

[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 12, 2019

July 2019 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)

Representative: Hiroshi Iwai, President

Inquiries: Masanori Kubota, Statutory Executive Officer (Finance)

Telephone: +81-3-3502-4892

Submission of Financial Report (*Yuka Shoken Hokokusho*): October 25, 2019 (expected)

Dividend Payment: October 23, 2019 (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 2019 Fiscal Period (February 1, 2019 to July 31, 2019)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2019	1,789	-26.6%	992	-37.0%	805	-42.5%	804	-42.5%
January 2019	2,439	+34.5%	1,573	+50.9%	1,399	+63.6%	1,398	+63.7%

	Net Income per Share (JPY)	Return on Equity (6 months)	Recurring Profit to Total Assets (6 months)	Recurring Profit to Operating Revenue
July 2019	3,154	2.5%	1.4%	45.0%
January 2019	5,486	4.3%	2.5%	57.4%

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 2019	3,154	804	—	—	100%	2.5%
January 2019	5,487	1,399	—	—	100%	4.3%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
July 2019	59,223	32,401	54.7%	127,079
January 2019	56,084	32,996	58.8%	129,412

(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 2019	882	-3,970	2,322	3,400
January 2019	3,468	-1,995	-854	4,165

2. Earnings Forecasts for the January 2020 Fiscal Period (August 1, 2019 to January 31, 2020) and July 2020 Fiscal Period (February 1, 2020 to July 31, 2020)

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2020	2,383	33.2%	1,402	41.4%	1,199	49.0%	1,198	49.0%
July 2020	1,789	-24.9%	972	-30.7%	766	-36.1%	765	-36.1%

(JPY)

	Dividend per Share	Dividend per Share in Excess of Earnings
January 2020	4,700	—
July 2020	3,001	—

Note: Forecast Net Income per Share is JPY 4,700 (-14.3% year-on-year) and JPY 3,001 (-4.9% year-on-year), respectively, for the January 2020 and July 2020 fiscal periods.

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, 2019 and July 31, 2019.

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 Performance Forecasts and Other Matters of Special Note

The forecasts presented above are current figures based on certain preconditions. Accordingly, the actual operating 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 preconditions, please refer to the “Preconditions for January 2020 Fiscal Period Earnings Forecast” on page 6 and “Preconditions for July 2020 Fiscal Period Earnings Forecast” on page 9.

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Material Matters after Closing of the Fiscal Period

Asset Sale

Hotel Vista Premio Kyoto

Sale Price	JPY 4,500,000,000
Book Value	JPY 3,580,774,149 (as of July 31, 2019)
Location	457 Matsugae-cho, Kawaramachi-dori Rokkaku Nishi-Iru, Nakagyo-ku, Kyoto
Form of Ownership	Trust beneficiary interest in real estate (<i>juekiken</i>)
Contract Date	August 27, 2019
Closing Date	October 31, 2019
Buyer	The buyer, a third-party Japanese SPC, did not provide consent to disclose its name.

Note: Sale Price excludes incidental expenses such as fees and property, city planning, and consumption taxes.

Earnings Forecasts

Earnings Forecast for the January 2020 Fiscal Period (August 1, 2019 to January 31, 2020)

For details on preconditions for this forecast, please refer to page 6.

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

Operating Revenue	JPY 2,383 million
Operating Profit	JPY 1,402 million
Recurring Profit	JPY 1,199 million
Net Income	JPY 1,198 million
Dividend per Share	JPY 4,700
Dividend in Excess of Earnings	—

Earnings Forecast for the July 2020 Fiscal Period (February 1, 2020 to July 31, 2020)

For details on preconditions for this forecast, please refer to page 9.

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

Operating Revenue	JPY 1,789 million
Operating Profit	JPY 972 million
Recurring Profit	JPY 766 million
Net Income	JPY 765 million
Dividend per Share	JPY 3,001
Dividend in Excess of Earnings	—

Preconditions for the January 2020 Fiscal Period Earnings Forecast

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Period	• August 1, 2019 to January 31, 2020 (184 days)																																																										
Number of Hotels	23 hotels (which will become 22 hotels after the sale of Hotel Vista Premio Kyoto on October 31, 2019. Please refer to page 4, Material Matters after Closing of the Fiscal Period, for details of the sale.)																																																										
Operating Revenue	<p>Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as hotel and market conditions.¹</p> <p><u>Forecast Operating Performance²</u></p> <table border="1"> <thead> <tr> <th></th> <th>January 2020 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy³</td> <td>88.5%</td> </tr> <tr> <td>ADR⁴</td> <td>JPY 7,809</td> </tr> </tbody> </table> <p>¹ The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.</p> <p>² The 15 variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Vista Premio Kyoto, 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 Naha, Nest Hotel Matsuyama, Court Hotel Kurashiki, Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Kumamoto, and Valie Hotel Hiroshima.</p> <p>³ Occupancy is calculated with the following formula: Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms * number of days hotel was in operation during the period)</p> <p>⁴ ADR or Average Daily Rate is calculated with the following formula: ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period</p> <p><u>Details of January 2020 Rental Income Forecast</u> (JPY million)</p> <table border="1"> <thead> <tr> <th>Hotel Name</th> <th>Fixed Rent/ Minimum Guaranteed Rent</th> <th>Variable Rent</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Smile Hotel Kyoto Shijo</td> <td>34</td> <td>46</td> <td>81</td> </tr> <tr> <td>Hotel Vista Premio Kyoto</td> <td>37</td> <td>–</td> <td>37</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>32</td> <td>74</td> <td>106</td> </tr> <tr> <td>Chisun Inn Osaka Hommachi</td> <td>39</td> <td>–</td> <td>39</td> </tr> <tr> <td>Comfort Hotel Hamamatsu</td> <td>55</td> <td>–</td> <td>55</td> </tr> <tr> <td>Nest Hotel Sapporo Odori</td> <td>26</td> <td>59</td> <td>85</td> </tr> <tr> <td>Valie Hotel Tenjin</td> <td>24</td> <td>42</td> <td>67</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>65</td> <td>99</td> <td>165</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>28</td> <td>70</td> <td>98</td> </tr> <tr> <td>Nest Hotel Naha</td> <td>60</td> <td>85</td> <td>145</td> </tr> <tr> <td>Nest Hotel Matsuyama</td> <td>35</td> <td>52</td> <td>88</td> </tr> </tbody> </table>		January 2020 Fiscal Period	Occupancy ³	88.5%	ADR ⁴	JPY 7,809	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	46	81	Hotel Vista Premio Kyoto	37	–	37	Nest Hotel Sapporo Ekimae	32	74	106	Chisun Inn Osaka Hommachi	39	–	39	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	26	59	85	Valie Hotel Tenjin	24	42	67	Nest Hotel Osaka Shinsaibashi	65	99	165	Comfort Hotel Central International Airport	151	–	151	Smile Hotel Tokyo Asagaya	28	70	98	Nest Hotel Naha	60	85	145	Nest Hotel Matsuyama	35	52	88
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Financial Statements
(1) Balance Sheet

(JPY thousand)

	January 2019 (as of January 31, 2019)	July 2019 (as of July 31, 2019)
Assets		
Current Assets		
Cash and cash equivalents	2,051,247	1,257,784
Cash and cash equivalents in trust	2,114,319	2,142,812
Accounts receivable	135,017	215,959
Prepaid expenses	146,721	157,630
Consumption taxes receivable	8,235	108,273
Total Current Assets	4,455,541	3,882,460
Fixed Assets		
Property, Plant, and Equipment		
Buildings	16,800,821	18,616,074
Depreciation	-1,515,670	-1,821,072
Buildings (net)	15,285,150	16,795,001
Structures	7,742	8,792
Depreciation	-735	-1,015
Structures (net)	7,006	7,777
Machinery and equipment	51,391	53,713
Depreciation	-7,418	-10,243
Machinery and equipment (net)	43,973	43,469
Fixtures	206,593	249,731
Depreciation	-42,828	-62,879
Fixtures (net)	163,764	186,852
Land	35,799,233	37,951,447
Buildings under construction	1,448	2,443
Total Property, Plant, and Equipment	51,300,578	54,986,992
Investments and Other Assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	293,786	333,862
Total Investments and Other Assets	303,786	343,862
Total Fixed Assets	51,604,365	55,330,854
Capitalized Expenses		
Expenses related to REIT establishment	15,268	10,179
Share issuance expenses	8,988	502
Total Capitalized Expenses	24,256	10,682
Total Assets	56,084,163	59,223,997

(JPY thousand)

	January 2019 (as of January 31, 2019)	July 2019 (as of July 31, 2019)
Liabilities		
Current Liabilities		
Accounts payable	224,572	190,821
Long-term loans (due within one year)	–	4,200,000
Accounts payable – other	292,669	272,712
Accrued expenses	527	604
Income taxes payable	942	871
Consumption taxes payable	15,085	11,228
Advances received	94,210	111,055
Other	6,324	7,967
Total Current Liabilities	634,332	4,795,262
Long-Term Liabilities		
Long-term loans	21,750,000	21,270,000
Tenant leasehold and security deposits	703,095	751,777
Accrued asset disposal costs	–	4,992
Total Long-Term Liabilities	22,453,095	22,026,769
Total Liabilities	23,087,427	26,822,031
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	1,399,111	804,342
Total Surplus	1,399,111	804,342
Total Shareholders' Equity	32,996,735	32,401,965
Total Net Assets	32,996,735	32,401,965
Total Liabilities and Net Assets	56,084,163	59,223,997

(2) Income Statement

(JPY thousand)

	January 2019 (August 1, 2018 to January 31, 2019)	July 2019 (February 1, 2019 to July 31, 2019)
Operating Revenue		
Rental income	1,721,699	1,764,732
Other rental income	23,668	24,937
Gains on sale of real estate	694,523	–
Total Operating Revenue	2,439,891	1,789,669
Operating Expenses		
Rental expenses	479,360	506,444
Asset management fee	312,144	237,365
Custodian fee	4,176	4,206
Other administrative expenses	18,824	17,298
Directors' compensation	4,200	4,200
Other	47,500	27,984
Total Operating Expenses	866,206	797,498
Operating Profit	1,573,684	992,170
Non-Operating Income		
Interest income	17	20
Reversal of accrued dividend	–	148
Insurance proceeds	13,352	2,790
Interest on tax refund	–	12
Total Non-Operating Income	13,370	2,972
Non-Operating Expenses		
Interest expenses	97,013	100,449
Borrowing-related expenses	69,408	75,972
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	15,650	8,485
Total Non-Operating Expenses	187,160	189,995
Recurring Profit	1,399,894	805,147
Pre-Tax Income	1,399,894	805,147
Income Taxes – Current	944	874
Total Income Taxes	944	874
Net Income	1,398,949	804,272
Retained Earnings Brought Forward	161	69
Unappropriated Retained Earnings	1,399,111	804,342

(3) Statement of Shareholders' Equity

Previous Period (January 2019 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, 2018	31,897,545	-299,921	31,597,623	854,834	854,834
Changes during the Period					
Dividends				-854,672	-854,672
Net Income				1,398,949	1,398,949
Total Changes	–	–	–	544,276	544,276
Balance as of January 31, 2019	31,897,545	-299,921	31,597,623	1,399,111	1,399,111

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of August 1, 2018	32,452,458	32,452,458
Changes during the Period		
Dividends	-854,672	-854,672
Net Income	1,398,949	1,398,949
Total Changes	544,276	544,276
Balance as of January 31, 2019	32,996,735	32,996,735

Current Period (July 2019 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, 2019	31,897,545	-299,921	31,597,623	1,399,111	1,399,111
Changes during the Period					
Dividends				-1,399,042	-1,399,042
Net Income				804,272	804,272
Total Changes	—	—	—	-594,769	-594,769
Balance as of July 31, 2019	31,897,545	-299,921	31,597,623	804,342	804,342

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of February 1, 2019	32,996,735	32,996,735
Changes during the Period		
Dividends	-1,399,042	-1,399,042
Net Income	804,272	804,272
Total Changes	-594,769	-594,769
Balance as of July 31, 2019	32,401,965	32,401,965

(4) Dividend Statement

(JPY)

	January 2019 (August 1, 2018 to January 31, 2019)	January 2019 (February 1, 2019 to July 31, 2019)
I Unappropriated Retained Earnings	1,399,111,552	804,342,009
II Total Dividends (Dividend per Share)	1,399,042,338 (5,487)	804,187,996 (3,154)
III Retained Earnings Carried Forward	69,214	154,013

(5) Cash Flow Statement

(JPY thousand)

	January 2019 (August 1, 2018 to January 31, 2019)	July 2019 (February 1, 2019 to July 31, 2019)
Cash Flows from Operations:		
Pre-tax income	1,399,894	805,147
Depreciation	308,764	328,558
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	15,650	8,485
Interest income	-17	-20
Interest expense	97,013	100,449
Decrease (increase) in accounts receivable	82,184	-80,942
Decrease (increase) in consumption taxes receivable	-8,235	-100,037
Decrease (increase) in prepaid expenses	-1,780	5,517
Decrease (increase) in long-term prepaid expenses	-25,979	-56,501
Increase (decrease) in accrued consumption taxes	-67,599	-3,856
Increase (decrease) in accounts payable	32,033	-24,208
Increase (decrease) in accounts payable – other	79,386	-19,957
Increase (decrease) in advances received	-267,130	16,844
Decrease due to sale of property, plant, and equipment	1,910,416	–
Other	6,509	-855
Sub-total	3,566,198	983,712
Interest income received	17	20
Interest expense paid	-97,010	-100,373
Income taxes paid	-951	-945
Net Cash from (Used for) Operations	3,468,253	882,414
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-1,995,129	-4,018,815
Increase in tenant security deposits	–	48,681
Net Cash from (Used for) Investments	-1,995,129	-3,970,133
Cash Flows from Financing:		
Proceeds from long-term loans	3,250,000	3,720,000
Repayment of long-term loans	-3,250,000	–
Dividends paid	-854,391	-1,397,250
Net Cash from (Used for) Financing	-854,391	2,322,749
Net Decrease (Increase) in Cash and Cash Equivalents	618,732	-764,969
Cash and Cash Equivalents at Beginning of Period	3,546,833	4,165,566
Cash and Cash Equivalents at End of Period	4,165,566	3,400,596

Rental Income Details

(JPY thousand)

	Previous Period January 2019 (August 1, 2018 to January 31, 2019)		Current Period July 2019 (February 1, 2019 to July 31, 2019)	
A Real Estate Rental Income				
Real Estate Rental Income	1,721,699	1,721,699	1,764,732	1,764,732
Other Rental Income				
Utilities Income	19,079		18,140	
Other	4,588	23,668	6,796	24,937
Total Income		1,745,367		1,789,669
B Real Estate Rental Expenses				
Rental Expenses				
Outsourcing Fees	18,612		17,404	
Utilities	19,886		18,954	
Trust Fees	8,193		8,589	
Depreciation Expense	308,764		328,558	
Repair Expenses	16,501		18,648	
Property and City Planning Taxes	102,866		110,272	
Insurance	2,628		2,696	
Other Expenses	1,906		1,319	
Total Expenses		479,360		506,444
C Net Rental Income				
(A) – (B)		1,266,007		1,283,224

Gains and Losses on Sale of Real Estate

Previous Period

(JPY thousand)

January 2019 (August 1, 2018 to January 31, 2019)

Smile Hotel Asakusa

Real Estate Sale Income 2,700,000

Real Estate Sale Cost 1,910,416

Other Real Estate Sale Expenses 95,060

Gains on Real Estate Sale 694,523

Current Period

July 2019 (February 1, 2019 to July 31, 2019)

None

Notes to Statement of Shareholders' Equity

(shares)

	January 2019 (August 1, 2018 to January 31, 2019)	July 2019 (February 1, 2019 to July 31, 2019)
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 2019 (August 1, 2018 to January 31, 2019)	July 2019 (February 1, 2019 to July 31, 2019)
Cash and deposits	2,051,247	1,257,784
Cash and deposits in trust	2,114,319	2,142,812
Cash and cash equivalents	4,165,566	3,400,596

Long-Term Loan Maturity Distribution

January 2019 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	–	9,450,000	–	1,800,000	9,000,000	1,500,000
Total	–	9,450,000	–	1,800,000	9,000,000	1,500,000

July 2019 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	4,200,000	–	–	–	–	–
Long-term loans	–	5,250,000	–	6,300,000	6,720,000	3,000,000
Total	4,200,000	5,250,000	–	6,300,000	6,720,000	3,000,000

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (as of January 31, 2019)

(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	17,550,000	17,550,000	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, 2019)

(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	21,270,000	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.

Major Tenants (Hotel Operators)

Previous Fiscal Period (January 2019)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	660,107
Greens Co., Ltd.	286,566
K.K. Hospitality Operations	209,858

Current Fiscal Period (July 2019)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	681,201
Greens Co., Ltd.	286,566
K.K. Hospitality Operations	188,995

Per Share Information

(JPY)

	January 2019 (August 1, 2018 to January 31, 2019)	July 2019 (February 1, 2019 to July 31, 2019)
Net Assets per Share	129,412	127,079
Net Income per Share	5,486	3,154

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 2019 (August 1, 2018 to January 31, 2019)	July 2019 (February 1, 2019 to July 31, 2019)
Net Income (JPY thousand)	1,398,949	804,272
Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	1,398,949	804,272
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
July 22, 2015	REIT Establishment ²	3,000	3,000	300	300
November 27, 2015	IPO ³	129,000	132,000	13,181	13,481
December 22, 2015	Third-Party Allotment to Underwriter (Greenshoe) ⁴	6,500	138,500	664	14,145
August 16, 2016	Public Offering ⁵	115,800	254,300	17,262	31,408
September 13, 2016	Third-Party Allotment to Underwriter (Greenshoe) ⁶	3,284	257,584	489	31,897
December 11, 2017	Share Cancellation ⁷	-2,610	254,974	-299	31,597

¹ Issue amount excludes deduction from shareholders' capital (treasury share).

² Upon establishment of this REIT, new shares were issued at JPY 100,000 per share.

³ 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.

⁴ New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 102,184 per share to procure funds to repay debt.

⁵ 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.

⁶ New shares were issued via third-party allotment to the underwriter (Greenshoe) at JPY 149,068 per share to procure funds to repay debt.

⁷ 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 2019 Fiscal Period	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (<i>juekiken</i>)	Hokkaido & Tohoku	3,911	6.6
	Kanto (ex-Tokyo)	1,503	2.5
	Tokyo	5,311	9.0
	Hokuriku & Tokai	9,801	16.5
	Kinki	18,962	32.0
	Chugoku & Shikoku	8,032	13.6
	Kyushu & Okinawa	7,461	12.6
Sub-total		54,984	92.8
Deposits & Other Assets		4,239	7.2
Total Assets		59,223	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, 2019)

Hotel No.	Hotel Name	Acquisition Price (JPY million)	Book Value (JPY million)	Appraisal Value (JPY million)	Portfolio Weighting (%)	Collateralized
001	Smile Hotel Kyoto Shijo	4,480	4,553	4,350	8.2	No
002	Hotel Vista Premio Kyoto ¹	3,600	3,580	3,820	6.6	No
003	Hotel Wing International Nagoya	2,670	2,699	2,880	4.9	No
004	Nest Hotel Sapporo Ekimae	2,160	2,153	2,690	4.0	No
005	Chisun Inn Osaka Hommachi	1,630	1,707	1,960	3.0	No
006	Comfort Hotel Hamamatsu	1,550	1,469	1,750	2.8	No
007	Hotel Wing International Kobe Shin Nagata Ekimae	1,490	1,424	1,800	2.7	No
008	Nest Hotel Sapporo Odori	1,450	1,466	1,900	2.7	No
009	Valie Hotel Tenjin	1,380	1,441	2,230	2.5	No
010	Nest Hotel Osaka Shinsaibashi	7,600	7,695	7,550	13.9	No
011	Comfort Hotel Central International Airport	5,308	5,345	5,880	9.7	No
012	Smile Hotel Tokyo Asagaya	3,910	3,987	4,370	7.2	No
013	Nest Hotel Naha	3,750	3,802	4,190	6.9	No
015	Nest Hotel Matsuyama	1,610	1,664	2,020	3.0	No
016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,323	1,440	2.5	No
017	Comfort Hotel Okayama	1,200	1,188	1,260	2.2	No
018	Comfort Hotel Kushiro	300	291	421	0.6	No
019	Comfort Hotel Suzuka	300	286	378	0.6	No
020	Grandpark-Inn Yokohama	1,490	1,503	1,550	2.7	No
021	Urbain Hiroshima Executive	1,800	1,837	2,080	3.3	No
022	Court Hotel Kurashiki	1,725	1,812	2,070	3.2	No
023	Nest Hotel Kumamoto	2,220	2,216	2,440	4.1	No
024	Valie Hotel Hiroshima	1,500	1,529	1,730	2.8	No
Total		54,483	54,984	60,759	100.0	—

¹ Entered into sale agreement on August 27, 2019 (See page 4 for more details.)

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
Stay-Only	001	Smile Hotel Kyoto Shijo	Kyoto	662.83	4,891.84	Jan 1991	65	4,891.84	4,891.84	100.0	1	144
	002	Hotel Vista Premio Kyoto	Kyoto	1,004.91	3,867.66	Jun 2008	150	3,867.66	3,867.66	100.0	3	84
	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	50	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	130	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	58	2,721.70	2,721.70	100.0	8	112
	013	Nest Hotel Naha	Naha, Okinawa	2,322.62	9,240.20	Feb 1975	101	9,240.20	9,240.20	100.0	1	200
	015	Nest Hotel Matsuyama	Matsuyama, Ehime	1,692.01	6,671.94	Nov 1988	71	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	56	3,964.19	3,964.19	100.0	1	104

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
	023	Nest Hotel Kumamoto	Kumamoto	1,074.39	6,404.36	Aug 1984	13	6,404.36	6,404.36	100.0	2	201
	024	Valie Hotel Hiroshima	Hiroshima	1,090.97	4,332.50	Aug 1985	—	4,332.50	4,332.50	100.0	1	171
Total			—	26,649.05	108,196.22	—	1,461	108,399.80	108,399.80	100.0	35	3,730

Appraisal Data

(as of July 31, 2019)

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)		
Stay-Only	001	Smile Hotel Kyoto Shijo	The Tanizawa Sogo Appraisal Co., Ltd.	4,350	4,110	4,430	4.4	4,310	4.5	4.6	212,250	4.7	4.0
	002	Hotel Vista Premio Kyoto	Daiwa Real Estate Appraisal Co., Ltd.	3,820	4,710	3,880	4.2	3,800	4.0	4.4	167,381	4.7	3.9
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,820	2,910	4.8	2,860	4.6	5.0	153,638	5.8	5.1
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,690	1,630	2,710	5.2	2,680	5.0	5.4	164,346	7.6	6.2
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,960	1,640	1,990	4.5	1,950	4.3	4.7	97,629	6.0	5.2
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,750	1,700	1,760	5.2	1,750	5.2	5.4	100,236	6.5	4.6
	007	Hotel Wing International Kobe Shin Nagata Ekimae	The Tanizawa Sogo Appraisal Co., Ltd.	1,800	1,760	1,810	4.7	1,800	4.7 ¹ 4.8 ²	4.9	92,657	6.2	4.5
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,900	1,750	1,910	5.1	1,900	4.9	5.3	116,510	8.0	6.0
	009	Valie Hotel Tenjin	Japan Real Estate Institute	2,230	1,590	2,260	4.2	2,190	4.0	4.4	106,966	7.8	6.5
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	7,550	3,270	7,630	4.5	7,520	4.3	4.7	393,136	5.2	4.3
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,880	6,470	5,970	4.0	5,840	3.8	4.2	266,567	5.0	3.8
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,370	1,180	4,440	4.4	4,340	4.2	4.6	212,291	5.4	4.1
	013	Nest Hotel Naha	Daiwa Real Estate Appraisal Co., Ltd.	4,190	1,470	4,230	5.3	4,170	5.1	5.5	250,135	6.7	4.8
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,030	2,030	5.7	2,020	5.5	5.9	140,641	8.7	6.5
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,440	636	1,450	4.5	1,430	4.3	4.7	66,142	4.9	3.5
	017	Comfort Hotel Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,260	520	1,250	5.3	1,260	5.1	5.5	80,384	6.7	4.6
	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	421	745	420	5.5	421	5.3	5.7	23,361	7.8	4.5

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)		
Stay-Only	019	Comfort Hotel Suzuka	Daiwa Real Estate Appraisal Co., Ltd.	378	381	377	5.0	378	4.8	5.2	23,101	7.7	4.9
	020	Grandpark-Inn Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,550	2,040	1,610	4.6	1,530	4.4	4.9	74,219	5.0	4.7
	021	Urbain Hiroshima Executive	Daiwa Real Estate Appraisal Co., Ltd.	2,080	1,390	2,090	5.3	2,070	5.1	5.5	113,385	6.3	4.8
	022	Court Hotel Kurashiki	The Tanizawa Sogo Appraisal Co., Ltd.	2,070	1,800	2,080	5.0	2,060	5.1	5.2	122,521	7.1	5.9
	023	Nest Hotel Kumamoto	The Tanizawa Sogo Appraisal Co., Ltd.	2,440	2,420	2,470	5.3	2,420	5.4	5.5	150,894	6.8	5.7
	024	Valie Hotel Hiroshima	The Tanizawa Sogo Appraisal Co., Ltd.	1,730	1,550	1,800	4.9	1,700	5.0	5.1	106,909	7.1	7.1
Total/Average				60,759	46,612	61,507	4.7	60,399	-	-	3,235,307	5.9	4.7

¹ From first to tenth year

² From 11th year onwards

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in Jul 2019 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 Naha Nest Hotel Matsuyama Nest Hotel Kumamoto	217	22.1	41,381.54	38.2
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Okayama Comfort Hotel Kushiro Comfort Hotel Suzuka	286	29.1	26,684.48	24.6

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

¹ Expressed as a ratio to total fixed rent for the portfolio as of July 31, 2019

Individual Hotel Financials

(JPY thousand)

Hotel No.		001	002	004	005	006	008
Hotel Name	Total	Smile Hotel Kyoto Shijo	Hotel Vista Premio Kyoto	Nest Hotel Sapporo Ekimae	Chisun Inn Osaka Hommachi	Comfort Hotel Hamamatsu	Nest Hotel Sapporo Odori
(A) Rental Income	1,789,669	94,501	75,000	134,971	61,797	55,361	107,426
Fixed Rent	984,145	30,744	75,000	31,129	39,600	55,361	27,327
Variable Rent	735,493	63,756	–	103,841	22,197	–	80,098
Other Rent	70,030	–	–	–	–	–	–
(B) Rental Expenses	177,885	6,332	11,367	9,719	4,937	3,505	11,548
Outsourcing Fees	17,404	600	1,475	600	915	600	600
Insurance	2,696	142	100	148	99	93	155
Repair Expenses	18,648	233	1,850	3,427	270	115	1,901
Taxes	110,272	4,996	7,526	5,113	3,288	2,425	8,454
Other Expenses	28,864	359	415	429	364	271	436
(C) NOI (A) - (B)	1,611,783	88,168	63,632	125,252	56,860	51,856	95,877
(D) Depreciation	328,558	16,159	13,919	15,338	6,735	14,635	14,950
(E) Net Rental Income (C) - (D)	1,283,224	72,009	49,713	109,913	50,125	37,220	80,927

(JPY thousand)

Hotel No.	009	010	011	012	013	015	017
Hotel Name	Valie Hotel Tenjin	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Central International Airport	Smile Hotel Tokyo Asagaya	Nest Hotel Naha	Nest Hotel Matsuyama	Comfort Hotel Okayama
(A) Rental Income	70,318	181,999	151,441	94,494	121,998	96,872	45,900
Fixed Rent	21,664	66,540	151,441	30,041	42,611	36,341	45,900
Variable Rent	48,654	115,458	–	64,452	79,386	60,531	–
Other Rent	–	–	–	–	–	–	–
(B) Rental Expenses	4,742	16,827	14,359	7,162	8,558	6,843	5,914
Outsourcing Fees	600	1,200	570	2,337	1,080	720	600
Insurance	55	242	273	89	234	196	137
Repair Expenses	350	1,296	403	555	2,326	922	883
Taxes	3,372	13,680	12,659	3,772	4,499	4,574	3,858
Other Expenses	364	408	452	407	417	429	435
(C) NOI (A) - (B)	65,576	165,171	137,082	87,331	113,439	90,028	39,985
(D) Depreciation	8,751	34,108	32,443	26,462	35,642	17,955	12,832
(E) Net Rental Income (C) - (D)	56,825	131,062	104,639	60,869	77,797	72,072	27,153

(JPY thousand)

Hotel No.	018	019	022	023	024	
Hotel Name	Comfort Hotel Kushiro	Comfort Hotel Suzuka	Court Hotel Kurashiki	Nest Hotel Kumamoto	Valie Hotel Hiroshima	Other
(A) Rental Income	18,419	15,442	86,586	37,933	166	339,036
Fixed Rent	18,419	15,442	31,665	13,891	–	251,020
Variable Rent	–	–	54,711	24,042	–	18,361
Other Rent	–	–	209	–	166	69,655
(B) Rental Expenses	5,456	3,049	5,837	915	85	50,722
Outsourcing Fees	900	540	600	416	50	3,000
Insurance	81	47	104	96	9	388
Repair Expenses	–	271	823	35	–	2,984
Taxes	4,066	1,782	3,945	–	–	22,254
Other Expenses	409	408	363	368	25	22,094
(C) NOI (A) - (B)	12,962	12,393	80,748	37,018	80	288,314
(D) Depreciation	4,943	4,156	10,142	12,431	–	46,947
(E) Net Rental Income (C) - (D)	8,019	8,236	70,606	24,586	80	241,366

Note: Hotel-operator rental income for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, and Urbain Hiroshima Executive, and retail-tenant rental income for Hotel Vista Premio Kyoto, 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 follows:

(JPY thousand)

	Hotel Wing International Nagoya	Hotel Wing International Kobe Shin Nagata Ekimae	Hotel Livemax Nihombashi-Hakozaki	Grandpark-Inn Yokohama	Urbain Hiroshima Executive
NOI	71,128	44,178	33,120	37,296	58,153
Depreciation	9,052	12,803	9,106	2,248	13,736

Individual Hotel Operating Results

ADR = Average Daily Rate

RevPAR = Revenue per Available Room

GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	100.1	99.7	100.1	100.1	92.3	92.9	99.8	99.8	100.2	98.1	99.1	99.6	98.5
ADR (JPY)	7,797	7,226	9,314	14,093	7,436	5,320	5,796	9,101	12,424	8,160	5,339	6,276	8,220
RevPAR (JPY)	7,804	7,206	9,320	14,110	6,866	4,941	5,782	9,085	12,447	8,008	5,293	6,250	8,093
Revenue (JPY million)	37	34	45	64	33	24	25	43	57	38	28	31	459
GOP (JPY million)	19	16	26	44	15	7	9	25	36	19	9	12	236

002 Hotel Vista Premio Kyoto

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	94.4	89.3	93.4	93.2	83.6	76.3	88.1	91.1	94.0	88.1	66.3	86.8	87.1
ADR (JPY)	11,616	10,328	14,473	17,835	10,389	8,498	8,439	12,777	19,481	13,038	7,354	10,023	12,257
RevPAR (JPY)	10,969	9,225	13,517	16,618	8,690	6,488	7,438	11,644	18,314	11,486	4,877	8,703	10,673
Revenue (JPY million)	33	27	38	44	25	19	20	34	50	33	15	26	363
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

003 Hotel Wing International Nagoya

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	93.6	91.9	83.3	87.9	92.7	84.0	90.4	91.3	92.0	83.5	82.3	82.8	87.9
ADR (JPY)	6,643	6,227	6,348	6,485	6,022	5,406	6,045	6,015	7,015	6,267	5,983	6,486	6,250
RevPAR (JPY)	6,218	5,725	5,287	5,701	5,585	4,540	5,464	5,494	6,456	5,234	4,923	5,372	5,497
Revenue (JPY million)	48	42	41	43	43	36	38	42	48	40	37	41	499
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

004 Nest Hotel Sapporo Ekimae

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.4	88.0	97.6	97.8	97.6	95.9	98.0	100.0	98.5	98.6	98.5	96.1	97.0
ADR (JPY)	14,946	10,712	9,476	8,997	8,848	8,558	15,743	7,025	7,209	11,103	13,336	14,031	10,792
RevPAR (JPY)	14,562	9,427	9,246	8,798	8,639	8,209	15,434	7,025	7,102	10,950	13,139	13,477	10,470
Revenue (JPY million)	82	52	56	53	56	54	80	49	46	67	74	78	749
GOP (JPY million)	50	28	29	25	24	22	47	19	18	35	43	47	388

005 Chisun Inn Osaka Hommachi

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	88.9	70.6	88.2	87.9	86.0	86.3	85.8	86.9	83.3	75.9	81.1	73.6	82.9
ADR (JPY)	7,664	7,494	7,617	8,028	7,536	6,416	7,114	7,042	7,717	6,970	6,683	6,616	7,251
RevPAR (JPY)	6,812	5,288	6,721	7,061	6,483	5,534	6,103	6,119	6,431	5,289	5,419	4,872	6,010
Revenue (JPY million)	27	21	27	28	26	22	22	25	25	21	21	20	285
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

006 Comfort Hotel Hamamatsu

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	90.9	83.0	85.1	87.6	75.8	65.0	81.4	85.2	85.5	79.5	81.5	81.6	81.8
ADR (JPY)	6,641	5,797	5,916	5,923	5,489	5,362	5,589	6,188	6,316	6,663	5,670	6,025	5,988
RevPAR (JPY)	6,036	4,814	5,033	5,188	4,158	3,485	4,549	5,271	5,403	5,295	4,619	4,920	4,899
Revenue (JPY million)	37	28	31	31	25	21	25	32	32	32	27	30	350
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

007 Hotel Wing International Kobe Shin Nagata Ekimae

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	-	-	-	-	-	-	-	-	-	-	70.4	74.6	72.5
ADR (JPY)	-	-	-	-	-	-	-	-	-	-	7,611	7,835	7,728
RevPAR (JPY)	-	-	-	-	-	-	-	-	-	-	5,358	5,842	5,604
Revenue (JPY million)	-	-	-	-	-	-	-	-	-	-	24	26	50
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	24	26	50

Note: The operator did not give consent to disclose operating results up to May 2019.

008 Nest Hotel Sapporo Odori

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.2	83.2	95.3	96.6	97.3	97.0	97.2	96.1	95.1	97.7	98.1	95.9	95.6
ADR (JPY)	18,481	11,552	9,818	10,272	11,302	10,156	19,290	7,991	8,321	13,238	14,458	15,534	12,522
RevPAR (JPY)	17,959	9,611	9,360	9,926	10,998	9,855	18,755	7,676	7,911	12,931	14,187	14,896	11,967
Revenue (JPY million)	73	38	39	40	45	41	67	33	32	52	55	60	576
GOP (JPY million)	45	18	18	19	21	17	40	12	13	29	32	36	300

009 Valie Hotel Tenjin

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	96.8	95.3	90.7	96.7	96.1	93.7	98.3	98.6	97.9	96.7	96.4	96.2	96.1
ADR (JPY)	9,117	10,332	9,975	11,524	10,452	8,898	11,051	10,483	10,274	10,630	9,426	9,237	10,112
RevPAR (JPY)	8,827	9,849	9,051	11,145	10,045	8,335	10,861	10,338	10,056	10,278	9,087	8,889	9,718
Revenue (JPY million)	23	24	23	27	26	21	25	26	25	26	22	23	292
GOP (JPY million)	12	13	13	16	14	10	14	15	13	14	11	12	155

010 Nest Hotel Osaka Shinsaibashi

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.2	79.1	91.5	95.9	92.1	84.1	92.0	93.6	88.6	87.5	95.4	85.6	89.8
ADR (JPY)	9,463	8,579	9,201	9,352	9,434	7,661	8,294	8,356	9,357	8,133	7,714	7,416	8,594
RevPAR (JPY)	8,729	6,788	8,421	8,965	8,685	6,443	7,629	7,822	8,290	7,117	7,358	6,346	7,716
Revenue (JPY million)	87	66	84	87	86	65	69	78	80	71	72	65	913
GOP (JPY million)	48	35	49	53	53	34	38	45	44	37	40	29	504

011 Comfort Hotel Central International Airport

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	95.9	92.7	89.2	91.3	89.3	85.7	88.8	90.2	94.8	92.0	92.3	91.1	91.1
ADR (JPY)	9,618	9,135	8,775	8,522	8,811	8,840	8,864	9,006	9,266	9,257	9,166	9,234	9,049
RevPAR (JPY)	9,227	8,472	7,826	7,782	7,869	7,580	7,875	8,121	8,784	8,515	8,456	8,410	8,245
Revenue (JPY million)	104	92	88	85	88	85	80	91	95	95	92	94	1,089
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

012 Smile Hotel Tokyo Asagaya

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	98.7	98.2	99.0	99.0	98.3	98.0	98.6	99.2	99.1	98.1	98.3	97.3	98.5
ADR (JPY)	9,344	9,156	9,449	9,722	9,852	8,080	9,685	9,851	10,175	8,713	8,429	8,777	9,267
RevPAR (JPY)	9,220	8,995	9,357	9,621	9,685	7,920	9,546	9,768	10,088	8,550	8,288	8,537	9,126
Revenue (JPY million)	33	31	33	33	34	28	31	35	35	30	29	30	382
GOP (JPY million)	21	17	21	21	21	15	17	21	21	16	15	17	225

013 Nest Hotel Naha

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	94.5	93.7	84.2	84.3	80.4	74.8	91.0	89.1	86.1	79.5	80.2	78.0	84.6
ADR (JPY)	12,726	10,492	10,586	11,195	10,800	8,920	11,328	10,239	9,256	9,098	9,033	10,701	10,409
RevPAR (JPY)	12,031	9,835	8,913	9,437	8,678	6,673	10,311	9,124	7,967	7,233	7,246	8,347	8,804
Revenue (JPY million)	91	79	81	83	84	62	77	82	68	64	67	72	912
GOP (JPY million)	44	32	32	35	37	21	34	34	25	21	22	28	364

015 Nest Hotel Matsuyama

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	96.3	88.5	92.2	93.4	85.2	79.6	86.9	90.2	84.3	85.7	88.2	88.7	88.3
ADR (JPY)	6,324	6,316	6,105	6,955	5,872	5,635	6,168	6,154	7,595	8,022	5,889	6,230	6,438
RevPAR (JPY)	6,093	5,588	5,630	6,494	5,005	4,488	5,359	5,552	6,400	6,876	5,196	5,527	5,684
Revenue (JPY million)	50	44	43	50	48	40	40	48	51	55	45	48	561
GOP (JPY million)	20	17	18	23	19	13	16	20	23	27	18	20	236

016 Hotel Livemax Nihombashi-Hakozaki

	2018					2019							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

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	90.9	88.5	90.4	92.5	88.5	82.5	90.7	91.1	89.2	87.5	87.5	84.6	88.6
ADR (JPY)	7,437	6,579	6,261	6,768	5,604	5,122	5,673	6,061	6,580	6,342	5,441	6,160	6,182
RevPAR (JPY)	6,760	5,823	5,659	6,258	4,960	4,225	5,143	5,520	5,872	5,549	4,761	5,212	5,479
Revenue (JPY million)	45	38	38	41	33	29	31	37	38	38	31	35	434
GOP (JPY million)	–	–	–	–	–	–	–	–	–	–	–	–	–

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

018 Comfort Hotel Kushiro

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.8	73.9	76.3	69.8	61.5	64.7	83.7	69.2	66.4	67.4	79.2	87.5	74.3
ADR (JPY)	7,363	6,220	5,989	5,053	4,203	5,117	5,312	4,391	5,143	5,630	5,560	7,109	5,691
RevPAR (JPY)	6,832	4,594	4,567	3,525	2,584	3,310	4,447	3,037	3,417	3,797	4,401	6,219	4,228
Revenue (JPY million)	28	18	19	14	11	14	17	13	14	16	18	25	205
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

019 Comfort Hotel Suzuka

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	93.9	75.5	84.6	80.0	74.6	64.5	64.5	80.8	83.3	74.0	82.2	68.4	77.3
ADR (JPY)	8,761	5,529	7,457	5,957	5,424	4,937	5,038	5,911	6,300	6,314	5,555	6,393	6,230
RevPAR (JPY)	8,228	4,172	6,312	4,768	4,048	3,186	3,247	4,776	5,250	4,673	4,564	4,376	4,814
Revenue (JPY million)	27	13	21	15	13	11	10	16	17	15	14	14	187
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

020 Grandpark-Inn Yokohama

	2018					2019							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

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.8	93.3	95.8	93.5	88.0	76.9	90.8	90.5	94.8	91.8	91.1	92.5	91.4
ADR (JPY)	8,516	7,776	8,075	8,447	6,395	5,839	6,471	6,919	8,361	8,011	6,592	6,340	7,353
RevPAR (JPY)	8,328	7,256	7,737	7,898	5,631	4,492	5,877	6,258	7,924	7,350	6,006	5,864	6,719
Revenue (JPY million)	44	37	41	41	30	24	28	33	41	39	31	31	419
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

022 Court Hotel Kurashiki

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.0	96.7	97.9	98.7	97.9	98.0	98.0	97.7	98.4	97.9	93.2	92.5	97.0
ADR (JPY)	10,920	8,223	8,862	10,173	6,455	5,215	5,876	8,560	10,769	12,038	7,016	7,438	8,488
RevPAR (JPY)	10,591	7,954	8,675	10,043	6,321	5,110	5,759	8,361	10,600	11,784	6,541	6,880	8,232
Revenue (JPY million)	40	30	33	36	24	19	20	33	39	44	24	26	369
GOP (JPY million)	21	15	18	21	10	7	7	18	23	27	10	11	187

Note: Data prior to acquisition provided by previous owner

023 Nest Hotel Kumamoto

	2018					2019							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	89.8	86.8	90.2	92.9	86.9	73.2	84.4	82.6	73.1	71.4	71.4	81.6	82.0
ADR (JPY)	5,817	5,638	6,018	6,129	5,560	5,230	6,125	5,925	6,426	6,526	6,167	6,034	5,956
RevPAR (JPY)	5,225	4,894	5,428	5,696	4,834	3,830	5,168	4,894	4,698	4,662	4,406	4,925	4,886
Revenue (JPY million)	37	34	39	39	34	28	33	35	32	33	30	35	410
GOP (JPY million)	17	16	20	21	17	12	16	17	16	16	13	17	199

Note: Data prior to acquisition provided by previous owner

024 Valie Hotel Hiroshima

	2018					2019							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 pre-acquisition 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	7.2	7.8
Kanto (ex-Tokyo)	1	1,490	2.7	5.0
Tokyo	2	5,270	9.7	5.3
Hokuriku & Tokai	4	9,828	18.0	5.5
Kinki	5	18,800	34.5	5.1
Chugoku & Shikoku	5	7,835	14.4	7.2
Kyushu & Okinawa	3	7,350	13.5	6.9
Total	23	54,483	100.0	5.9

Major Capital Expenditures

a. Major Capital Expenditures Planned for the January 2020 Fiscal Period

Hotel Name	Location	Purpose	Timing	Total Expenditures (JPY million)
Valie Hotel Hiroshima	Hiroshima	Renovate bathrooms	Jul – Sep 2019	56
Hotel Wing International Nagoya	Nagoya	Upgrade water heating system	Oct 2019	26
Comfort Hotel Central International Airport	Tokoname, Aichi	Renovate exterior	Jul – Sep 2019	23
Nest Hotel Sapporo Odori	Sapporo	Upgrade water heating system	Jun – Oct 2019	19
Comfort Hotel Kushiro	Kushiro, Hokkaido	Replace inverter	Nov – Dec 2019	5

b. Major Capital Expenditures during the Current Fiscal Period (July 2019)

Hotel Name	Location	Purpose	Timing	Total Expenditures (JPY million)
Court Hotel Kurashiki	Kurashiki, Okayama	Renovate 8th floor guest rooms	Jun – Jul 2019	39
Comfort Hotel Central International Airport	Tokoname, Aichi	Renovate exterior of north building	Mar – May 2019	34
Nest Hotel Naha	Naha, Okinawa	Renovate 4th floor guest rooms	Jun – Jul 2019	23