

[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.

March 17, 2021

January 2021 Fiscal Period Earnings

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

Representative: Osamu Miyashita, Executive Director

www.ichigo-hotel.co.jp/en

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

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Submission of Financial Report (*Yuka Shoken Hokokusho*): April 28, 2021 (expected)

Dividend Payment: April 21, 2021 (expected)

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

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

1. Financial Results for the January 2021 Fiscal Period (August 1, 2020 to January 31, 2021)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2021	1,035	+8.7%	409	+10.3%	210	+22.9%	209	+22.9%
July 2020	953	-73.2%	371	-84.1%	171	-92.0%	170	-92.0%

	Net Income per Share (JPY)	Return on Equity (6 months)	Recurring Profit to Total Assets (6 months)	Recurring Profit to Operating Revenue
January 2021	823	0.7%	0.4%	20.3%
July 2020	669	0.5%	0.3%	18.0%

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 2021	823	209	—	—	100.0%	0.7%
July 2020	670	170	—	—	100.1%	0.5%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
January 2021	58,802	31,807	54.1%	124,748
July 2020	58,381	31,768	54.4%	124,595

(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 2021	838	-223	-172	5,623
July 2020	-1,004	-4,971	-2,128	5,180

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

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2021	1,037	+0.2%	376	-8.0%	173	-17.4%	172	-17.6%
January 2022	1,058	+2.1%	395	+5.0%	184	+6.0%	183	+6.0%

(JPY)

	Dividend per Share	Dividend per Share in Excess of Earnings
July 2021	678	—
January 2022	719	—

Note: Forecast Net Income per Share is JPY 678 (+1.3% year-on-year) and JPY 719 (-12.6% year-on-year), respectively, for the July 2021 and January 2022 fiscal periods.

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

3. Other

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

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

(2) Number of Shares Issued and Outstanding

The number of issued and outstanding shares (including treasury shares) was 254,974 as of both July 31, 2020 and January 31, 2021.

Completion Status of Auditing Procedures

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

Appropriate Use of Forecasts and Other Matters of Special Note

The forecasts presented 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 July 2021 Earnings Forecast” on page 5 and “Preconditions for the January 2022 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 July 2021 Fiscal Period (February 1, 2021 to July 31, 2021)

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

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

Operating Revenue	JPY 1,037 million
Operating Profit	JPY 376 million
Recurring Profit	JPY 173 million
Net Income	JPY 172 million
Dividend per Share	JPY 678
Dividend in Excess of Earnings	—

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

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

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

Operating Revenue	JPY 1,058 million
Operating Profit	JPY 395 million
Recurring Profit	JPY 184 million
Net Income	JPY 183 million
Dividend per Share	JPY 719
Dividend in Excess of Earnings	—

Preconditions for the July 2021 Earnings Forecast

	Preconditions																																														
Period	● February 1, 2021 to July 31, 2021 (181 days)																																														
Number of Hotels	● 23 hotels ● The Granpark-Inn Yokohama had an operator change on February 1, 2021 and rebranded and reopened as the Capsule Plus Yokohama on March 1, 2021. ● The Chisun Inn Osaka Honmachi had an operator change on March 17, 2021 and is scheduled for rebranding and reopening as The OneFive Osaka Sakaisuji on July 1, 2021.																																														
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>July 2021 Fiscal Period</td></tr><tr><td>Occupancy³</td><td>57.8%</td></tr><tr><td>ADR⁴</td><td>JPY 4,737</td></tr></table> <p>¹ The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default. ² The 16 variable rent hotels are: Smile Hotel Kyoto Shijo, Nest Hotel Sapporo Ekimae, Chisun Inn Osaka Honmachi, Nest Hotel Sapporo Odori, The OneFive Fukuoka Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, Court Hotel Kurashiki, Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Kumamoto, Valie Hotel Hiroshima, HOTEL EMIT SHIBUYA, The OneFive Okayama, and Capsule Plus Yokohama. 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) 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 2021 Rental Income Forecast by Hotel</u></p> <p style="text-align: right;">(JPY million)</p> <table><tr><th>Hotel Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr><tr><td>Smile Hotel Kyoto Shijo</td><td>30</td><td>—</td><td>30</td></tr><tr><td>Nest Hotel Sapporo Ekimae</td><td>31</td><td>—</td><td>31</td></tr><tr><td>Chisun Inn Osaka Honmachi</td><td>2</td><td>—</td><td>2</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>27</td><td>—</td><td>27</td></tr><tr><td>The OneFive Fukuoka Tenjin</td><td>14</td><td>—</td><td>14</td></tr><tr><td>Nest Hotel Osaka Shinsaibashi</td><td>66</td><td>—</td><td>66</td></tr><tr><td>Comfort Hotel Central International Airport</td><td>151</td><td>—</td><td>151</td></tr><tr><td>Smile Hotel Tokyo Asagaya</td><td>61</td><td>—</td><td>61</td></tr></table>		July 2021 Fiscal Period	Occupancy ³	57.8%	ADR ⁴	JPY 4,737	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	30	—	30	Nest Hotel Sapporo Ekimae	31	—	31	Chisun Inn Osaka Honmachi	2	—	2	Comfort Hotel Hamamatsu	55	—	55	Nest Hotel Sapporo Odori	27	—	27	The OneFive Fukuoka Tenjin	14	—	14	Nest Hotel Osaka Shinsaibashi	66	—	66	Comfort Hotel Central International Airport	151	—	151	Smile Hotel Tokyo Asagaya	61	—	61
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	Nest Hotel Matsuyama	36	14	50
	The OneFive Okayama	61	—	61
	Comfort Hotel Kushiro	18	—	18
	Comfort Hotel Suzuka	15	—	15
	Court Hotel Kurashiki	31	—	31
	Nest Hotel Kumamoto	25	8	34
	Valie Hotel Hiroshima	17	18	36
	HOTEL EMIT SHIBUYA	47	—	47
	Other ¹	252	3	256
	Total	947	46	993
	¹ Figures for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Capsule Plus Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Shimonoseki Eki Nishi are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.			
	<ul style="list-style-type: none"> • Retail: JPY 29 million of rental income from retail tenants at Chisun Inn Osaka Honmachi, Hotel Wing International Kobe Shin Nagata Ekimae, and Smile Hotel Tokyo Asagaya, and from banquet rooms at Nest Hotel Kumamoto 			
Operating Expenses	<ul style="list-style-type: none"> • Depreciation: JPY 346 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. • Other expenses: JPY 37.8 million for Covid-related hotel operator support and/or potential rent reductions. • SG&A expenses: JPY 3.1 million for engineering report costs and JPY 1.8 million for environmental certification costs. 			
Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses: JPY 202 million 			
Borrowings	<ul style="list-style-type: none"> • Total borrowings: JPY 25.97 billion as of July 31, 2021 			
Number of Shares	<ul style="list-style-type: none"> • 254,974 shares issued and outstanding as of March 17, 2021. The forecast assumes there will be no additional new issuance of shares through July 31, 2021. 			
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 2022 Earnings Forecast

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Period	• August 1, 2021 to January 31, 2022 (184 days)																																														
Number of Hotels	• 23 hotels • The Granpark-Inn Yokohama had an operator change on February 1, 2021 and rebranded and reopened as the Capsule Plus Yokohama on March 1, 2021. • The Chisun Inn Osaka Honmachi had an operator change on March 17, 2021 and is scheduled for rebranding and reopening as The OneFive Osaka Sakaisuji on July 1, 2021.																																														
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Non-Operating Expenses	• Interest expenses and other borrowing-related expenses: JPY 211 million			
Borrowings	• Total borrowings: JPY 25.97 billion as of January 31, 2022 based on the assumption that JPY 7 billion of short-term borrowing due November 30, 2021 will be refinanced.			
Number of Shares	• 254,974 shares issued and outstanding as of March 17, 2021. The forecast assumes there will be no additional new issuance of shares through January 31, 2022.			
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.			

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Financial Statements
(1) Balance Sheet

(JPY thousand)

	July 2020 (as of July 31, 2020)	January 2021 (as of January 31, 2021)
Assets		
Current Assets		
Cash and cash equivalents	3,511,153	4,316,461
Cash and cash equivalents in trust	1,669,268	1,806,629
Accounts receivable	182,791	170,213
Prepaid expenses	137,129	183,794
Consumption taxes receivable	287,540	—
Other	4	—
Total Current Assets	5,787,888	6,477,098
Fixed Assets		
Property, Plant, and Equipment		
Buildings	18,193,225	18,280,170
Depreciation	-2,139,478	-2,455,850
Buildings (net)	16,053,747	15,824,319
Structures	12,135	17,414
Depreciation	-1,794	-2,320
Structures (net)	10,341	15,094
Machinery and equipment	62,017	73,635
Depreciation	-15,277	-19,717
Machinery and equipment (net)	46,739	53,917
Fixtures	255,423	274,816
Depreciation	-95,245	-115,046
Fixtures (net)	160,177	159,770
Land	36,023,617	36,023,617
Buildings under construction	5,279	6,079
Total Property, Plant, and Equipment	52,299,903	52,082,800
Investments and Other Assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	283,919	226,215
Total Investments and Other Assets	293,919	236,215
Total Fixed Assets	52,593,823	52,319,015
Capitalized Expenses		
Expenses related to REIT establishment	2	—
Bond issuance expenses	—	6,611
Total Capitalized Expenses	2	6,611
Total Assets	58,381,714	58,802,725

(JPY thousand)

	July 2020 (as of July 31, 2020)	January 2021 (as of January 31, 2021)
Liabilities		
Current Liabilities		
Accounts payable	56,014	78,462
Short-term loans	1,750,000	7,000,000
Long-term loans (due within one year)	5,250,000	—
Accounts payable – other	42,211	50,512
Accrued expenses	2,017	9,513
Income taxes payable	605	679
Consumption taxes payable	39,550	55,022
Advances received	69,993	60,079
Rent to be reimbursed to hotel operators	74,133	—
Other	8,515	5,976
Total Current Liabilities	7,293,041	7,260,246
Long-Term Liabilities		
Bonds	—	500,000
Long-term loans	18,470,000	18,470,000
Tenant leasehold and security deposits	845,180	759,850
Accrued asset disposal costs	5,001	5,006
Total Long-Term Liabilities	19,320,182	19,734,856
Total Liabilities	26,613,223	26,995,103
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	170,866	209,998
Total Surplus	170,866	209,998
Total Shareholders' Equity	31,768,490	31,807,622
Total Net Assets	31,768,490	31,807,622
Total Liabilities and Net Assets	58,381,714	58,802,725

(2) Income Statement

(JPY thousand)

	July 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
Operating Revenue		
Rental income	937,705	1,019,338
Other rental income	15,371	16,238
Total Operating Revenue	953,076	1,035,576
Operating Expenses		
Rental expenses	502,409	532,095
Asset management fee	21,486	28,549
Custodian fee	4,604	4,378
Other administrative expenses	20,132	23,077
Directors' compensation	4,200	4,200
Other	29,009	33,736
Total Operating Expenses	581,841	626,037
Operating Profit	371,235	409,539
Non-Operating Income		
Interest income	32	32
Reversal of accrued dividend	1,189	1,309
Insurance proceeds	860	—
Interest on tax refund	—	837
Total Non-Operating Income	2,082	2,179
Non-Operating Expenses		
Interest expenses	110,353	108,595
Borrowing-related expenses	86,442	92,200
Amortization of expenses related to REIT establishment	5,088	2
Amortization of bond issuance expenses	—	271
Total Non-Operating Expenses	201,884	201,070
Recurring Profit	171,432	210,648
Pre-Tax Income	171,432	210,648
Income Taxes – Current	605	684
Total Income Taxes	605	684
Net Income	170,827	209,964
Retained Earnings Brought Forward	38	34
Unappropriated Retained Earnings	170,866	209,998

(3) Statement of Shareholders' Equity

Previous 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

Current Period (January 2021 Fiscal Period)

(JPY thousand)

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

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

(4) Dividend Statement

(JPY)

	July 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
I Unappropriated Retained Earnings	170,866,729	209,998,458
II Total Dividends (Dividend per Share)	170,832,580 (670)	209,843,602 (823)
III Retained Earnings Carried Forward	34,149	154,856

(5) Cash Flow Statement

(JPY thousand)

	July 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
Cash Flows from Operations:		
Pre-tax income	171,432	210,648
Depreciation	336,423	341,139
Amortization of expenses related to REIT establishment	5,088	2
Interest income	-32	-32
Interest expense	110,353	108,595
Decrease (increase) in accounts receivable	-59,703	12,577
Decrease (increase) in consumption taxes receivable	-287,540	287,540
Decrease (increase) in prepaid expenses	19,150	-46,665
Decrease (increase) in long-term prepaid expenses	-24,786	57,704
Increase (decrease) in accrued consumption taxes	-197,164	15,471
Increase (decrease) in accounts payable	-406,167	38,196
Increase (decrease) in accounts payable – other	-594,771	8,300
Increase (decrease) in advances received	-33,684	-9,913
Increase (decrease) in rent to be reimbursed to hotel operators	74,133	-74,133
Other	-5,982	-9,342
Sub-total	-893,251	940,091
Interest income received	32	32
Interest expense paid	-108,940	-101,099
Income taxes paid	-1,901	-609
Net Cash from (Used for) Operations	-1,004,061	838,414
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-5,129,098	-138,353
Receipt of tenant security deposits	157,609	–
Return of tenant security deposits	-10	-85,330
Net Cash from (Used for) Investments	-4,971,499	-223,684
Cash Flows from Financing:		
Proceeds from short-term loans	1,750,000	7,000,000
Repayment of short-term loans	–	-1,750,000
Proceeds from long-term loans	2,450,000	–
Repayment of long-term loans	-4,200,000	-5,250,000
Proceeds from bond issuance	–	500,000
Dividends paid	-2,128,591	-172,061
Payments into deposits with restricted withdrawals	–	-500,000
Net Cash from (Used for) Financing	-2,128,591	-172,061
Net Decrease (Increase) in Cash and Cash Equivalents	-8,104,152	442,668
Cash and Cash Equivalents at Beginning of Period	13,284,575	5,180,422
Cash and Cash Equivalents at End of Period	5,180,422	5,623,090

Rental Income Details

(JPY thousand)

	Previous Period July 2020 (February 1, 2020 to July 31, 2020)	Current Period January 2021 (August 1, 2020 to January 31, 2021)
A Real Estate Rental Income		
Real Estate Rental Income	937,705	1,019,338
Other Rental Income		
Utilities Income	6,121	7,397
Other	9,250	16,238
Total Income	953,076	1,035,576
B Real Estate Rental Expenses		
Rental Expenses		
Outsourcing Fees	17,227	17,487
Utilities	6,207	7,831
Trust Fees	8,472	8,700
Depreciation Expense	336,423	341,139
Repair Expenses	21,057	43,455
Property and City Planning Taxes	108,914	108,182
Insurance	2,890	3,195
Other Expenses	1,214	2,102
Total Expenses	502,409	532,095
C Net Rental Income		
(A) – (B)	450,667	503,481

Notes to Statement of Shareholders' Equity

(shares)

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

Notes to Cash Flow Statement

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

(JPY thousand)

	July 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
Cash and deposits	3,511,153	4,316,461
Cash and deposits in trust	1,669,268	1,806,629
Deposits with restricted withdrawals	—	-500,000
Cash and cash equivalents	5,180,422	5,623,090

Long-Term Loan Maturity Distribution

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
Short-term loans	1,750,000	—	—	—	—	—
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	7,000,000	450,000	6,300,000	6,720,000	3,000,000	2,000,000

January 2021 Fiscal Period-End

(JPY thousand)

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

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous 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.

Current Fiscal Period (as of January 31, 2021)

(JPY thousand)

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

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

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 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
Hotel	Book value		
	Beginning of fiscal period	47,549,881	52,294,623
	Changes during fiscal period	4,744,742	-217,903
	End of fiscal period	52,294,623	52,076,720
	Market value at end of fiscal period	54,524,000	53,499,000

Notes:

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

Major Tenants (Hotel Operators)

Previous Fiscal Period (July 2020)

(JPY thousand)

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

Current Fiscal Period (January 2021)

(JPY thousand)

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

Per Share Information

(JPY)

	July 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
Net Assets per Share	124,595	124,748
Net Income per Share	669	823

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 2020 (February 1, 2020 to July 31, 2020)	January 2021 (August 1, 2020 to January 31, 2021)
Net Income (JPY thousand)	170,827	209,964
Net Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	170,827	209,964
Average number of shares in the period	254,974	254,974

New Share Issuances

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

¹ Issue amount excludes treasury shares.

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

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

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

Portfolio Information

Portfolio Composition by Region (Book Value)

	Region	January 2021 Fiscal Period-End	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (<i>juekiken</i>)	Hokkaido & Tohoku	3,867	6.6
	Kanto (ex-Tokyo)	1,496	2.5
	Tokyo	9,049	15.4
	Hokuriku & Tokai	9,697	16.5
	Kinki	15,242	25.9
	Chugoku & Shikoku	9,097	15.5
	Kyushu & Okinawa	3,626	6.2
Sub-total		52,076	88.6
Deposits & Other Assets		6,726	11.4
Total Assets		58,802	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 January 31, 2021)

Hotel Type	Hotel No.	Hotel Name	Acquisition Price (JPY million)	Book Value (JPY million)	Appraisal Value (JPY million)	Portfolio Weighting (%)
Lodging-Focused	001	Smile Hotel Kyoto Shijo	4,480	4,521	3,570	8.6
	003	Hotel Wing International Nagoya	2,670	2,698	2,580	5.1
	004	Nest Hotel Sapporo Ekimae	2,160	2,115	2,520	4.2
	005	Chisun Inn Osaka Honmachi	1,630	1,717	1,300	3.1
	006	Comfort Hotel Hamamatsu	1,550	1,428	1,750	3.0
	007	Hotel Wing International Kobe Shin Nagata Ekimae	1,490	1,399	1,810	2.9
	008	Nest Hotel Sapporo Odori	1,450	1,463	1,770	2.8
	009	The OneFive Fukuoka Tenjin ¹	1,380	1,448	2,190	2.7
	010	Nest Hotel Osaka Shinsaibashi	7,600	7,604	5,730	14.6
	011	Comfort Hotel Central International Airport	5,308	5,296	5,730	10.2
	012	Smile Hotel Tokyo Asagaya	3,910	3,936	4,140	7.5
	015	Nest Hotel Matsuyama	1,610	1,618	1,950	3.1
	016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,296	1,400	2.6
	017	The OneFive Okayama ²	1,200	1,203	1,800	2.3
	018	Comfort Hotel Kushiro	300	287	421	0.6
	019	Comfort Hotel Suzuka	300	274	378	0.6
	020	Grandpark-Inn Yokohama ³	1,490	1,496	1,310	2.9
	021	Urbain Hiroshima Executive	1,800	1,811	2,060	3.5
	022	Court Hotel Kurashiki	1,725	1,780	1,990	3.3
	023	Nest Hotel Kumamoto	2,220	2,177	2,330	4.3
	024	Valie Hotel Hiroshima	1,500	1,585	1,650	2.9
	025	HOTEL EMIT SHIBUYA	3,700	3,816	3,950	7.1
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	1,080	1,098	1,170	2.1
	Total		51,913	52,076	53,499	100.0

¹ Former Valie Hotel Tenjin was rebranded and reopened as The OneFive Fukuoka Tenjin in October 2020.

² Former Comfort Hotel Okayama was rebranded and reopened as The OneFive Okayama in October 2020.

³ Grandpark-Inn Yokohama was rebranded and reopened as Capsule Plus Yokohama as of March 1, 2021.

Hotel Location, Rent, Occupancy, and Structural Details

(as of January 31, 2021)

Hotel Type	Hotel No.	Hotel Name	Location	Land Area (m ²)	Total Floor Area (m ²)	Construction Date	Fixed Rent p.a. (JPY million)	Total Leased Area (m ²)	Total Leasable Area (m ²)	Occupancy (%)	No. of Operators/Tenants	Total No. of Guest Rooms
Lodging-Focused	001	Smile Hotel Kyoto Shijo	Kyoto	662.83	4,891.84	Jan 1991	65	4,891.84	4,891.84	100	1	144
	003	Hotel Wing International Nagoya	Nagoya	603.37	5,255.66	Oct 1984	Undisclosed	5,255.66	5,255.66	100	1	224
	004	Nest Hotel Sapporo Ekimae	Sapporo	899.01	5,734.93	Jun 1984	63	5,734.93	5,734.93	100	1	162
	005	Chisun Inn Osaka Honmachi	Osaka	596.21	3,568.32	Oct 1982	79	3,690.00	3,690.00	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	29	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	92	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	80	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	Grandpark-Inn Yokohama	Yokohama	516.22	1,183.26	Dec 1993	Undisclosed	1,183.26	1,183.26	100	1	175
	021	Urbain Hiroshima Executive	Hiroshima	693.96	2,756.20	Jun 2008	Undisclosed	2,756.20	2,756.20	100	1	171
	022	Court Hotel Kurashiki	Kurashiki, Okayama	1,031.57	3,964.19	Mar 1993	64	3,964.19	3,964.19	100	1	107
	023	Nest Hotel Kumamoto	Kumamoto	1,074.39	6,404.36	Aug 1984	52	6,404.36	6,404.36	100	2	201

Hotel Type	Hotel No.	Hotel Name	Location	Land Area (m ²)	Total Floor Area (m ²)	Construction Date	Fixed Rent p.a. (JPY million)	Total Leased Area (m ²)	Total Leasable Area (m ²)	Occupancy (%)	No. of Operators / Tenants	Total No. of Guest Rooms
	024	Valie Hotel Hiroshima	Hiroshima	1,090.97	4,332.50	Aug 1985	40	4,332.50	4,332.50	100.0	1	171
	025	HOTEL EMIT SHIBUYA	Tokyo	388.82	1,470.52	Jan 2018	61	1,470.52	1,470.52	100.0	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	100.0	1	238
Total			—	24,690.62	101,787.83	—	1,369	102,471.81	102,471.81	100.0	33	3,759

Appraisal Data

(as of January 31, 2021)

Hotel Type	Hotel No.	Hotel Name	Appraiser	Appraisal Value (JPY million)	Value via Cost Approach (JPY million)	Value (JPY million)						Appraisal NOI yield (%)	Post-Depreciation NOI Yield (%)
						Value via Direct Capitalization Method	Cap Rate (%)	Value via DCF Method	Discount Rate (%)	Terminal Cap Rate (%)	Appraisal NOI (JPY thousand)		
Lodging-Focused	001	Smile Hotel Kyoto Shijo	The Tanizawa Sogo Appraisal Co., Ltd.	3,570	3,480	3,750	4.5	3,490	4.5	4.6	186,512	4.2	3.4
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,580	2,940	2,660	4.7	2,540	4.5	4.9	139,755	5.2	4.5
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,520	1,730	2,690	5.1	2,450	4.9	5.3	160,169	7.4	5.9
	005	Chisun Inn Osaka Honmachi	Daiwa Real Estate Appraisal Co., Ltd.	1,300	1,520	1,320	4.7	1,290	4.4	4.8	71,161	4.4	3.5
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,750	1,640	1,760	5.2	1,750	5.2	5.4	100,256	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	1,800	4.7 ¹	4.9	92,835	6.2	4.4
									4.8 ²				
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,770	1,840	1,890	5.0	1,720	4.8	5.2	113,365	7.8	5.5
	009	The OneFive Fukuoka Tenjin	Japan Real Estate Institute	2,190	1,710	2,240	4.3	2,140	4.0	4.4	108,463	7.9	6.6
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	5,730	3,350	6,070	4.4	5,590	4.2	4.6	316,798	4.2	3.3
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,730	6,070	5,810	4.1	5,690	3.9	4.3	266,000	5.0	3.7
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,140	1,170	4,290	4.3	4,070	4.1	4.5	201,283	5.2	3.8
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,950	995	2,060	5.6	1,900	5.4	5.8	140,597	8.7	6.5
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,400	632	1,420	4.6	1,390	4.4	4.8	65,984	4.9	3.5
	017	The OneFive Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,800	519	1,800	5.7	1,800	5.5	5.9	122,802	10.2	7.7
	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	421	707	420	5.5	421	5.3	5.7	23,365	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.	378	354	377	5.0	378	4.8	5.2	23,089	7.7	4.9
	020	Grandpark-Inn Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,310	2,090	1,360	4.8	1,290	4.4	4.8	66,022	4.4	4.1
	021	Urbain Hiroshima Executive	Daiwa Real Estate Appraisal Co., Ltd.	2,060	1,340	2,070	5.3	2,060	5.1	5.5	112,800	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	123,894	7.2	6.0
	023	Nest Hotel Kumamoto	The Tanizawa Sogo Appraisal Co., Ltd.	2,330	2,280	2,430	5.4	2,280	5.4	5.5	151,121	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	105,458	7.0	4.3
	025	HOTEL EMIT SHIBUYA	The Tanizawa Sogo Appraisal Co., Ltd.	3,950	3,790	4,100	3.6	3,890	3.6	3.7	152,922	4.1	3.7
	026	Washington Hotel Plaza Shimonoseki Eki Nishi	The Tanizawa Sogo Appraisal Co., Ltd.	1,170	1,120	1,220	4.9	1,150	4.9 ¹ 5.0 ²	5.1	79,151	7.3	4.5
Total/Average				53,499	44,427	55,357	4.7	52,659	—	—	2,923,812	5.6	4.3

¹ From first to eighth year

² From ninth year onwards

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in January 2021 Fiscal Period		Total Leased Area	
			(JPY million)	Ratio (%) ¹	(m ²)	Ratio (%)
Nest Hotel Japan Corporation	Hotel Operation	Nest Hotel Sapporo Ekimae Nest Hotel Sapporo Odori Nest Hotel Osaka Shinsaibashi Nest Hotel Matsuyama Nest Hotel Kumamoto	187	18.8	32,141.34	31.4
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Kushiro Comfort Hotel Suzuka	251	25.3	21,140.78	20.6

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 Honmachi ¹	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori	The OneFive Fukuoka Tenjin
(A) Rental Income	1,035,576	34,644	32,493	39,604	55,361	26,184	8,666
Fixed Rent	993,875	34,644	32,392	39,600	55,361	26,083	8,226
Variable Rent ³	-3,942	–	–	–	–	–	440
Other Rent	45,643	–	101	4	–	101	–
(B) Rental Expenses	190,955	6,917	8,704	7,693	4,430	10,190	13,341
Outsourcing Fees	17,487	600	600	1,016	600	600	600
Insurance	3,195	151	174	110	110	186	64
Repair Expenses	43,455	765	2,238	2,475	1,016	552	8,868
Taxes	108,182	5,040	5,233	3,324	2,432	8,387	3,377
Other Expenses	18,634	359	458	765	271	463	430
(C) NOI (A) - (B)	844,620	27,727	23,789	31,911	50,931	15,993	-4,674
(D) Depreciation	341,139	16,395	16,044	7,378	14,696	16,515	8,731
(E) Net Rental Income (C) - (D)	503,481	11,332	7,744	24,532	36,235	-521	-13,405

(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 ²	Nest Hotel Matsuyama	The OneFive Okayama	Comfort Hotel Kushiro
(A) Rental Income	65,588	151,441	60,974	-7,479	35,821	35,597	18,419
Fixed Rent	65,487	151,441	59,282	–	35,717	34,984	18,419
Variable Rent ³	–	–	1,691	-7,479	–	–	–
Other Rent	101	–	–	–	104	613	–
(B) Rental Expenses	21,713	14,304	10,752	51	6,227	15,185	6,837
Outsourcing Fees	1,200	570	2,520	–	720	600	900
Insurance	271	312	98	–	221	159	92
Repair Expenses	5,306	298	3,954	–	926	9,467	1,414
Taxes	14,495	12,716	3,772	51	3,915	3,854	4,020
Other Expenses	440	406	407	–	444	1,104	410
(C) NOI (A) - (B)	43,874	137,137	50,221	-7,531	29,594	20,411	11,582
(D) Depreciation	34,397	34,862	26,866	–	17,895	15,131	5,407
(E) Net Rental Income (C) - (D)	9,477	102,275	23,355	-7,531	11,698	5,279	6,175

(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	33,472	28,295	23,731	39,476	337,838
Fixed Rent	15,442	33,013	27,348	23,131	39,476	293,820
Variable Rent ³	–	459	946	–	–	–
Other Rent	–	–	–	600	–	44,018
(B) Rental Expenses	2,869	5,962	6,574	8,762	1,147	39,289
Outsourcing Fees	540	600	780	720	600	3,720
Insurance	53	117	203	148	68	651
Repair Expenses	89	548	474	3,204	120	1,735
Taxes	1,779	4,266	4,670	4,253	–	22,589
Other Expenses	406	431	445	436	359	10,593
(C) NOI (A) - (B)	12,573	27,510	21,720	14,968	38,329	298,549
(D) Depreciation	4,165	10,374	19,150	20,731	7,566	64,830
(E) Net Rental Income (C) - (D)	8,407	17,136	2,570	-5,762	30,762	233,719

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 Shimonoseki Eki Nishi, and retail-tenant rental income for Chisun Inn Osaka Honmachi, 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	51,853	46,596	33,115	36,929	58,283	43,295
Depreciation	9,959	13,479	9,106	2,248	14,504	15,532

Note 2: Sold on January 31, 2020

Note 3: Negative variable rents reflect the reimbursement of previous year's variable rents based on rent reimbursement clauses in lease contracts.

Individual Hotel Operating Results

ADR = Average Daily Rate

RevPAR = Revenue per Available Room

GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	96.1	71.6	14.2	—	—	30.3	34.5	26.6	34.6	56.2	47.8	19.0	44.6
ADR (JPY)	4,445	4,640	6,457	—	—	3,272	2,997	3,290	3,072	5,904	3,158	2,882	4,101
RevPAR (JPY)	4,272	3,320	916	—	—	990	1,034	877	1,062	3,317	1,509	546	1,830
Revenue (JPY million)	19	16	2	—	—	5	5	4	5	15	7	3	80
GOP (JPY million)	2	—	-7	-4	-2	-4	-5	-4	-3	6	-1	-5	-27

Note: Temporarily closed from April 13, 2020 and reopened on July 1, 2020. April 2020 data reflects data for the period when the hotel was open during April 2020.

003 Hotel Wing International Nagoya

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	72.9	21.0	16.1	—	19.6	24.3	18.3	25.6	32.5	48.2	35.6	26.8	31.4
ADR (JPY)	6,802	5,769	5,333	—	4,450	4,231	4,265	4,468	4,523	4,728	4,471	4,085	5,051
RevPAR (JPY)	4,956	1,211	858	—	871	1,026	781	1,146	1,468	2,280	1,591	1,093	1,584
Revenue (JPY million)	35	9	4	—	6	8	6	9	11	17	12	9	127
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

Note 2: Temporarily closed from April 18, 2020 and reopened on June 1, 2020. April 2020 data reflects data for the period when the hotel was open during April 2020.

004 Nest Hotel Sapporo Ekimae

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	94.4	77.9	52.9	22.0	32.7	74.2	96.9	98.1	96.9	87.2	58.1	50.7	70.1
ADR (JPY)	9,000	3,827	3,238	3,730	4,165	4,218	4,464	4,521	4,516	4,009	3,553	3,607	4,609
RevPAR (JPY)	8,497	2,982	1,713	819	1,361	3,129	4,326	4,435	4,374	3,496	2,065	1,830	3,229
Revenue (JPY million)	47	18	10	4	7	18	26	28	28	21	12	11	231
GOP (JPY million)	20	-2	-6	-5	-3	4	6	8	8	4	-2	-3	29

005 Chisun Inn Osaka Honmachi

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	52.3	13.8	4.4	—	—	—	—	—	—	—	—	—	26.5
ADR (JPY)	5,739	4,527	4,259	—	—	—	—	—	—	—	—	—	5,429
RevPAR (JPY)	2,999	627	186	—	—	—	—	—	—	—	—	—	1,439
Revenue (JPY million)	11	3	—	—	—	—	—	—	—	—	—	—	14
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

Note 2: Temporarily closed from April 17, 2020. April 2020 data reflects data for the period when the hotel was open during April 2020.

006 Comfort Hotel Hamamatsu

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	66.4	49.1	35.3	18.0	29.9	37.5	39.8	41.1	45.0	48.8	43.4	37.4	40.8
ADR (JPY)	5,604	4,950	4,945	4,930	4,472	4,518	4,647	4,806	4,956	5,260	4,929	5,136	4,977
RevPAR (JPY)	3,721	2,430	1,744	887	1,336	1,696	1,849	1,975	2,229	2,566	2,139	1,920	2,033
Revenue (JPY million)	21	15	10	5	8	10	11	12	14	15	13	12	146
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

007 Hotel Wing International Kobe Shin Nagata Ekimae

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	54.9	36.7	24.7	23.3	29.8	36.7	31.6	43.8	48.6	59.0	51.7	39.0	39.9
ADR (JPY)	7,249	6,328	5,719	5,627	6,189	6,159	6,463	6,568	6,735	7,734	7,388	6,669	6,729
RevPAR (JPY)	3,981	2,324	1,410	1,312	1,844	2,260	2,042	2,876	3,272	4,561	3,819	2,603	2,685
Revenue (JPY million)	17	11	6	6	8	11	10	13	15	21	17	12	147
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

008 Nest Hotel Sapporo Odori

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	93.4	73.7	61.1	34.9	43.1	74.8	92.2	92.3	89.8	67.6	38.9	31.7	67.4
ADR (JPY)	11,142	4,146	3,251	3,679	3,952	4,458	4,691	4,545	4,260	4,101	3,834	4,004	4,979
RevPAR (JPY)	10,405	3,056	1,987	1,283	1,703	3,332	4,325	4,197	3,825	2,773	1,491	1,270	3,358
Revenue (JPY million)	40	14	9	5	7	14	18	18	17	12	7	3	162
GOP (JPY million)	18	-2	-4	-4	-3	2	3	3	1	—	-3	-5	5

Note: Temporarily closed from January 17, 2021. January 2021 data reflects data for the period when the hotel was open during January 2021.

009 The OneFive Fukuoka Tenjin

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	93.3	87.8	29.4	1.3	–	–	25.4	24.1	76.2	95.0	86.3	68.2	64.4
ADR (JPY)	7,492	4,998	4,238	4,910	–	–	4,099	4,535	2,699	3,563	3,296	2,421	4,245
RevPAR (JPY)	6,989	4,387	1,248	64	–	–	1,042	1,094	2,055	3,384	2,845	1,652	2,735
Revenue (JPY million)	17	12	4	1	1	1	3	3	4	9	8	5	68
GOP (JPY million)	6	1	-5	-5	-4	-4	-2	-3	-4	1	–	-3	-21

Note 1: Rebranded and reopened on October 10, 2020.

Note 2: Temporarily closed from May 1, 2020 and reopened on August 1, 2020. May 2020 data reflects data for the period when the hotel was open during May 2020.

010 Nest Hotel Osaka Shinsaibashi

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	39.2	11.3	5.3	–	–	–	–	–	–	23.5	8.7	6.9	16.9
ADR (JPY)	6,764	4,593	4,648	–	–	–	–	–	–	4,309	3,380	3,599	5,491
RevPAR (JPY)	2,654	521	248	–	–	–	–	–	–	1,013	294	249	926
Revenue (JPY million)	27	7	3	2	2	2	2	2	2	6	5	3	62
GOP (JPY million)	7	-4	-5	-2	-3	-2	-1	-2	-2	–	-3	-3	-19

Note: Temporarily closed from April 17, 2020 and reopened on November 19, 2020. Temporarily closed again on January 13, 2021. April 2020, November 2020, and January 2021 data reflect data for the period when the hotel was open during each month.

011 Comfort Hotel Central International Airport

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	68.2	31.0	15.8	7.9	14.4	16.7	26.2	34.6	39.6	51.3	39.0	32.8	31.3
ADR (JPY)	8,673	7,760	8,603	8,950	8,272	7,015	7,356	7,233	7,697	8,841	7,731	6,864	7,943
RevPAR (JPY)	5,918	2,409	1,361	711	1,190	1,173	1,927	2,501	3,045	4,540	3,018	2,250	2,486
Revenue (JPY million)	62	27	15	8	13	13	21	27	34	49	33	25	327
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

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

012 Smile Hotel Tokyo Asagaya

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	97.2	89.1	72.7	66.2	67.8	68.8	75.5	78.5	83.6	90.8	92.1	83.6	80.4
ADR (JPY)	8,435	5,704	4,406	4,569	4,803	4,771	4,602	4,634	5,133	5,629	5,161	4,571	5,278
RevPAR (JPY)	8,199	5,080	3,205	3,026	3,258	3,282	3,473	3,637	4,289	5,113	4,755	3,822	4,245
Revenue (JPY million)	28	18	11	11	11	12	13	13	15	18	17	14	180
GOP (JPY million)	14	6	2	3	4	3	4	4	6	8	7	4	64

015 Nest Hotel Matsuyama

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	89.4	76.4	31.6	19.2	36.8	58.3	62.3	65.6	75.3	78.5	57.8	41.8	57.6
ADR (JPY)	5,895	4,723	4,369	4,364	4,248	4,682	4,273	4,454	4,714	5,493	4,607	4,402	4,802
RevPAR (JPY)	5,273	3,608	1,380	836	1,563	2,728	2,660	2,921	3,550	4,310	2,661	1,840	2,767
Revenue (JPY million)	39	26	9	6	10	20	19	21	26	29	19	13	235
GOP (JPY million)	15	5	-5	-3	-1	4	2	4	8	13	5	-	46

016 Hotel Livemax Nihombashi-Hakozaki

	2020											2021	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

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	82.9	69.7	43.1	26.2	49.1	57.8	55.5	-	54.0	87.8	93.2	58.8	61.5
ADR (JPY)	5,458	4,608	4,202	3,761	3,666	4,015	4,421	-	2,127	3,035	2,868	2,825	3,712
RevPAR (JPY)	4,522	3,211	1,811	986	1,801	2,321	2,453	-	1,148	2,664	2,674	1,661	2,284
Revenue (JPY million)	29	22	12	7	12	16	17	-	7	17	17	11	167
GOP (JPY million)	-	-	-	-	-	-	-	-	-6	7	6	-4	-

Note: Rebranded and reopened on October 1, 2020.

Note: The previous operator did not give consent to disclose February ~ September 2020 GOP.

018 Comfort Hotel Kushiro

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	70.2	41.6	23.7	20.8	53.1	80.5	87.0	87.2	86.3	58.9	48.6	51.9	59.1
ADR (JPY)	5,177	4,196	3,998	4,111	4,045	4,884	5,918	5,808	5,356	4,804	4,152	4,289	4,954
RevPAR (JPY)	3,634	1,744	946	855	2,150	3,931	5,148	5,063	4,624	2,829	2,018	2,227	2,929
Revenue (JPY million)	14	7	4	4	9	16	21	20	19	11	8	9	144
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

019 Comfort Hotel Suzuka

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	66.7	40.5	25.4	24.0	29.7	44.7	49.7	46.3	56.4	58.1	58.2	41.6	45.0
ADR (JPY)	4,774	4,639	4,882	4,142	4,184	4,795	5,118	4,469	5,570	5,114	5,466	4,391	4,883
RevPAR (JPY)	3,184	1,877	1,240	994	1,241	2,145	2,543	2,067	3,140	2,971	3,184	1,828	2,199
Revenue (JPY million)	10	6	4	3	4	7	8	7	10	9	10	6	85
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

020 Grandpark-Inn Yokohama

	2020											2021	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

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	84.9	48.1	21.3	3.8	12.5	15.7	14.9	0.6	29.6	45.0	12.2	100.0	38.1
ADR (JPY)	5,778	4,980	4,736	4,673	4,790	5,347	5,795	1,900	5,500	5,589	5,240	7,728	6,027
RevPAR (JPY)	4,905	2,395	1,009	178	600	841	866	11	1,626	2,518	638	7,728	2,298
Revenue (JPY million)	24	13	5	—	3	4	2	—	9	13	3	41	118
GOP (JPY million)	—	—	—	—	—	—	—	—	—	—	—	—	—

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

022 Court Hotel Kurashiki

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	75.8	53.9	30.4	—	—	15.4	—	33.1	44.9	49.5	26.3	20.3	41.1
ADR (JPY)	5,882	5,297	3,957	—	—	11,616	—	7,371	7,033	8,677	6,413	4,836	6,338
RevPAR (JPY)	4,457	2,857	1,202	—	—	1,791	—	2,441	3,159	4,295	1,690	984	2,607
Revenue (JPY million)	17	11	5	—	—	1	—	9	13	18	7	4	84
GOP (JPY million)	4	1	-4	-5	-5	-4	-4	2	4	7	—	-3	-7

Note: Temporarily closed from May 1, 2020 and temporarily reopened for 4 days in July 2020 (July 9th, July 23rd, July 24th, July 25th). Data from May 2020 through August 2020 reflects data for the period when the hotel was open during each month. The hotel reopened on September 1, 2020.

023 Nest Hotel Kumamoto

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	77.5	59.8	22.0	11.6	36.5	57.0	49.1	54.6	53.8	73.4	80.3	69.7	53.7
ADR (JPY)	5,665	4,226	3,914	3,834	3,524	3,499	3,403	3,916	3,699	4,322	3,762	3,467	4,003
RevPAR (JPY)	4,391	2,526	859	444	1,286	1,995	1,671	2,140	1,991	3,172	3,020	2,415	2,150
Revenue (JPY million)	29	19	7	4	9	14	12	15	14	21	21	17	181
GOP (JPY million)	13	5	-3	-4	-1	3	1	3	3	9	8	5	42

024 Valie Hotel Hiroshima

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	70.5	68.2	37.4	9.4	—	—	—	24.4	43.6	45.3	23.6	14.8	40.6
ADR (JPY)	4,655	3,774	3,612	4,045	—	—	—	4,898	3,561	5,344	3,931	3,442	4,177
RevPAR (JPY)	3,280	2,573	1,352	381	—	—	—	1,195	1,552	2,423	927	511	1,695
Revenue (JPY million)	17	14	7	1	—	—	—	3	8	13	5	3	71
GOP (JPY million)	3	1	-1	-6	-3	-4	-4	-3	2	5	—	-2	-12

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

025 HOTEL EMIT SHIBUYA

	2020											2021	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	68.1	95.1	95.3	97.4	96.5	98.3	98.5	98.2	99.1	98.8	98.8	68.7	94.6
ADR (JPY)	8,867	5,346	2,926	2,667	3,316	3,839	3,611	3,861	5,022	5,248	5,798	3,546	4,181
RevPAR (JPY)	6,035	5,085	2,789	2,599	3,201	3,772	3,558	3,793	4,979	5,187	5,728	2,437	3,954
Revenue (JPY million)	2	12	6	6	7	9	8	8	11	11	13	5	98
GOP (JPY million)	1	3	-4	-5	-4	-5	-3	-1	2	3	5	-3	-11

Note: February 2020 data reflects data from February 25, 2020, the day Ichigo Hotel made the acquisition, through February 29, 2020.

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	2020											2021	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 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	4.4
Tokyo	3	8,970	17.3	4.7
Hokuriku & Tokai	4	9,828	18.9	5.4
Kinki	4	15,200	29.3	4.4
Chugoku & Shikoku	6	8,915	17.2	7.7
Kyushu & Okinawa	2	3,600	6.9	7.2
Total	23	51,913	100.0	5.6

Major Capital Expenditures

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

Hotel Name	Location	Purpose	Timing	Forecast Expenditure (JPY million)
Capsule Plus Yokohama ¹	Yokohama	Renovation for reopening	March 2021	63
The OneFive Osaka Sakaisuji ²	Osaka	Renovation for reopening	June 2021	35
Nest Hotel Sapporo Odori	Sapporo, Hokkaido	Upgrade fire alarm systems	April 2021	15

Note 1: Former Granpark-Inn Yokohama rebranded and reopened on March 1, 2021.

Note 2: Scheduled for rebranding and reopening on July 1, 2021. The hotel will be renamed from Chisun Inn Osaka Honmachi.

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

Capital spending totaled JPY 123 million during the January 2021 Fiscal Period. Including JPY 43 million expensed as repair expenses, total spending on renovation was JPY 166 million.