

[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, 2020

July 2020 Fiscal Period Earnings

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

Representative: Osamu Miyashita, Executive Director

www.ichigo-hotel.co.jp/english

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

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Submission of Financial Report (*Yuka Shoken Hokokusho*): October 28, 2020 (expected)

Dividend Payment: October 23, 2020 (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 2020 Fiscal Period (February 1, 2020 to July 31, 2020)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2020	953	-73.2%	371	-84.1%	171	-92.0%	170	-92.0%
January 2020	3,561	+99.0%	2,334	+135.3%	2,132	+164.8%	2,130	+164.9%

	Net Income per Share (JPY)	Return on Equity (6 months)	Recurring Profit to Total Assets (6 months)	Recurring Profit to Operating Revenue
July 2020	669	0.5%	0.3%	18.0%
January 2020	8,355	6.4%	3.5%	59.9%

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 2020	670	170	—	—	100.1%	0.5%
January 2020	8,356	2,130	—	—	100.0%	6.4%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
July 2020	58,381	31,768	54.4%	124,595
January 2020	61,393	33,728	54.9%	132,281

(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 2020	-1,004	-4,971	-2,128	5,180
January 2020	11,102	-414	-804	13,284

2. Earnings Forecasts for the January 2021 Fiscal Period (August 1, 2020 to January 31, 2021) and July 2021 Fiscal Period (February 1, 2021 to July 31, 2021)

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2021	1,037	+8.9%	418	+12.8%	203	+18.8%	202	+18.6%
July 2021	1,041	+0.4%	423	+1.1%	225	+10.9%	224	+10.9%

(JPY)

	Dividend per Share	Dividend per Share in Excess of Earnings
January 2021	795	—
July 2021	881	—

Note: Forecast Net Income per Share is JPY 794 (-90.5% year-on-year) and JPY 881 (+31.7% year-on-year), respectively, for the January 2021 and July 2021 fiscal periods.

Given ongoing Covid-19 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, 2020 and July 31, 2020.

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 above 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 2021 Earnings Forecast” on page 5 and “Preconditions for the July 2021 Earnings Forecast” on page 8.

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Material Matters after Closing of the Fiscal Period

N/A

Earnings Forecasts

Earnings Forecast for the January 2021 Fiscal Period (August 1, 2020 to January 31, 2021)

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

January 2021 Fiscal Period (August 1, 2020 to January 31, 2021)

Operating Revenue	JPY 1,037 million
Operating Profit	JPY 418 million
Recurring Profit	JPY 203 million
Net Income	JPY 202 million
Dividend per Share	JPY 795
Dividend in Excess of Earnings	—

Earnings Forecast for the July 2021 Fiscal Period (February 1, 2021 to July 31, 2021)

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

July 2021 Fiscal Period (February 1, 2021 to July 31, 2021)

Operating Revenue	JPY 1,041 million
Operating Profit	JPY 423 million
Recurring Profit	JPY 225 million
Net Income	JPY 224 million
Dividend per Share	JPY 881
Dividend in Excess of Earnings	—

Preconditions for the January 2021 Earnings Forecast

	Preconditions																																											
Period	• August 1, 2020 to January 31, 2021 (184 days)																																											
Number of Hotels	• 23 hotels (Please note that two hotels will change their names during the period. The Valie Hotel Tenjin is scheduled for an operator change on October 1, 2020, and is expected to be rebranded as The OneFive Fukuoka Tenjin on October 10, 2020. The Comfort Hotel Okayama is scheduled for an operator change on September 13, 2020, and is expected to be rebranded as The OneFive Okayama on October 1, 2020.)																																											
Operating Revenue	Within operating revenue, rental income is forecast based on current lease contracts, taking into consideration such factors as hotel and market conditions. ¹																																											
	<u>Forecast Operating Performance²</u>																																											
	<table><tr><td></td><td>January 2021 Fiscal Period</td></tr><tr><td>Occupancy³</td><td>55.8%</td></tr><tr><td>ADR⁴</td><td>JPY 4,609</td></tr></table>		January 2021 Fiscal Period	Occupancy ³	55.8%	ADR ⁴	JPY 4,609																																					
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	² The 15 variable rent hotels are: Smile Hotel Kyoto Shijo, Nest Hotel Sapporo Ekimae, Chisun Inn Osaka Hommachi, Nest Hotel Sapporo Odori, Valie Hotel 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, and Comfort Hotel Okayama.																																											
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Operating Expenses	<ul style="list-style-type: none">• Depreciation: JPY 342 million. Depreciation has been calculated using the straight-line method.• Property and city planning taxes: JPY 108 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.																																				
Non-Operating Expenses	<ul style="list-style-type: none">• Interest expenses and other borrowing-related expenses: JPY 215 million																																				
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	Valie Hotel Hiroshima	17	—	17
	HOTEL EMIT SHIBUYA	47	—	47
	Other ¹	252	11	264
	Total	944	53	997
	¹ Figures for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Shimonoseki Eki Nishi are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data. • Retail: JPY 29 million of rental income from retail tenants at Chisun Inn Osaka Hommachi, Hotel Wing International Kobe Shin Nagata Ekimae, and Smile Hotel Tokyo Asagaya, and from banquet rooms at Nest Hotel Kumamoto.			
Operating Expenses	• Depreciation: JPY 343 million. Depreciation has been calculated using the straight-line method. • Property and city planning taxes: JPY 118 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.			
Non-Operating Expenses	• Interest expenses and other borrowing-related expenses: JPY 197 million			
Borrowings	• Total borrowings: JPY 25.47 billion as of July 31, 2021			
Number of Shares	• 254,974 shares issued and outstanding as of September 14, 2020. The forecast assumes there will be no additional new issuance of shares through July 31, 2021.			
Dividend	• 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	• Ichigo Hotel does not plan on paying any Dividend in Excess of Earnings.			
Other	• 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-19 uncertainty, these earnings forecasts are subject to change.			

Financial Statements
(1) Balance Sheet

(JPY thousand)

	January 2020 (as of January 31, 2020)	July 2020 (as of July 31, 2020)
Assets		
Current Assets		
Cash and cash equivalents	11,305,830	3,511,153
Cash and cash equivalents in trust	1,978,744	1,669,268
Accounts receivable	123,087	182,791
Prepaid expenses	142,011	137,129
Consumption taxes receivable	—	287,540
Other	—	4
Total Current Assets	13,549,674	5,787,888
Fixed Assets		
Property, Plant, and Equipment		
Buildings	16,833,761	18,193,225
Depreciation	-1,827,979	-2,139,478
Buildings (net)	15,005,781	16,053,747
Structures	11,718	12,135
Depreciation	-1,366	-1,794
Structures (net)	10,351	10,341
Machinery and equipment	53,173	62,017
Depreciation	-11,350	-15,277
Machinery and equipment (net)	41,822	46,739
Fixtures	253,061	255,423
Depreciation	-74,674	-95,245
Fixtures (net)	178,386	160,177
Land	32,313,538	36,023,617
Buildings under construction	5,279	5,279
Total Property, Plant, and Equipment	47,555,160	52,299,903
Investments and Other Assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	273,401	283,919
Total Investments and Other Assets	283,401	293,919
Total Fixed Assets	47,838,562	52,593,823
Capitalized Expenses		
Expenses related to REIT establishment	5,091	2
Total Capitalized Expenses	5,091	2
Total Assets	61,393,327	58,381,714

(JPY thousand)

	January 2020 (as of January 31, 2020)	July 2020 (as of July 31, 2020)
Liabilities		
Current Liabilities		
Accounts payable	514,906	56,014
Short-term loans	—	1,750,000
Long-term loans (due within one year)	9,450,000	5,250,000
Accounts payable – other	636,982	42,211
Accrued expenses	604	2,017
Income taxes payable	1,901	605
Consumption taxes payable	236,715	39,550
Advances received	103,677	69,993
Rent to be reimbursed to hotel operators	—	74,133
Other	7,734	8,515
Total Current Liabilities	10,952,523	7,293,041
Long-Term Liabilities		
Long-term loans	16,020,000	18,470,000
Tenant leasehold and security deposits	687,582	845,180
Accrued asset disposal costs	4,996	5,001
Total Long-Term Liabilities	16,712,579	19,320,182
Total Liabilities	27,665,102	26,613,223
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	2,130,601	170,866
Total Surplus	2,130,601	170,866
Total Shareholders' Equity	33,728,225	31,768,490
Total Net Assets	33,728,225	31,768,490
Total Liabilities and Net Assets	61,393,327	58,381,714

(2) Income Statement

(JPY thousand)

	January 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
Operating Revenue		
Rental income	1,596,882	937,705
Other rental income	19,104	15,371
Gains on sale of real estate	1,945,056	—
Total Operating Revenue	3,561,043	953,076
Operating Expenses		
Rental expenses	529,327	502,409
Asset management fee	563,280	21,486
Custodian fee	4,441	4,604
Other administrative expenses	17,671	20,132
Directors' compensation	4,200	4,200
Other	107,635	29,009
Total Operating Expenses	1,226,557	581,841
Operating Profit	2,334,485	371,235
Non-Operating Income		
Interest income	17	32
Reversal of accrued dividend	254	1,189
Insurance proceeds	88	860
Interest on tax refund	350	—
Total Non-Operating Income	711	2,082
Non-Operating Expenses		
Interest expenses	111,355	110,353
Borrowing-related expenses	85,898	86,442
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	502	—
Total Non-Operating Expenses	202,845	201,884
Recurring Profit	2,132,351	171,432
Pre-Tax Income	2,132,351	171,432
Income Taxes – Current	1,904	605
Total Income Taxes	1,904	605
Net Income	2,130,447	170,827
Retained Earnings Brought Forward	154	38
Unappropriated Retained Earnings	2,130,601	170,866

(3) Statement of Shareholders' Equity

Previous Period (January 2020 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, 2019	31,897,545	-299,921	31,597,623	804,342	804,342
Changes during the Period					
Dividends				-804,187	-804,187
Net Income				2,130,447	2,130,447
Total Changes	—	—	—	1,326,259	1,326,259
Balance as of January 31, 2020	31,897,545	-299,921	31,597,623	2,130,601	2,130,601

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of August 1, 2019	32,401,965	32,401,965
Changes during the Period		
Dividends	-804,187	-804,187
Net Income	2,130,447	2,130,447
Total Changes	1,326,259	1,326,259
Balance as of January 31, 2020	33,728,225	33,728,225

Current Period (July 2020 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, 2020	31,897,545	-299,921	31,597,623	2,130,601	2,130,601
Changes during the Period					
Dividends				-2,130,562	-2,130,562
Net Income				170,827	170,827
Total Changes				-1,959,734	-1,959,734
Balance as of July 31, 2020	31,897,545	-299,921	31,597,623	170,866	170,866

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of February 1, 2020	33,728,225	33,728,225
Changes during the Period		
Dividends	-2,130,562	-2,130,562
Net Income	170,827	170,827
Total Changes	-1,959,734	-1,959,734
Balance as of July 31, 2020	31,768,490	31,768,490

(4) Dividend Statement

(JPY)

	January 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
I Unappropriated Retained Earnings	2,130,601,643	170,866,729
II Total Dividends (Dividend per Share)	2,130,562,744 (8,356)	170,832,580 (670)
III Retained Earnings Carried Forward	38,899	34,149

(5) Cash Flow Statement

(JPY thousand)

	January 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
Cash Flows from Operations:		
Pre-tax income	2,132,351	171,432
Depreciation	352,077	336,423
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	502	—
Interest income	-17	-32
Interest expense	111,355	110,353
Decrease (increase) in accounts receivable	92,872	-59,703
Decrease (increase) in consumption taxes receivable	108,273	-287,540
Decrease (increase) in prepaid expenses	10,495	19,150
Decrease (increase) in long-term prepaid expenses	65,584	-24,786
Increase (decrease) in accrued consumption taxes	225,486	-197,164
Increase (decrease) in accounts payable	398,050	-406,167
Increase (decrease) in accounts payable – other	364,270	-594,771
Increase (decrease) in advances received	-7,377	-33,684
Increase (decrease) in rent to be reimbursed to hotel operators	—	74,133
Proceeds from sale of property, plant, and equipment	7,359,839	—
Other	-4,159	-5,982
Sub-total	11,214,693	-893,251
Interest income received	17	32
Interest expense paid	-111,354	-108,940
Income taxes paid	-874	-1,901
Net Cash from (Used for) Operations	11,102,481	-1,004,061
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-350,142	-5,129,098
Receipt of tenant security deposits	16	157,609
Return of tenant security deposits	-64,210	-10
Net Cash from (Used for) Investments	-414,336	-4,971,499
Cash Flows from Financing:		
Proceeds from short-term loans	—	1,750,000
Proceeds from long-term loans	—	2,450,000
Repayment of long-term loans	—	-4,200,000
Dividends paid	-804,166	-2,128,591
Net Cash from (Used for) Financing	-804,166	-2,128,591
Net Decrease (Increase) in Cash and Cash Equivalents	9,883,978	-8,104,152
Cash and Cash Equivalents at Beginning of Period	3,400,596	13,284,575
Cash and Cash Equivalents at End of Period	13,284,575	5,180,422

Rental Income Details

(JPY thousand)

		Previous Period January 2020 (August 1, 2019 to January 31, 2020)		Current Period July 2020 (February 1, 2020 to July 31, 2020)	
A	Real Estate Rental Income				
	Real Estate Rental Income	1,596,882	1,596,882	937,705	937,705
	Other Rental Income				
	Utilities Income	12,450		6,121	
	Other	6,653	19,104	9,250	15,371
	Total Income		1,615,986		953,076
B	Real Estate Rental Expenses				
	Rental Expenses				
	Outsourcing Fees	17,189		17,227	
	Utilities	12,408		6,207	
	Trust Fees	8,600		8,472	
	Depreciation Expense	352,077		336,423	
	Repair Expenses	26,975		21,057	
	Property and City Planning Taxes	108,236		108,914	
	Insurance	2,985		2,890	
	Other Expenses	853		1,214	
	Total Expenses		529,327		502,409
C	Net Rental Income				
	(A) – (B)		1,086,659		450,667

Gains on Sales of Real Estate

Previous January 2020 Period (August 1, 2019 to January 31, 2020)

(JPY thousand)

Hotel Vista Premio Kyoto

Sale Proceeds		4,500,000
Book Value	3,575,744	
Other Sale Expenses	254,168	
Gains on Sale		670,087

Nest Hotel Naha

Sale Proceeds		5,285,000
Book Value	3,784,094	
Other Sale Expenses	225,935	
Gains on Sale		1,274,969

Current July 2020 Period (February 1, 2020 to July 31, 2020)

N/A

Notes to Statement of Shareholders' Equity

(shares)

	January 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
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 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
Cash and deposits	11,305,830	3,511,153
Cash and deposits in trust	1,978,744	1,669,268
Cash and cash equivalents	13,284,575	5,180,422

Long-Term Loan Maturity Distribution

January 2020 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	9,450,000	—	—	—	—	—
Long-term loans	—	—	1,800,000	9,000,000	5,220,000	—
Total	9,450,000	—	1,800,000	9,000,000	5,220,000	—

July 2020 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	5,250,000	—	—	—	—	—
Long-term loans	—	450,000	6,300,000	6,720,000	3,000,000	2,000,000
Total	5,250,000	450,000	6,300,000	6,720,000	3,000,000	2,000,000

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (as of January 31, 2020)

(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	21,270,000	16,020,000	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, 2020)

(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	23,270,000	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 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
Hotel	Book value		
	Beginning of fiscal period	54,984,548	47,549,881
	Changes during fiscal period	-7,434,667	4,744,742
	End of fiscal period	47,549,881	52,294,623
	Market value at end of fiscal period	51,868,000	54,524,000

Notes:

- 1) Book value is acquisition price less accumulated depreciation.
- 2) With respect to changes during the January 2020 fiscal period, the main factors contributing to a decrease were the sale of two hotel assets (JPY 7,359,839,000) and depreciation. For the July 2020 period, the main factor contributing to an increase was the acquisition of two hotel assets (JPY 4,952,545,000) and the main factor contributing to a decrease was depreciation.
- 3) Market value is the appraisal value calculated by third-party appraisers.

Please see Gains on Sales of Real Estate on page 17 for P&L details on asset sale.

Major Tenants (Hotel Operators)

Previous Fiscal Period (January 2020)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	628,252
Greens Co., Ltd.	286,566

Current Fiscal Period (July 2020)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Greens Co., Ltd.	286,566
Nest Hotel Japan Corporation	149,769

Per Share Information

(JPY)

	January 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
Net Assets per Share	132,281	124,595
Net Income per Share	8,355	669

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 2020 (August 1, 2019 to January 31, 2020)	July 2020 (February 1, 2020 to July 31, 2020)
Net Income (JPY thousand)	2,130,447	170,827
Net Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	2,130,447	170,827
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
November 27, 2015	IPO ²	129,000	132,000	13,181	13,481
December 22, 2015	Third-Party Allotment to Underwriter (Greenshoe) ³	6,500	138,500	664	14,145
August 16, 2016	Public Offering ⁴	115,800	254,300	17,262	31,408
September 13, 2016	Third-Party Allotment to Underwriter (Greenshoe) ⁵	3,284	257,584	489	31,897
December 11, 2017	Share Cancellation ⁶	-2,610	254,974	-299	31,597

¹ Issue amount excludes treasury shares.

² New shares were issued via public offering at JPY 106,000 per share (proceeds to Ichigo Hotel of JPY 102,184 per share) to procure funds for asset acquisitions.

³ New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 102,184 per share to procure funds to repay debt.

⁴ New shares were issued via public offering at JPY 154,537 (proceeds to Ichigo Hotel of JPY 149,068 per share) to procure funds for asset acquisitions.

⁵ New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 149,068 per share to procure funds to repay debt.

⁶ 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 2020 Fiscal Period	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (<i>juekiken</i>)	Hokkaido & Tohoku	3,899	6.7
	Kanto (ex-Tokyo)	1,498	2.6
	Tokyo	9,080	15.6
	Hokuriku & Tokai	9,758	16.7
	Kinki	15,304	26.2
	Chugoku & Shikoku	9,123	15.6
	Kyushu & Okinawa	3,628	6.2
Sub-total		52,294	89.6
Deposits & Other Assets		6,087	10.4
Total Assets		58,381	100.0

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, 2020)

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	4,535	3,590	8.6
	003	Hotel Wing International Nagoya	2,670	2,707	2,640	5.1
	004	Nest Hotel Sapporo Ekimae	2,160	2,129	2,520	4.2
	005	Chisun Inn Osaka Hommachi	1,630	1,724	1,510	3.1
	006	Comfort Hotel Hamamatsu	1,550	1,442	1,750	3.0
	007	Hotel Wing International Kobe Shin Nagata Ekimae	1,490	1,407	1,810	2.9
	008	Nest Hotel Sapporo Odori	1,450	1,476	1,770	2.8
	009	Valie Hotel Tenjin	1,380	1,437	2,190	2.7
	010	Nest Hotel Osaka Shinsaibashi	7,600	7,637	6,150	14.6
	011	Comfort Hotel Central International Airport	5,308	5,329	5,740	10.2
	012	Smile Hotel Tokyo Asagaya	3,910	3,956	4,200	7.5
	015	Nest Hotel Matsuyama	1,610	1,630	1,960	3.1
	016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,305	1,410	2.6
	017	Comfort Hotel Okayama	1,200	1,171	1,810	2.3
	018	Comfort Hotel Kushiro	300	292	424	0.6
	019	Comfort Hotel Suzuka	300	278	380	0.6
	020	Grandpark-Inn Yokohama	1,490	1,498	1,520	2.9
	021	Urbain Hiroshima Executive	1,800	1,819	2,060	3.5
	022	Court Hotel Kurashiki	1,725	1,790	1,990	3.3
	023	Nest Hotel Kumamoto	2,220	2,190	2,320	4.3
	024	Valie Hotel Hiroshima	1,500	1,596	1,650	2.9
	025	HOTEL EMIT SHIBUYA	3,700	3,819	3,950	7.1
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	1,080	1,114	1,180	2.1
	Total		51,913	52,294	54,524	100.0

Hotel Location, Rent, Occupancy, and Structural Details

(as of July 31, 2019)

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	100.0	1	144
	003	Hotel Wing International Nagoya	Nagoya	603.37	5,255.66	Oct 1984	Undisclosed	5,255.66	5,255.66	100.0	1	224
	004	Nest Hotel Sapporo Ekimae	Sapporo	897.96	5,734.93	Jun 1984	63	5,734.93	5,734.93	100.0	1	162
	005	Chisun Inn Osaka Hommachi	Osaka	596.21	3,568.32	Oct 1982	79	3,690.00	3,690.00	100.0	2	130
	006	Comfort Hotel Hamamatsu	Hamamatsu, Shizuoka	835.12	4,173.92	Sep 2009	110	4,173.92	4,173.92	100.0	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	100.0	2	133
	008	Nest Hotel Sapporo Odori	Sapporo	811.69	5,634.88	Aug 1992	53	5,638.78	5,638.78	100.0	1	121
	009	Valie Hotel Tenjin	Fukuoka	788.62	1,910.94	Mar 1994	46	1,910.94	1,910.94	100.0	1	77
	010	Nest Hotel Osaka Shinsaibashi	Osaka	1,072.78	7,968.49	Aug 1984	131	8,057.26	8,057.26	100.0	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	100.0	1	346
	012	Smile Hotel Tokyo Asagaya	Tokyo	919.72	2,732.47	Jan 1993	62	2,721.70	2,721.70	100.0	8	112
	015	Nest Hotel Matsuyama	Matsuyama, Ehime	1,692.01	6,671.94	Nov 1988	72	6,671.94	6,671.94	100.0	1	190
	016	Hotel Livemax Nihombashi-Hakozaki	Tokyo	123.54	853.00	Feb 2015	Undisclosed	853.00	853.00	100.0	1	48
	017	Comfort Hotel Okayama	Okayama	986.26	5,543.70	Nov 1983	91	5,543.70	5,543.70	100.0	1	208
	018	Comfort Hotel Kushiro	Kushiro, Hokkaido	895.05	3,180.58	Aug 2009	36	3,180.58	3,180.58	100.0	1	126
	019	Comfort Hotel Suzuka	Suzuka, Mie	553.26	2,186.65	Jul 2007	30	2,186.65	2,186.65	100.0	1	105
	020	Grandpark-Inn Yokohama	Yokohama	516.22	1,183.26	Dec 1993	Undisclosed	1,183.26	1,183.26	100.0	1	175
	021	Urbain Hiroshima Executive	Hiroshima	693.96	2,756.20	Jun 2008	Undisclosed	2,756.20	2,756.20	100.0	1	171
	022	Court Hotel Kurashiki	Kurashiki, Okayama	1,031.57	3,964.19	Mar 1993	64	3,964.19	3,964.19	100.0	1	107
	023	Nest Hotel Kumamoto	Kumamoto	1,074.39	6,404.36	Aug 1984	52	6,404.36	6,404.36	100.0	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
	026	Valie Hotel Hiroshima	Hiroshima	1,090.97	4,332.50	Aug 1985	26	4,332.50	4,332.50	100.0	1	171
	025	HOTEL EMIT SHIBUYA	Tokyo	388.82	1,470.52	Jan 2018	22	1,470.52	1,470.52	100.0	1	72
	024	Washington Hotel Plaza Shimonoseki Eki Nishi	Shimonoseki, Yamaguchi	978.36	5,228.95	Mar 1999	Undisclosed	5,709.35	5,709.35	100.0	1	238
Total			—	24,688.70	101,787.83	—	1,312	102,471.81	102,471.81	100.0	33	3,759

Appraisal Data

(as of July 31, 2020)

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.	3,590	3,520	3,760	4.5	3,510	4.5	4.6	186,550	4.2	3.4
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,640	2,920	2,720	4.7	2,610	4.5	4.9	141,859	5.3	4.6
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,520	1,770	2,690	5.1	2,450	4.9	5.3	160,324	7.4	5.9
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,510	1,700	1,520	4.4	1,500	4.2	4.6	75,142	4.6	3.7
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,750	1,640	1,760	5.2	1,750	5.2	5.4	100,204	6.5	4.6
	007	Hotel Wing International Kobe Shin Nagata Ekimae	The Tanizawa Sogo Appraisal Co., Ltd.	1,810	1,710	1,820	4.7	1,810	4.7 ¹	4.9	92,866	6.2	4.5
									4.8 ²				
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,770	1,860	1,880	5.0	1,720	4.8	5.2	113,125	7.8	5.5
	009	Valie Hotel Tenjin	Japan Real Estate Institute	2,190	1,710	2,230	4.3	2,150	4.0	4.4	108,013	7.8	6.5
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	6,150	3,350	6,510	4.4	6,000	4.2	4.6	336,229	4.4	3.5
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,740	6,540	5,810	4.1	5,710	3.9	4.3	266,080	5.0	3.7
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,200	1,180	4,350	4.3	4,130	4.1	4.5	203,998	5.2	3.8
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,960	998	2,060	5.6	1,910	5.4	5.8	140,646	8.7	6.5
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,410	644	1,420	4.6	1,400	4.4	4.8	65,993	4.9	3.5
	017	Comfort Hotel Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,810	516	1,800	5.7	1,810	5.4	5.8	122,853	10.2	8.0
	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	424	710	421	5.5	425	5.3	5.7	23,390	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.	380	367	377	5.0	381	4.8	5.2	23,104	7.7	4.9
	020	Grandpark-Inn Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,520	2,090	1,580	4.6	1,490	4.4	4.9	72,748	4.9	4.6
	021	Urbain Hiroshima Executive	Daiwa Real Estate Appraisal Co., Ltd.	2,060	1,390	2,070	5.3	2,060	5.1	5.5	112,806	6.3	4.7
	022	Court Hotel Kurashiki	The Tanizawa Sogo Appraisal Co., Ltd.	1,990	1,860	2,060	5.1	1,960	5.1	5.2	123,802	7.2	5.9
	023	Nest Hotel Kumamoto	The Tanizawa Sogo Appraisal Co., Ltd.	2,320	2,280	2,420	5.4	2,280	5.4	5.5	150,900	6.8	5.1
	024	Valie Hotel Hiroshima	The Tanizawa Sogo Appraisal Co., Ltd.	1,650	1,580	1,740	5.0	1,610	5.0	5.1	105,283	7.0	4.4
	025	HOTEL EMIT SHIBUYA	The Tanizawa Sogo Appraisal Co., Ltd.	3,950	3,950	4,100	3.6	3,880	3.6	3.7	152,941	4.1	3.7
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	The Tanizawa Sogo Appraisal Co., Ltd.	1,180	1,170	1,220	4.9	1,160	4.9 ¹ 5.0 ²	5.1	79,170	7.3	4.9
Total/Average				54,524	45,455	56,318	4.6	53,706	—	—	2,958,031	5.7	4.4

¹ From first to ninth year

² From tenth year onwards

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in July 2020 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	19.9	32,141.34	31.4
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Okayama Comfort Hotel Kushiro Comfort Hotel Suzuka	286	30.6	26,684.48	26.0

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	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori	Valie Hotel Tenjin
(A) Rental Income	953,076	30,744	22,506	39,600	55,361	22,021	23,544
Fixed Rent	935,606	30,744	31,129	39,600	55,361	27,072	21,664
Variable Rent ²	-25,467	–	-8,622	–	–	-5,051	1,880
Other Rent	42,937	–	–	–	–	–	–
(B) Rental Expenses	165,985	6,571	8,346	4,954	4,073	11,884	7,940
Outsourcing Fees	17,227	600	600	915	600	600	600
Insurance	2,890	143	162	102	100	173	61
Repair Expenses	21,057	420	1,879	248	668	2,290	3,540
Taxes	108,914	5,047	5,280	3,324	2,433	8,387	3,373
Other Expenses	15,895	360	423	364	271	432	364
(C) NOI (A) - (B)	787,091	24,173	14,159	34,645	51,288	10,137	15,603
(D) Depreciation	336,423	16,280	16,097	7,185	14,717	16,368	9,237
(E) Net Rental Income (C) - (D)	450,667	7,892	-1,937	27,460	36,571	-6,231	6,366

(JPY thousand)

Hotel No.	010	011	012	013	015	017	018
Hotel Name	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Central International Airport	Smile Hotel Tokyo Asagaya ¹	Nest Hotel Naha ³	Nest Hotel Matsuyama	Comfort Hotel Okayama	Comfort Hotel Kushiro
(A) Rental Income	56,456	151,441	41,007	–	28,906	45,900	18,419
Fixed Rent	66,291	151,441	33,701	–	36,323	45,900	18,419
Variable Rent ²	-9,834	–	7,305	–	-7,417	–	–
Other Rent	–	–	–	–	–	–	–
(B) Rental Expenses	16,742	15,865	8,312	–	7,092	6,044	5,840
Outsourcing Fees	1,200	570	2,574	–	720	600	900
Insurance	248	284	91	–	203	142	83
Repair Expenses	390	1,840	1,466	–	1,161	1,025	427
Taxes	14,495	12,717	3,773	–	4,578	3,854	4,020
Other Expenses	408	452	407	–	429	421	409
(C) NOI (A) - (B)	39,714	135,576	32,694	–	21,813	39,855	12,578
(D) Depreciation	34,532	34,794	27,122	–	18,350	13,286	5,393
(E) Net Rental Income (C) - (D)	5,182	100,782	5,571	–	3,463	26,569	7,185

(JPY thousand)

Hotel No.	019	022	023	024	025	
Hotel Name	Comfort Hotel Suzuka	Court Hotel Kurashiki	Nest Hotel Kumamoto ¹	Valie Hotel Hiroshima	HOTEL EMIT SHIBUYA	Other ¹
(A) Rental Income	15,442	32,207	19,879	19,382	22,003	308,250
Fixed Rent	15,442	31,665	25,134	17,779	22,003	265,929
Variable Rent ²	–	541	-5,255	986	–	–
Other Rent	–	–	–	617	–	42,320
(B) Rental Expenses	3,377	5,388	7,353	8,260	877	37,060
Outsourcing Fees	540	600	793	720	517	3,577
Insurance	48	111	185	138	53	553
Repair Expenses	600	–	1,182	2,737	–	1,179
Taxes	1,779	4,312	4,671	4,261	–	22,603
Other Expenses	408	364	521	402	305	9,145
(C) NOI (A) - (B)	12,065	26,819	12,525	11,121	21,126	271,190
(D) Depreciation	4,149	11,073	18,971	19,722	7,426	61,713
(E) Net Rental Income (C) - (D)	7,915	15,745	-6,446	-8,601	13,700	209,477

Note 1: Hotel-operator rental income for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Simonoski 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	Grandpark-Inn Yokohama	Urbain Hiroshima Executive	Washington Hotel Plaza Shimonoseki Eki Nishi
NOI	42,346	39,349	33,118	37,324	57,707	33,542
Depreciation	9,832	13,217	9,106	2,248	14,367	12,941

Note 2: Negative variable rents reflect the reimbursement of previous year's variable rents based on rent reimbursement clauses in current lease contracts as well as Ichigo Hotel's support to hotel operators impacted by Covid-19.

Note 3: Sold on January 31, 2020

Individual Hotel Operating Results

ADR = Average Daily Rate

RevPAR = Revenue per Available Room

GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	99.7	99.2	99.8	99.6	98.4	86.4	96.1	71.6	14.2	—	—	30.3	83.6
ADR (JPY)	6,717	5,999	7,689	10,838	5,690	4,852	4,445	4,640	6,457	—	—	3,272	6,345
RevPAR (JPY)	6,694	5,951	7,670	10,796	5,597	4,191	4,272	3,320	916	—	—	990	5,303
Revenue (JPY million)	32	28	37	49	27	20	19	16	2	—	—	5	236
GOP (JPY million)	12	8	17	29	6	3	2	—	-7	-4	-2	-4	59

002 Hotel Vista Premio Kyoto

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	91.1	91.7	90.5	—	—	—	—	—	—	—	—	—	91.1
ADR (JPY)	9,779	9,213	12,937	—	—	—	—	—	—	—	—	—	10,650
RevPAR (JPY)	8,912	8,449	11,705	—	—	—	—	—	—	—	—	—	9,702
Revenue (JPY million)	27	25	35	—	—	—	—	—	—	—	—	—	87
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

Note: The operator did not give consent to disclose GOP. The hotel was sold on October 31, 2019.

003 Hotel Wing International Nagoya

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	84.4	89.0	84.1	92.4	86.6	79.9	72.9	21.0	16.1	—	19.6	24.3	62.7
ADR (JPY)	6,220	6,071	6,224	6,759	6,191	5,739	6,802	5,769	5,333	—	4,450	4,231	6,124
RevPAR (JPY)	5,248	5,401	5,234	6,245	5,359	4,587	4,956	1,211	858	—	871	1,026	3,842
Revenue (JPY million)	40	40	40	46	41	35	35	9	4	—	6	8	304
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

004 Nest Hotel Sapporo Ekimae

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	96.3	96.6	96.6	96.5	98.1	96.8	94.4	77.9	52.9	22.0	32.7	74.2	77.9
ADR (JPY)	13,071	11,162	8,514	8,776	6,940	7,102	9,000	3,827	3,238	3,730	4,165	4,218	7,716
RevPAR (JPY)	12,585	10,788	8,221	8,469	6,812	6,872	8,497	2,982	1,713	819	1,361	3,129	6,012
Revenue (JPY million)	72	62	49	51	47	45	47	18	10	4	7	18	432
GOP (JPY million)	42	34	22	22	16	18	20	-2	-6	-5	-3	4	161

005 Chisun Inn Osaka Hommachi

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	79.0	71.5	70.5	74.3	63.8	47.3	52.3	13.8	4.4	—	—	—	55.7
ADR (JPY)	6,908	5,669	5,990	6,505	6,115	5,552	5,739	4,527	4,259	—	—	—	6,072
RevPAR (JPY)	5,459	4,052	4,224	4,830	3,904	2,627	2,999	627	186	—	—	—	3,379
Revenue (JPY million)	22	16	17	19	16	11	11	3	—	—	—	—	114
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

006 Comfort Hotel Hamamatsu

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	90.0	79.4	77.4	77.6	68.6	63.7	66.4	49.1	35.3	18.0	29.9	37.5	57.7
ADR (JPY)	6,498	6,379	6,395	5,957	5,102	4,830	5,604	4,950	4,945	4,930	4,472	4,518	5,610
RevPAR (JPY)	5,851	5,062	4,947	4,625	3,500	3,077	3,721	2,430	1,744	887	1,336	1,696	3,237
Revenue (JPY million)	36	30	30	27	21	19	21	15	10	5	8	10	232
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

007 Hotel Wing International Kobe Shin Nagata Ekimae

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	86.9	73.2	75.5	84.5	78.0	67.9	54.9	36.7	24.7	23.3	29.8	36.7	56.0
ADR (JPY)	8,341	7,437	7,831	8,641	7,885	7,247	7,249	6,328	5,719	5,627	6,189	6,159	7,456
RevPAR (JPY)	7,247	5,445	5,911	7,301	6,147	4,922	3,981	2,324	1,410	1,312	1,844	2,260	4,178
Revenue (JPY million)	33	23	27	32	29	24	17	11	6	6	8	11	226
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

008 Nest Hotel Sapporo Odori

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	94.9	93.8	90.7	90.3	89.6	90.6	93.4	73.7	61.1	34.9	43.1	74.8	77.6
ADR (JPY)	14,337	11,809	8,840	9,860	8,194	8,123	11,142	4,146	3,251	3,679	3,952	4,458	8,372
RevPAR (JPY)	13,611	11,077	8,022	8,907	7,342	7,359	10,405	3,056	1,987	1,283	1,703	3,332	6,492
Revenue (JPY million)	56	44	34	36	31	31	40	14	9	5	7	14	320
GOP (JPY million)	32	23	14	15	11	10	18	-2	-4	-4	-3	2	111

009 Valie Hotel Tenjin

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	96.2	96.3	95.9	96.1	93.8	89.9	93.3	87.8	29.4	1.3	–	–	86.3
ADR (JPY)	9,587	8,341	8,834	9,949	9,095	7,299	7,492	4,998	4,238	4,910	–	–	8,092
RevPAR (JPY)	9,221	8,034	8,475	9,561	8,531	6,562	6,989	4,387	1,248	64	–	–	6,984
Revenue (JPY million)	24	20	22	24	22	17	17	12	4	1	1	1	164
GOP (JPY million)	12	8	11	12	10	6	6	1	-5	-5	-4	-4	49

010 Nest Hotel Osaka Shinsaibashi

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	78.3	65.8	77.0	84.8	80.3	82.4	39.2	11.3	5.3	–	–	–	61.3
ADR (JPY)	7,991	6,926	7,222	7,471	7,162	6,153	6,764	4,593	4,648	–	–	–	7,057
RevPAR (JPY)	6,259	4,558	5,558	6,334	5,749	5,068	2,654	521	248	–	–	–	4,329
Revenue (JPY million)	64	46	57	61	57	51	27	7	3	2	2	2	379
GOP (JPY million)	30	18	27	31	28	21	7	-4	-5	-2	-3	-2	145

011 Comfort Hotel Central International Airport

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.1	82.2	84.6	90.4	81.8	83.9	68.2	31.0	15.8	7.9	14.4	16.7	55.8
ADR (JPY)	9,658	8,943	9,215	9,286	9,013	9,352	8,673	7,760	8,603	8,950	8,272	7,015	9,031
RevPAR (JPY)	8,896	7,355	7,793	8,396	7,371	7,848	5,918	2,409	1,361	711	1,190	1,173	5,035
Revenue (JPY million)	100	80	87	91	82	88	62	27	15	8	13	13	665
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

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

012 Smile Hotel Tokyo Asagaya

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.7	98.3	97.2	97.7	98.5	96.2	97.2	89.1	72.7	66.2	67.8	68.8	87.3
ADR (JPY)	9,078	8,782	9,136	9,261	8,957	8,128	8,435	5,704	4,406	4,569	4,803	4,771	7,456
RevPAR (JPY)	8,872	8,633	8,878	9,046	8,823	7,819	8,199	5,080	3,205	3,026	3,258	3,282	6,506
Revenue (JPY million)	32	30	32	31	32	28	28	18	11	11	11	12	275
GOP (JPY million)	18	17	18	18	17	15	14	6	2	3	4	3	135

013 Nest Hotel Naha

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	89.2	74.0	75.2	83.9	80.3	71.8	—	—	—	—	—	—	79.1
ADR (JPY)	12,057	9,460	10,322	10,509	9,439	8,344	—	—	—	—	—	—	10,099
RevPAR (JPY)	10,757	6,997	7,767	8,820	7,577	5,993	—	—	—	—	—	—	7,986
Revenue (JPY million)	83	57	70	79	77	59	—	—	—	—	—	—	425
GOP (JPY million)	35	16	25	30	26	17	—	—	—	—	—	—	149

Note: The hotel was sold on January 31, 2020.

015 Nest Hotel Matsuyama

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	91.4	81.7	90.4	90.3	85.0	81.8	89.4	76.4	31.6	19.2	36.8	58.3	69.4
ADR (JPY)	6,751	5,883	6,286	7,163	5,618	5,688	5,895	4,723	4,369	4,364	4,248	4,682	5,758
RevPAR (JPY)	6,172	4,805	5,685	6,471	4,773	4,655	5,273	3,608	1,380	836	1,563	2,728	3,994
Revenue (JPY million)	51	38	43	50	46	41	39	26	9	6	10	20	379
GOP (JPY million)	21	13	18	23	17	15	15	5	-5	-3	-1	4	121

016 Hotel Livemax Nihombashi-Hakozaki

	2019					2020							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 Comfort Hotel Okayama

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	88.8	83.3	89.0	90.0	86.7	79.8	82.9	69.7	43.1	26.2	49.1	57.8	70.5
ADR (JPY)	6,572	6,447	6,552	6,479	5,175	5,317	5,458	4,608	4,202	3,761	3,666	4,015	5,463
RevPAR (JPY)	5,836	5,368	5,833	5,829	4,487	4,244	4,522	3,211	1,811	986	1,801	2,321	3,852
Revenue (JPY million)	39	35	39	38	30	29	29	22	12	7	12	16	308
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

018 Comfort Hotel Kushiro

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.0	89.7	80.8	66.1	74.1	75.3	70.2	41.6	23.7	20.8	53.1	80.5	64.0
ADR (JPY)	8,203	7,140	5,995	4,910	4,409	4,603	5,177	4,196	3,998	4,111	4,045	4,884	5,476
RevPAR (JPY)	7,547	6,407	4,846	3,244	3,267	3,467	3,634	1,744	946	855	2,150	3,931	3,506
Revenue (JPY million)	30	25	20	13	14	14	14	7	4	4	9	16	171
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

019 Comfort Hotel Suzuka

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	82.8	65.6	77.7	79.9	74.3	70.1	66.7	40.5	25.4	24.0	29.7	44.7	56.8
ADR (JPY)	6,918	5,135	7,315	5,739	5,069	4,530	4,774	4,639	4,882	4,142	4,184	4,795	5,435
RevPAR (JPY)	5,728	3,368	5,684	4,586	3,765	3,177	3,184	1,877	1,240	994	1,241	2,145	3,087
Revenue (JPY million)	19	11	19	15	12	10	10	6	4	3	4	7	120
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

020 Grandpark-Inn Yokohama

	2019					2020							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.

021 Urbain Hiroshima Executive

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.7	91.5	93.4	94.3	83.9	73.2	84.9	48.1	21.3	3.8	12.5	15.7	62.9
ADR (JPY)	8,089	7,155	7,655	8,016	5,602	5,459	5,778	4,980	4,736	4,673	4,790	5,347	6,631
RevPAR (JPY)	7,495	6,544	7,149	7,560	4,703	3,997	4,905	2,395	1,009	178	600	841	4,172
Revenue (JPY million)	40	34	38	39	25	21	24	13	5	—	3	4	246
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

022 Court Hotel Kurashiki

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.7	93.4	94.5	89.3	77.2	80.0	75.8	53.9	30.4	–	–	15.4	76.1
ADR (JPY)	9,596	7,490	9,906	10,745	6,275	5,968	5,882	5,297	3,957	–	–	11,616	7,742
RevPAR (JPY)	9,379	6,996	9,360	9,597	4,845	4,772	4,457	2,857	1,202	–	–	1,791	5,891
Revenue (JPY million)	37	26	37	36	20	19	17	11	5	–	–	1	207
GOP (JPY million)	19	11	20	19	6	6	4	1	-4	-5	-5	-4	67

023 Nest Hotel Kumamoto

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	80.0	75.7	77.8	84.1	80.0	77.0	77.5	59.8	22.0	11.6	36.5	57.0	61.6
ADR (JPY)	7,777	6,743	6,501	6,898	5,691	4,864	5,665	4,226	3,914	3,834	3,524	3,499	5,679
RevPAR (JPY)	6,223	5,105	5,056	5,802	4,554	3,744	4,391	2,526	859	444	1,286	1,995	3,497
Revenue (JPY million)	43	35	36	40	32	27	29	19	7	4	9	14	296
GOP (JPY million)	23	16	18	21	15	11	13	5	-3	-4	-1	3	116

Note: Data for Feb to Apr 2019 were provided by previous owner.

024 Valie Hotel Hiroshima

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	–	43.8	61.4	68.2	68.3	68.8	70.5	68.2	37.4	9.4	–	–	60.1
ADR (JPY)	–	4,946	6,242	6,696	4,041	3,892	4,655	3,774	3,612	4,045	–	–	4,751
RevPAR (JPY)	–	2,165	3,834	4,565	2,759	2,677	3,280	2,573	1,352	381	–	–	2,857
Revenue (JPY million)	–	5	21	24	15	14	17	14	7	1	–	–	117
GOP (JPY million)	–	–	8	10	–	–	3	1	-1	-6	-3	-4	8

Note: The hotel was rebranded and reopened in September 2019.

025 HOTEL EMIT SHIBUYA

	2019					2020							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	–	–	–	–	–	–	68.1	95.1	95.3	97.4	96.5	98.3	95.6
ADR (JPY)	–	–	–	–	–	–	8,867	5,346	2,926	2,667	3,316	3,839	3,739
RevPAR (JPY)	–	–	–	–	–	–	6,035	5,085	2,789	2,599	3,201	3,772	3,576
Revenue (JPY million)	–	–	–	–	–	–	2	12	6	6	7	9	42
GOP (JPY million)	–	–	–	–	–	–	1	3	-4	-5	-4	-5	-13

Note: The previous owner did not give consent to disclose pre-acquisition operating results.

026 Washington Hotel Plaza Shimonoseki Eki Nishi

	2019					2020							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 previous owner 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	4.9
Tokyo	3	8,970	17.3	4.7
Hokuriku & Tokai	4	9,828	18.9	5.4
Kinki	4	15,200	29.3	4.5
Chugoku & Shikoku	6	8,915	17.2	7.7
Kyushu & Okinawa	2	3,600	6.9	7.2
Total	23	51,913	100.0	5.7

Major Capital Expenditures

a. Major Capital Expenditures Planned for the January 2021 Fiscal Period

Hotel Name	Location	Purpose	Timing	Forecast Expenditure (JPY million)
Nest Hotel Osaka Shinsaibashi	Osaka	Upgrade fire alarm systems	Sep – Oct 2020	23
Grandpark-Inn Yokohama	Yokohama	Renovation for reopening	Nov – Dec 2020	23
Valie Hotel Hiroshima	Hiroshima	Upgrade water heating systems	Oct – Dec 2020	20

b. Major Capital Expenditures Completed during the July 2020 Fiscal Period

Hotel Name	Location	Purpose	Timing	Expenditure (JPY million)
Comfort Hotel Kushiro	Kushiro, Hokkaido	Upgrade water heating systems	Feb 2020	7