22	44
	The OneFive Tokyo Shibuya	44	26	71
	Hotel Sunshine Utsunomiya	57	–	57
	Other ¹	220	84	304
	Total	<u>1,016</u>	<u>498</u>	<u>1,514</u>
	<p>¹ Figures for 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, and Smile Hotel Nagano are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.</p> <ul style="list-style-type: none"> • Retail: <u>JPY 28 million</u> of rental income from retail tenants at The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Smile Hotel Tokyo Asagaya, and Hotel Sunshine Utsunomiya. 			
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Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses: <u>JPY 286 million</u> • <u>Amortization of bond issuance expenses: JPY 1 million</u> 			
Borrowings	<ul style="list-style-type: none"> • Total borrowings: <u>JPY 26.34 billion as of January 31, 2024, based on the assumption that JPY 4.5 billion of long-term borrowing due August 31, 2023, JPY 7 billion of short-term borrowing due November 30, 2023, and JPY 1.8 billion of short-term borrowing due January 31, 2024 will be refinanced.</u> 			

Number of Shares	<ul style="list-style-type: none"> • <u>254,974 shares issued and outstanding as of the date of this report</u> • The forecast assumes there will be no additional new shares issued through January 31, 2024.
Dividend	<ul style="list-style-type: none"> • The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel's Articles of Incorporation. • The dividend is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with operator turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.
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Financial Statements
(1) Balance Sheet

(JPY thousand)

	July 2022 (as of July 31, 2022)	January 2023 (as of January 31, 2023)
Assets		
Current Assets		
Cash and cash equivalents	4,583,818	2,545,733
Cash and cash equivalents in trust	1,933,753	2,072,880
Accounts receivable	165,394	<u>254,642</u>
Prepaid expenses	128,285	150,420
Consumption taxes receivable	–	<u>22,338</u>
Total Current Assets	6,811,251	<u>5,046,015</u>
Fixed Assets		
Property, Plant, and Equipment		
Buildings	19,098,999	19,915,411
Depreciation	-3,438,118	<u>-3,780,423</u>
Buildings (net)	<u>15,660,880</u>	<u>16,134,988</u>
Structures	26,426	30,521
Depreciation	-4,595	<u>-5,503</u>
Structures (net)	<u>21,831</u>	<u>25,018</u>
Machinery and equipment	112,888	114,450
Depreciation	-37,349	<u>-44,122</u>
Machinery and equipment (net)	<u>75,539</u>	<u>70,327</u>
Fixtures	369,044	391,091
Depreciation	-180,471	<u>-203,664</u>
Fixtures (net)	<u>188,572</u>	<u>187,426</u>
Land	36,498,409	38,122,076
Buildings under construction	8,019	115,808
Total Property, Plant, and Equipment	52,453,253	<u>54,655,646</u>
Investments and Other Assets		
Leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	73,608	47,128
Total Investments and Other Assets	83,608	57,128
Total Fixed Assets	52,536,862	<u>54,712,774</u>
Capitalized Expenses		
Bond issuance expenses	8,850	7,778
Total Capitalized Expenses	8,850	7,778
Total Assets	59,356,965	<u>59,766,569</u>

(JPY thousand)

	July 2022 (as of July 31, 2022)	January 2023 (as of January 31, 2023)
Liabilities		
Current Liabilities		
Accounts payable	137,883	243,236
Short-term loans	7,450,000	9,250,000
Long-term loans (due within one year)	6,300,000	9,000,000
Accounts payable – other	89,184	<u>168,096</u>
Accrued expenses	12,589	11,723
Income taxes payable	926	<u>969</u>
Consumption taxes payable	13,535	9,781
Advances received	77,454	79,162
Rent to be reimbursed to hotel operators	9,322	–
Other	3,894	3,878
Total Current Liabilities	<u>14,094,791</u>	<u>18,766,848</u>
Long-Term Liabilities		
Bonds	870,000	870,000
Long-term loans	11,720,000	7,220,000
Tenant leasehold and security deposits	707,950	735,838
Accrued asset disposal costs	5,021	5,027
Total Long-Term Liabilities	<u>13,302,972</u>	<u>8,830,866</u>
Total Liabilities	<u>27,397,763</u>	<u>27,597,714</u>
Net Assets		
Shareholders' Equity		
Paid-in capital	31,897,545	31,897,545
Treasury shares	-299,921	-299,921
Paid-in capital (net)	<u>31,597,623</u>	<u>31,597,623</u>
Surplus		
Unappropriated retained earnings	361,577	<u>571,231</u>
Total Surplus	<u>361,577</u>	<u>571,231</u>
Total Shareholders' Equity	<u>31,959,201</u>	<u>32,168,855</u>
Total Net Assets	<u>31,959,201</u>	<u>32,168,855</u>
Total Liabilities and Net Assets	<u>59,356,965</u>	<u>59,766,569</u>

(2) Income Statement

(JPY thousand)

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
Operating Revenue		
Rental income	1,232,411	<u>1,517,142</u>
Other rental income	15,960	20,059
Total Operating Revenue	<u>1,248,372</u>	<u>1,537,201</u>
Operating Expenses		
Rental expenses	560,710	<u>556,821</u>
Asset management fee	63,304	<u>135,232</u>
Custodian fee	4,454	4,451
Other administrative expenses	18,570	20,622
Directors' compensation	4,200	4,200
Other	30,199	34,285
Total Operating Expenses	<u>681,439</u>	<u>755,613</u>
Operating Profit	<u>566,932</u>	<u>781,587</u>
Non-Operating Income		
Interest income	34	33
Reversal of accrued dividend	811	432
Total Non-Operating Income	<u>846</u>	<u>465</u>
Non-Operating Expenses		
Interest expenses	105,908	107,477
Borrowing-related expenses	98,336	101,322
Amortization of bond issuance expenses	1,071	1,071
Total Non-Operating Expenses	<u>205,317</u>	<u>209,871</u>
Recurring Profit	<u>362,462</u>	<u>572,181</u>
Pre-Tax Income	<u>362,462</u>	<u>572,181</u>
Income Taxes – Current	931	<u>974</u>
Total Income Taxes	<u>931</u>	<u>974</u>
Net Income	<u>361,530</u>	<u>571,206</u>
Retained Earnings Brought Forward	47	24
Unappropriated Retained Earnings	<u>361,577</u>	<u>571,231</u>

(3) Statement of Shareholders' Equity

Previous Period (July 2022 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, 2022	31,897,545	-299,921	31,597,623	342,987	342,987
Changes during the Period					
Dividends				-342,940	-342,940
Net Income				361,530	361,530
Total Changes	–	–	–	18,590	18,590
Balance as of July 31, 2022	31,897,545	-299,921	31,597,623	361,577	361,577

	Shareholders' Equity	Total Net Assets
	Total Shareholders' Equity	
Balance as of February 1, 2022	31,940,610	31,940,610
Changes during the Period		
Dividends	-342,940	-342,940
Net Income	361,530	361,530
Total Changes	18,590	18,590
Balance as of July 31, 2022	31,959,201	31,959,201

Current Period (January 2023 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, 2022	31,897,545	-299,921	31,597,623	361,577	361,577
Changes during the Period					
Dividends				-361,553	-361,553
Net Income				<u>571,206</u>	<u>571,206</u>
Total Changes	–	–	–	<u>209,653</u>	<u>209,653</u>
Balance as of January 31, 2023	31,897,545	-299,921	31,597,623	<u>571,231</u>	<u>571,231</u>

	Shareholders' Equity	Total Net Assets
	Total Shareholders' Equity	
Balance as of August 1, 2022	31,959,201	31,959,201
Changes during the Period		
Dividends	-361,553	-361,553
Net Income	<u>571,206</u>	<u>571,206</u>
Total Changes	<u>209,653</u>	<u>209,653</u>
Balance as of January 31, 2023	<u>32,168,855</u>	<u>32,168,855</u>

(4) Dividend Statement

(JPY)

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
I Unappropriated Retained Earnings	361,577,705	<u>571,231,242</u>
II Total Dividends (Dividend per Share)	361,553,132 (1,418)	<u>571,141,760</u> <u>(2,240)</u>
III Retained Earnings Carried Forward	24,573	<u>89,482</u>

(5) Cash Flow Statement

(JPY thousand)

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
Cash Flows from Operations:		
Pre-tax income	362,462	<u>572,181</u>
Depreciation	364,915	<u>373,178</u>
Interest income	-34	-33
Interest expense	105,908	107,477
Decrease (increase) in accounts receivable	-76,427	<u>-89,248</u>
Decrease (increase) in consumption taxes receivable	–	<u>-22,338</u>
Decrease (increase) in prepaid expenses	45,893	-33,751
Decrease (increase) in long-term prepaid expenses	51,430	38,097
Increase (decrease) in accrued consumption taxes	-16,050	-3,753
Increase (decrease) in accounts payable	-31,472	25,911
Increase (decrease) in accounts payable – other	10,340	<u>78,912</u>
Increase (decrease) in advances received	10,214	1,708
Increase (decrease) in rent to be reimbursed to hotel	9,322	-9,322
Other	-4,514	7,866
Sub-total	<u>831,987</u>	<u>1,046,885</u>
Interest income received	34	33
Interest expense paid	-104,673	-108,343
Income taxes paid	-930	-931
Net Cash from (Used for) Operations	<u>726,418</u>	<u>937,643</u>
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-942,258	-2,503,351
Receipt of tenant security deposits	14,104	41,981
Return of tenant security deposits	-27	-14,093
Net Cash from (Used for) Investments	<u>-928,182</u>	<u>-2,475,463</u>
Cash Flows from Financing:		
Proceeds from short-term loans	450,000	8,800,000
Repayment of short-term loans	–	-7,000,000
Repayment of long-term loans	-450,000	-1,800,000
Dividends paid	-342,623	-361,136
Net Cash from (Used for) Financing	<u>-342,623</u>	<u>-361,136</u>
Net Decrease (Increase) in Cash and Cash Equivalents	<u>-544,386</u>	<u>-1,898,956</u>
Cash and Cash Equivalents at Beginning of Period	<u>6,191,957</u>	<u>5,647,571</u>
Cash and Cash Equivalents at End of Period	<u>5,647,571</u>	<u>3,748,614</u>

Rental Income Details

(JPY thousand)

	Previous Period		Current Period	
	July 2022		January 2023	
	(February 1, 2022 to July 31, 2022)		(August 1, 2022 to January 31, 2023)	
A	Real Estate Rental Income			
	Real Estate Rental Income		<u>1,232,411</u>	<u>1,232,411</u>
	Other Rental Income		<u>1,517,142</u>	<u>1,517,142</u>
	Utilities Income		6,944	8,149
	Other		9,016	15,960
	Total Income		11,909	20,059
			<u>1,248,372</u>	<u>1,537,201</u>
B	Real Estate Rental Expenses			
	Rental Expenses			
	Outsourcing Fees		17,721	18,616
	Utilities		8,096	8,848
	Trust Fees		9,418	9,506
	Depreciation Expense		364,915	<u>373,178</u>
	Repair Expenses		38,651	21,539
	Property and City Planning Taxes		117,781	117,126
	Insurance		3,726	4,162
	Other Expenses		398	3,843
	Total Expenses		<u>560,710</u>	<u>556,821</u>
C	Net Rental Income			
	(A) – (B)		687,662	<u>980,380</u>

Notes to Statement of Shareholders' Equity

(shares)

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
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)

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
Cash and deposits	4,583,818	2,545,733
Cash and deposits in trust	1,933,753	2,072,880
Deposits with restricted withdrawals	-870,000	-870,000
Cash and cash equivalents	5,647,571	3,748,614

Long-Term Loan Maturity Distribution

July 2022 Fiscal Period-End

(JPY thousand)

	Within 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	Over 5 years
Long-term loans due within 1 year	6,300,000	–	–	–	–	–
Bonds	–	–	–	500,000	370,000	–
Long-term loans	–	6,720,000	3,000,000	2,000,000	–	–
Total	6,300,000	6,720,000	3,000,000	2,500,000	370,000	–

January 2023 Fiscal Period-End

(JPY thousand)

	Within 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	Over 5 years
Long-term loans due within 1 year	9,000,000	–	–	–	–	–
Bonds	–	–	–	500,000	370,000	–
Long-term loans	–	5,220,000	–	2,000,000	–	–
Total	9,000,000	5,220,000	–	2,500,000	370,000	–

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (as of July 31, 2022)

(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	11,720,000	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 January 31, 2023)

(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	16,220,000	7,220,000	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		July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
Hotel	Book value		
	Beginning of fiscal period	51,915,689	52,445,233
	Changes during fiscal period	529,544	<u>2,094,603</u>
	End of fiscal period	52,445,233	<u>54,539,837</u>
	Market value at end of fiscal period	54,015,000	56,667,000

Notes:

- 1) Book value is acquisition price less accumulated depreciation.
- 2) With respect to changes during each fiscal period, the July 2022 fiscal period increase and decrease were primarily due to the acquisition of trust beneficiary interest in real estate (JPY 695,183 thousand) and depreciation, respectively. The January 2023 fiscal period increase and decrease were primarily due to the acquisition of trust beneficiary interest in real estate (JPY 2,272,963 thousand) and depreciation, respectively.
- 3) Market value is the appraisal value calculated by third-party appraisers.

Major Tenants (Hotel Operators)

Previous Fiscal Period (July 2022)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	293,592
Greens Co., Ltd.	247,250
The COURT Co., Ltd.	150,782
Hakata Hotels Inc.	147,883

Current Fiscal Period (January 2023)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	<u>349,753</u>
Hakata Hotels Inc.	251,472
Greens Co., Ltd.	256,433

Per Share Information

(JPY)

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
Net Assets per Share	125,342	<u>126,165</u>
Net Income per Share	1,417	<u>2,240</u>

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.

	July 2022 (February 1, 2022 to July 31, 2022)	January 2023 (August 1, 2022 to January 31, 2023)
Net Income (JPY thousand)	361,530	<u>571,206</u>
Net Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	361,530	<u>571,206</u>
Average number of shares in the period	254,974	254,974

Portfolio Information

Portfolio Composition by Region (Book Value)

	Region	January 2023 Fiscal Period-End	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (<i>juekiken</i>)	Hokkaido & Tohoku	3,845	6.4
	Kanto (ex-Tokyo)	4,537	7.6
	Tokyo	8,906	14.9
	Hokuriku & Tokai	9,533	<u>16.0</u>
	Kinki	15,107	25.3
	Chugoku & Shikoku	8,975	15.0
	Kyushu & Okinawa	3,633	6.1
Sub-total		54,539	<u>91.3</u>
Deposits & Other Assets		<u>5,226</u>	<u>8.7</u>
Total Assets		<u>59,766</u>	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 January 31, 2023)

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	4,485	3,570	8.2	
	003	Hotel Wing International Nagoya	2,670	2,686	2,150	4.9	
	004	Nest Hotel Sapporo Ekimae	2,160	2,135	2,590	3.9	
	005	The OneFive Osaka Sakaisuji	1,630	1,748	1,230	3.0	
	006	Comfort Hotel Hamamatsu	1,550	1,386	1,750	2.8	
	007	Hotel Wing International Kobe Shin Nagata Ekimae	1,490	1,361	1,810	2.7	
	008	Nest Hotel Sapporo Odori	1,450	1,431	1,820	2.6	
	009	The OneFive Fukuoka Tenjin	1,380	1,445	2,230	2.5	
	010	Nest Hotel Osaka Shinsaibashi	7,600	7,511	5,500	13.9	
	011	Comfort Hotel Central International Airport	5,308	5,185	5,800	9.7	
	012	Smile Hotel Tokyo Asagaya	3,910	3,852	4,440	7.1	
	015	Nest Hotel Matsuyama	1,610	1,621	1,970	2.9	
	016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,260	1,380	2.5	
	017	The OneFive Okayama	1,200	1,187	1,760	2.2	
	018	Comfort Hotel Kushiro	300	278	365	0.5	
	019	Comfort Hotel Suzuka	300	275	354	0.5	
	020	Capsule Plus Yokohama	1,490	1,555	1,280	2.7	
	021	Urbain Hiroshima Executive	1,800	1,766	1,990	3.3	
	022	The OneFive Garden Kurashiki	1,725	1,829	2,280	3.1	
	023	Nest Hotel Kumamoto	2,220	2,187	2,330	4.1	
	024	Valie Hotel Hiroshima	1,500	1,519	1,670	2.7	
	025	The OneFive Tokyo Shibuya ¹	3,700	3,793	4,080	6.8	
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	1,080	1,050	1,200	2.0	
	027	Smile Hotel Nagano	670	712	708	1.2	
	028	Hotel Sunshine Utsunomiya	2,200	2,269	2,410	4.0	
	Total			54,783	54,539	56,667	100

¹ HOTEL EMIT SHIBUYA was rebranded as The OneFive Tokyo Shibuya on November 1, 2022.

Hotel Location, Rent, Occupancy, and Structural Details

(as of January 31, 2023)

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	The OneFive Osaka Sakaisuji	Osaka	596.21	3,568.32	Oct 1982	7	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	74	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	134	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	The OneFive Garden Kurashiki	Kurashiki, Okayama	1,031.57	3,964.19	Mar 1993	2	3,964.19	3,964.19	100	1	107	
023	Nest Hotel Kumamoto	Kumamoto	1,074.39	6,404.36	Aug 1984	52	6,038.43	6,404.36	94.3	1	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	40	4,332.50	4,332.50	100	1	171
	025	The OneFive Tokyo Shibuya	Tokyo	388.82	1,470.52	Jan 2018	92	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
	027	Smile Hotel Nagano	Nagano	396.28	1,921.45	Aug 1992	Undisclosed	1,921.45	1,921.45	100	1	76
	028	Hotel Sunshine Utsunomiya	Utsunomiya, Tochigi	1,038.75	5,259.65	Feb 1992	42	5,267.16	5,267.16	100	1	160
Total			–	26,125.65	108,968.93	–	1,435	109,172.81	109,538.74	99.7	34	3,989

Appraisal Data

(as of January 31, 2023)

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	3,740	4.5	3,500	4.5	4.6	185,854	4.1	3.4
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,150	3,010	2,230	4.7	2,120	4.5	4.9	119,795	4.5	3.6
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,590	1,710	2,690	5.1	2,550	4.9	5.3	160,392	7.4	5.9
	005	The OneFive Osaka Sakaisuji	Daiwa Real Estate Appraisal Co., Ltd.	1,230	1,430	1,240	4.8	1,230	4.5	4.9	69,110	4.2	3.0
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,750	1,550	1,760	5.2	1,750	5.2	5.4	100,230	6.5	4.5
	007	Hotel Wing International Kobe Shin Nagata Ekimae	The Tanizawa Sogo Appraisal Co., Ltd.	1,810	1,640	1,820	4.7	1,810	4.7 ¹ 4.8 ²	4.9	93,226	6.3	4.3
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,820	1,800	1,880	5.0	1,790	4.8	5.2	113,031	7.8	5.3
	009	The OneFive Fukuoka Tenjin	Japan Real Estate Institute	2,230	1,990	2,250	4.3	2,200	4.0	4.4	108,715	7.9	6.6
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	5,500	3,200	5,670	4.4	5,430	4.2	4.6	283,215	3.7	2.8
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,800	5,990	5,870	4.1	5,770	3.9	4.3	269,040	5.1	3.7
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,440	1,200	4,540	4.3	4,400	4.1	4.5	208,981	5.3	4.2
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,970	976	2,030	5.6	1,950	5.4	5.8	140,786	8.7	6.3
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,380	599	1,390	4.6	1,370	4.4	4.8	65,995	4.9	3.5
	017	The OneFive Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,760	539	1,750	5.7	1,760	5.5	5.9	120,930	10.1	7.2
	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	365	679	359	5.5	368	5.3	5.7	23,566	7.9	4.0

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.	354	338	350	5.1	356	4.9	5.3	23,521	7.8	5.0
	020	Capsule Plus Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,280	2,110	1,290	4.9	1,280	4.5	4.9	65,451	4.4	3.6
	021	Urbain Hiroshima Executive	Daiwa Real Estate Appraisal Co., Ltd.	1,990	1,330	2,000	5.4	1,990	5.2	5.6	112,565	6.3	4.5
	022	The OneFive Garden Kurashiki	The Tanizawa Sogo Appraisal Co., Ltd.	2,280	1,980	2,400	5.1	2,230	5.1	5.2	140,914	8.2	6.6
	023	Nest Hotel Kumamoto	The Tanizawa Sogo Appraisal Co., Ltd.	2,330	2,330	2,400	5.4	2,300	5.4	5.5	149,501	6.7	4.7
	024	Valie Hotel Hiroshima	The Tanizawa Sogo Appraisal Co., Ltd.	1,670	1,620	1,730	5.0	1,650	5.0	5.1	105,059	7.0	4.2
	025	The OneFive Tokyo Shibuya	The Tanizawa Sogo Appraisal Co., Ltd.	4,080	3,660	4,250	3.5	4,000	3.6	3.7	154,234	4.2	3.7
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	The Tanizawa Sogo Appraisal Co., Ltd.	1,200	1,060	1,230	4.9	1,180	4.9 ¹ 5.0 ²	5.1	79,342	7.3	4.4
	027	Smile Hotel Nagano	The Tanizawa Sogo Appraisal Co., Ltd.	708	624	724	4.9	701	5.0	5.1	43,284	6.5	4.9
	028	Hotel Sunshine Utsunomiya	The Tanizawa Sogo Appraisal Co., Ltd.	2,410	2,090	2,480	4.9	2,380	5.0	5.1	132,979	6.0	5.7
Total/Average				56,667	46,915	58,073	4.7	56,065	–	–	3,069,730	5.6	4.2

¹ From first to sixth year

² From seventh year onwards

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in January 2023 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	187	19.0	32,141.34	29.4
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Kushiro Comfort Hotel Suzuka	240	24.5	21,140.78	19.4
Hakata Hotels Inc.	Hotel Operation	The OneFive Osaka Sakaisuji The OneFive Fukuoka Tenjin The OneFive Okayama The OneFive Garden Kurashiki The OneFive Tokyo Shibuya	165	16.8	16,268.97	14.9

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	The One Five Osaka Sakaisuji ¹	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori	The OneFive Fukuoka Tenjin
(A) Rental Income	<u>1,537,201</u>	40,089	<u>88,629</u>	29,383	55,361	<u>51,331</u>	55,700
Fixed Rent	983,771	34,644	32,392	5,826	55,361	26,083	40,895
Variable Rent ³	<u>501,579</u>	5,444	<u>56,236</u>	23,557	–	<u>25,248</u>	14,805
Other Rent	51,849	–	–	–	–	–	–
(B) Rental Expenses	183,642	7,332	8,081	6,002	4,159	10,415	4,889
Outsourcing Fees	18,616	600	600	1,095	600	600	600
Insurance	4,162	182	209	137	135	218	74
Repair Expenses	21,539	1,173	1,803	1,005	770	956	300
Taxes	117,126	5,018	5,047	3,397	2,384	8,215	3,550
Other Expenses	22,198	359	421	367	270	425	364
(C) NOI	<u>1,353,558</u>	32,756	<u>80,547</u>	23,381	51,202	<u>40,916</u>	50,811
(D) Depreciation	<u>373,178</u>	16,997	16,545	10,301	15,558	17,974	8,755
(E) Net Rental Income	<u>980,380</u>	15,758	<u>64,001</u>	13,079	35,643	<u>22,941</u>	42,055

(JPY thousand)

Hotel No.	010	011	012	015	017	018	019
Hotel Name	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Central International Airport	Smile Hotel Tokyo Asagaya ¹	Nest Hotel Matsuyama	The OneFive Okayama	Comfort Hotel Kushiro	Comfort Hotel Suzuka
(A) Rental Income	74,326	151,441	94,883	36,083	79,040	18,419	15,442
Fixed Rent	65,487	151,441	59,282	35,717	72,233	18,419	15,442
Variable Rent ³	8,839	–	35,600	362	6,806	–	–
Other Rent	–	–	–	3	–	–	–
(B) Rental Expenses	18,306	14,553	11,014	6,184	5,653	5,669	3,728
Outsourcing Fees	1,200	570	2,523	720	600	900	540
Insurance	339	395	122	278	202	115	68
Repair Expenses	1,730	631	1,088	1,017	637	220	980
Taxes	14,627	12,548	3,656	3,758	3,796	4,022	1,730
Other Expenses	408	408	3,624	409	416	410	408
(C) NOI	56,020	136,888	83,869	29,898	73,387	12,750	11,714
(D) Depreciation	36,007	35,592	22,754	19,965	17,198	5,840	4,230
(E) Net Rental Income	20,012	101,296	61,114	9,933	56,188	6,909	7,484

(JPY thousand)

Hotel No.	022	023	024	025	028	
Hotel Name	The OneFive Garden Kurashiki	Nest Hotel Kumamoto ¹	Valie Hotel Hiroshima	The OneFive Tokyo Shibuya	Hotel Sunshine Utsunomiya	Other ¹
(A) Rental Income	11,260	<u>99,385</u>	152,287	76,086	46,769	361,276
Fixed Rent	1,549	27,348	22,871	44,932	42,065	231,772
Variable Rent ³	9,710	<u>72,036</u>	128,815	31,154	–	82,960
Other Rent	–	–	600	–	4,704	46,542
(B) Rental Expenses	10,145	6,610	5,822	7,783	984	46,306
Outsourcing Fees	600	780	720	600	567	4,200
Insurance	136	249	180	75	157	884
Repair Expenses	4,937	366	396	1,874	–	1,649
Taxes	4,108	4,804	4,157	4,865	–	27,436
Other Expenses	362	409	367	367	259	12,135
(C) NOI	1,115	<u>92,774</u>	146,465	68,303	45,784	314,969
(D) Depreciation	13,128	22,187	21,051	7,951	3,791	<u>77,342</u>
(E) Net Rental Income	-12,013	<u>70,586</u>	125,413	60,351	41,993	<u>237,627</u>

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, Washington Hotel Plaza Shimonoseki Eki Nishi, and Smile Hotel Nagano, and retail-tenant rental income for The OneFive Osaka Sakaisuji, 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	Smile Hotel Nagano
NOI	61,569	47,400	33,023	32,855	57,941	38,701	16,926
Depreciation	11,201	14,627	9,106	5,597	15,436	16,076	<u>5,295</u>

Individual Hotel Operating Results

ADR = Average Daily Rate

RevPAR = Revenue per Available Room

GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	60.6	60.5	54.7	64.3	57.3	62.5	59.9	65.3	57.8	80.5	59.9	44.4	60.6
ADR (JPY)	2,505	3,842	4,246	3,906	3,473	4,524	3,839	4,433	5,021	8,420	7,164	5,354	4,826
RevPAR (JPY)	1,519	2,324	2,321	2,511	1,991	2,828	2,298	2,897	2,901	6,777	4,290	2,377	2,925
Revenue (JPY million)	7	11	11	13	9	14	11	14	14	31	20	11	166
GOP (JPY million)	-4	-1	-	-	-2	-	-2	-	1	16	3	-3	9

003 Hotel Wing International Nagoya

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	100	100	100	100	100	100	100	100	93.5	100	100	100	99.5
ADR (JPY)	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455
RevPAR (JPY)	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,103	5,455	5,455	5,455	5,425
Revenue (JPY million)	34	38	37	38	37	38	38	37	35	37	38	38	444
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

004 Nest Hotel Sapporo Ekimae

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	93.7	94.8	93.8	94.1	93.7	95.1	91.5	95.8	91.6	93.2	94.6	90.6	93.5
ADR (JPY)	4,558	4,104	4,217	5,047	6,317	8,468	9,724	9,115	7,303	6,723	7,825	6,102	6,641
RevPAR (JPY)	4,271	3,892	3,957	4,748	5,918	8,050	8,897	8,728	6,691	6,265	7,401	5,531	6,211
Revenue (JPY million)	23	24	24	30	34	48	50	49	40	37	44	33	436
GOP (JPY million)	4	4	5	9	13	24	26	25	16	13	18	9	164

005 The OneFive Osaka Sakaisuji

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	93.2	95.9	97.0	96.5	97.5	97.1	96.6	97.2	97.3	97.3	96.7	97.2	96.6
ADR (JPY)	2,342	2,648	2,802	2,850	2,685	3,147	3,247	3,194	3,735	6,076	7,544	5,423	3,827
RevPAR (JPY)	2,183	2,539	2,718	2,750	2,617	3,055	3,136	3,106	3,635	5,912	7,299	5,273	3,699
Revenue (JPY million)	8	10	11	11	10	12	13	12	15	23	30	21	177
GOP (JPY million)	-4	-	-1	-1	-1	2	1	-1	2	10	17	4	29

006 Comfort Hotel Hamamatsu

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	54.0	64.6	68.7	72.2	75.7	73.8	77.9	79.6	80.5	80.5	83.1	73.6	73.8
ADR (JPY)	5,224	5,320	5,273	5,401	5,280	5,705	6,127	5,671	6,099	6,173	6,309	5,795	5,734
RevPAR (JPY)	2,819	3,438	3,620	3,897	3,996	4,209	4,775	4,514	4,912	4,968	5,243	4,266	4,232
Revenue (JPY million)	15	21	21	24	23	26	29	27	30	29	32	26	303
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

007 Hotel Wing International Kobe Shin Nagata Ekimae

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	47.2	60.2	61.9	71.3	66.1	71.9	68.8	60.7	78.8	81.0	82.2	62.5	67.9
ADR (JPY)	7,118	7,161	7,415	7,672	7,426	7,528	8,150	7,769	8,187	8,909	8,962	8,274	7,952
RevPAR (JPY)	3,358	4,315	4,586	5,471	4,906	5,416	5,608	4,716	6,452	7,214	7,365	5,174	5,399
Revenue (JPY million)	13	19	20	24	21	24	25	21	29	31	33	24	285
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

008 Nest Hotel Sapporo Odori

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	90.9	97.1	93.0	95.1	97.2	97.4	92.3	96.7	91.7	91.1	92.1	84.8	93.3
ADR (JPY)	4,755	4,221	4,350	5,231	6,382	8,590	10,458	9,721	7,351	7,180	9,234	6,660	7,032
RevPAR (JPY)	4,323	4,098	4,045	4,978	6,205	8,368	9,658	9,397	6,738	6,542	8,503	5,645	6,560
Revenue (JPY million)	17	19	18	23	27	36	41	39	30	28	36	24	336
GOP (JPY million)	-	-	1	5	8	15	19	18	9	8	13	3	98

009 The OneFive Fukuoka Tenjin

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	75.5	96.2	97.9	97.9	97.8	95.1	97.9	97.6	97.8	97.9	98.2	95.2	95.5
ADR (JPY)	3,578	3,878	4,336	4,438	3,765	5,022	5,101	5,418	6,450	10,284	11,976	8,499	6,131
RevPAR (JPY)	2,700	3,730	4,244	4,343	3,683	4,776	4,992	5,287	6,309	10,066	11,765	8,090	5,858
Revenue (JPY million)	7	10	11	11	9	12	13	13	16	24	29	20	176
GOP (JPY million)	-3	2	1	2	0	4	3	3	5	13	18	8	57

010 Nest Hotel Osaka Shinsaibashi

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	46.3	65.3	67.2	62.8	61.9	64.9	77.3	78.5	73.6	84.2	79.9	75.2	69.9
ADR (JPY)	3,190	3,352	3,503	3,725	3,685	4,164	4,053	3,953	4,727	6,564	9,086	6,828	4,908
RevPAR (JPY)	1,476	2,189	2,354	2,341	2,279	2,701	3,134	3,102	3,479	5,523	7,256	5,134	3,431
Revenue (JPY million)	15	23	23	24	23	27	31	30	35	51	68	48	398
GOP (JPY million)	-1	4	5	4	4	6	7	7	12	26	38	19	131

011 Comfort Hotel Central International Airport

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	46.2	54.7	50.3	62.7	61.9	60.0	59.3	59.4	64.3	63.0	68.5	56.7	59.0
ADR (JPY)	7,646	7,407	7,003	7,312	7,446	7,946	8,014	8,343	8,352	8,844	9,321	8,306	8,039
RevPAR (JPY)	3,530	4,054	3,526	4,583	4,612	4,766	4,755	4,957	5,369	5,571	6,381	4,713	4,745
Revenue (JPY million)	35	45	38	51	49	52	52	52	59	59	70	52	614
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

012 Smile Hotel Tokyo Asagaya

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	99.0	99.4	99.7	84.1	99.6	100	100	99.5	87.3	100.1	100.1	100	97.4
ADR (JPY)	7,201	6,714	6,667	6,325	6,099	7,184	7,416	6,959	8,119	9,551	11,186	9,517	7,772
RevPAR (JPY)	7,132	6,671	6,647	5,319	6,074	7,186	7,416	6,922	7,090	9,557	11,192	9,517	7,567
Revenue (JPY million)	23	23	23	19	21	25	26	24	25	32	39	33	313
GOP (JPY million)	12	12	12	8	12	14	14	12	13	20	25	19	173

015 Nest Hotel Matsuyama

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	53.7	86.9	81.4	79.8	78.2	78.6	68.3	64.5	75.4	76.8	69.0	66.6	73.4
ADR (JPY)	4,173	4,205	4,653	5,214	5,068	5,773	6,718	5,726	5,881	6,442	6,002	5,524	5,447
RevPAR (JPY)	2,240	3,654	3,788	4,163	3,961	4,539	4,585	3,694	4,435	4,944	4,143	3,676	3,998
Revenue (JPY million)	14	27	27	32	29	32	32	25	33	34	31	27	345
GOP (JPY million)	-	7	8	11	9	12	11	5	11	12	8	6	99

016 Hotel Livemax Nihombashi-Hakozaki

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
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

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	96.8	96.6	98.7	98.3	97.8	98.3	99.6	98.9	99.3	99.1	99.3	98.5	98.5
ADR (JPY)	3,031	3,501	3,537	4,060	3,488	4,015	4,357	4,728	5,090	6,555	4,628	4,064	4,267
RevPAR (JPY)	2,935	3,383	3,490	3,991	3,410	3,946	4,340	4,678	5,056	6,497	4,597	4,004	4,201
Revenue (JPY million)	18	23	23	27	22	26	29	30	34	41	31	27	330
GOP (JPY million)	1	6	6	9	6	10	11	10	15	22	11	3	110

018 Comfort Hotel Kushiro

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	64.6	75.3	69.2	75.4	83.4	91.4	94.0	95.3	90.0	76.4	77.6	59.8	79.5
ADR (JPY)	4,702	4,683	5,124	5,835	6,759	7,577	8,332	7,752	7,459	6,361	6,021	6,280	6,552
RevPAR (JPY)	3,039	3,529	3,543	4,402	5,636	6,923	7,829	7,385	6,711	4,858	4,672	3,756	5,206
Revenue (JPY million)	11	15	15	18	22	29	32	30	28	19	20	16	254
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

019 Comfort Hotel Suzuka

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	61.5	82.1	77.5	73.0	71.1	76.4	89.4	78.2	78.8	79.6	77.0	60.2	75.5
ADR (JPY)	4,960	5,697	5,710	5,956	5,323	6,073	6,349	5,413	8,408	6,907	6,171	5,589	6,097
RevPAR (JPY)	3,052	4,678	4,427	4,348	3,785	4,640	5,676	4,230	6,626	5,500	4,753	3,365	4,604
Revenue (JPY million)	9	15	14	14	12	15	19	13	22	17	16	11	178
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

020 Capsule Plus Yokohama

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

021 Urbain Hiroshima Executive

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	11.9	28.5	47.3	45.3	48.7	54.5	61.1	58.9	62.9	68.6	56.0	47.2	49.5
ADR (JPY)	4,998	5,000	5,010	6,070	5,296	5,550	5,983	5,398	5,863	6,739	6,003	6,046	5,774
RevPAR (JPY)	597	1,426	2,368	2,747	2,577	3,023	3,656	3,182	3,689	4,621	3,362	2,856	2,857
Revenue (JPY million)	3	8	12	15	13	16	19	16	20	24	18	15	178
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

022 The OneFive Garden Kurashiki

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	12.0	40.5	51.6	57.0	46.2	55.6	81.3	77.3	83.3	84.9	80.1	-	61.3
ADR (JPY)	5,216	5,973	7,088	8,884	6,766	7,248	7,768	7,810	9,150	10,140	7,237	-	7,959
RevPAR (JPY)	629	2,418	3,657	5,065	3,124	4,027	6,314	6,034	7,621	8,611	5,797	-	4,877
Revenue (JPY million)	2	9	13	18	11	15	23	21	27	29	21	-	190
GOP (JPY million)	-6	1	-	2	-5	-	6	1	7	4	-6	-	3

Note 1: Rebranded and reopened as The OneFive Kurashiki on February 1, 2022

Note 2: Temporarily closed from January 1, 2023, and reopened on March 1, 2023

023 Nest Hotel Kumamoto

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	100	100	100	100	100	100	100	100	100	100	100	100	100
ADR (JPY)	4,997	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
RevPAR (JPY)	4,997	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Revenue (JPY million)	28	32	30	31	30	31	31	30	31	30	31	31	368
GOP (JPY million)	20	24	23	25	24	22	23	22	25	25	23	24	281

024 Valie Hotel Hiroshima

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	100	100	100	100	100	100	100	100	100	100	100	100	100
ADR (JPY)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
RevPAR (JPY)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Revenue (JPY million)	36	40	39	40	38	40	40	39	40	38	40	40	470
GOP (JPY million)	23	28	26	31	30	29	28	27	30	30	28	26	336

025 The OneFive Tokyo Shibuya

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	98.7	98.8	99.2	98.8	99.4	98.9	99.4	98.7	99.2	99.1	98.2	98.9	99.0
ADR (JPY)	5,870	5,886	6,168	6,223	6,545	7,374	7,675	7,475	9,484	14,344	19,584	12,443	9,114
RevPAR (JPY)	5,794	5,818	6,119	6,151	6,509	7,295	7,627	7,378	9,412	14,211	19,233	12,309	9,019
Revenue (JPY million)	12	13	13	14	14	16	17	16	21	31	44	28	239
GOP (JPY million)	2	3	3	3	4	6	6	3	8	17	29	11	95

026 Washington Hotel Plaza Shimonoseki Eki Nishi

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

27 Smile Hotel Nagano

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	-	-	-	-	98.0	90.6	95.6	94.0	96.4	94.6	78.7	-	94.0
ADR (JPY)	-	-	-	-	6,952	6,764	7,466	6,826	7,478	7,589	6,975	-	7,174
RevPAR (JPY)	-	-	-	-	6,815	6,130	7,136	6,419	7,211	7,179	5,490	-	6,740
Revenue (JPY million)	-	-	-	-	16	15	17	15	17	16	5	-	100
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Note 2: The operator did not give consent to disclose operating results.

Note 3: The hotel was rebranded in December 2022.

28 Hotel Sunshine Utsunomiya

	2022											2023	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	70.0	96.9	98.1	98.1	98.1	98.1	98.1	98.1	98.1	98.1	98.1	98.1	95.7
ADR (JPY)	6,707	7,729	7,583	7,582	7,582	7,582	7,582	7,582	8,273	8,273	8,273	8,273	7,752
RevPAR (JPY)	4,694	7,488	7,728	7,727	7,727	7,727	7,727	7,727	8,118	8,118	8,118	8,118	7,585
Revenue (JPY million)	21	37	37	38	37	38	38	37	41	39	41	41	444
GOP (JPY million)	6	19	21	24	20	22	22	20	20	23	22	24	248

Note 1: Pre-acquisition operating results are those provided by the former operator.

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	7.1	7.6
Kanto (ex-Tokyo)	3	4,360	8.0	5.5
Tokyo	3	8,970	16.4	4.8
Hokuriku & Tokai	4	9,828	17.9	5.2
Kinki	4	15,200	27.7	4.2
Chugoku & Shikoku	6	8,915	16.3	7.8
Kyushu & Okinawa	2	3,600	6.6	7.2
Total	25	54,783	100	5.6

Major Capital Expenditures

a. Major Planned Capital Expenditures

Hotel Name	Location	Purpose	Timing	Forecast Expenditure (JPY million)
The OneFive Garden Kurashiki	Kurashiki Okayama	Renovation of guest rooms	Feb 2023	220
Valie Hotel Hiroshima	Hiroshima	Renovation of restaurant	Jul 2023	40
Smile Hotel Nagano	Nagano	Renovation for reopening	Mar 2023	31
Nest Hotel Kumamoto	Kumamoto	Upgrade of elevators	Apr 2023	28
Valie Hotel Hiroshima	Hiroshima	Renovation of guest rooms	Jul 2022	25

b. Major Capital Expenditures Completed during the January 2023 Fiscal Period

Construction work totaled JPY 216 million during the January 2023 Fiscal Period comprising capital expenditure of JPY 194 million and repair work of JPY 21 million expensed during the period.

Hotel Name	Location	Purpose	Timing	Expenditure (JPY million)
The OneFive Garden Kurashiki	Kurashiki Okayama	Upgrade of ventilation units	Nov 2022	25
Smile Hotel Nagano	Nagano	Renovation for reopening	Jan 2023	25
Comfort Hotel Suzuka	Suzuka, Mie	Repair of exterior walls	Nov 2022 – Jan 2023	13