



Ichigo Preserves and Improves Real Estate

[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 14, 2019

January 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*): April 25, 2019 (expected)

Dividend Payment: April 22, 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 January 2019 Fiscal Period (August 1, 2018 to January 31, 2019)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2019	2,439	+34.5%	1,573	+50.9%	1,399	+63.6%	1,398	+63.7%
July 2018	1,814	+1.8%	1,042	+0.8%	855	+1.6%	854	+1.5%

	Net Income per Share (JPY)	Return on Equity (6 months)	Recurring Profit to Total Assets (6 months)	Recurring Profit to Operating Revenue
January 2019	5,486	4.3%	2.5%	57.4%
July 2018	3,352	2.6%	1.5%	47.2%

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

(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) Ratio
January 2019	5,487	1,399	—	—	100%	4.3%
July 2018	3,352	854	—	—	100%	2.6%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio	Net Assets per Share (JPY)
January 2019	56,084	32,996	58.8%	129,412
July 2018	55,682	32,452	58.3%	127,277

(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 2019	3,468	-1,995	-854	4,165
July 2018	1,513	-317	-841	3,546

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

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2019	1,785	-26.8%	989	-37.1%	810	-42.1%	809	-42.1%
January 2020	1,773	-0.7%	979	-1.0%	803	-0.9%	802	-0.9%

(JPY)

	Dividend per Share	Dividend in Excess of Earnings per Share
July 2019	3,174	—
January 2020	3,147	—

Note: Forecast Net Income per Share is JPY 3,174 (-5.3% year-on-year) and JPY 3,147 (-42.6% year-on-year), respectively, for the July 2019 and January 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 July 31, 2018 and January 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 July 2019 Fiscal Period Earnings Forecast” on page 5 and “Preconditions for January 2020 Fiscal Period Earnings Forecast” on page 7.

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Earnings Forecasts

Earnings Forecast for the July 2019 Fiscal Period (February 1, 2019 to July 31, 2019)

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

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

Operating Revenue	JPY 1,785 million
Operating Profit	JPY 989 million
Recurring Profit	JPY 810 million
Net Income	JPY 809 million
Dividend per Share	JPY 3,174
Dividend in Excess of Earnings	–

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 7.

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

Operating Revenue	JPY 1,773 million
Operating Profit	JPY 979 million
Recurring Profit	JPY 803 million
Net Income	JPY 802 million
Dividend per Share	JPY 3,147
Dividend in Excess of Earnings	–

Preconditions for the July 2019 Fiscal Period Earnings Forecast

	Preconditions																																																														
Period	• February 1, 2019 to July 31, 2019 (181 days)																																																														
Number of Hotels	• 21 hotels																																																														
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>July 2019 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy³</td> <td>93.7%</td> </tr> <tr> <td>ADR⁴</td> <td>JPY 8,934</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 12 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, and Hotel Wing International Nagoya</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 July 2019 Rental Income Forecast</u></p> <p style="text-align: right;">(JPY million)</p> <table border="1"> <thead> <tr> <th>Hotel Name</th> <th>Fixed Rent/ Minimum Guaranteed Rent</th> <th>Variable Rent</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Smile Hotel Kyoto Shijo</td> <td>30</td> <td>73</td> <td>103</td> </tr> <tr> <td>Hotel Vista Premio Kyoto</td> <td>75</td> <td>–</td> <td>75</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>31</td> <td>104</td> <td>135</td> </tr> <tr> <td>Chisun Inn Osaka Hommachi</td> <td>39</td> <td>25</td> <td>65</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>85</td> <td>112</td> </tr> <tr> <td>Valie Hotel Tenjin</td> <td>21</td> <td>48</td> <td>70</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>66</td> <td>130</td> <td>197</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>30</td> <td>70</td> <td>100</td> </tr> <tr> <td>Nest Hotel Naha</td> <td>42</td> <td>96</td> <td>138</td> </tr> <tr> <td>Nest Hotel Matsuyama</td> <td>36</td> <td>52</td> <td>88</td> </tr> <tr> <td>Comfort Hotel Okayama</td> <td>45</td> <td>–</td> <td>45</td> </tr> </tbody> </table>		July 2019 Fiscal Period	Occupancy ³	93.7%	ADR ⁴	JPY 8,934	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	30	73	103	Hotel Vista Premio Kyoto	75	–	75	Nest Hotel Sapporo Ekimae	31	104	135	Chisun Inn Osaka Hommachi	39	25	65	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	27	85	112	Valie Hotel Tenjin	21	48	70	Nest Hotel Osaka Shinsaibashi	66	130	197	Comfort Hotel Central International Airport	151	–	151	Smile Hotel Tokyo Asagaya	30	70	100	Nest Hotel Naha	42	96	138	Nest Hotel Matsuyama	36	52	88	Comfort Hotel Okayama	45	–	45
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Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses: JPY 167 million • Amortization of expenses related to the establishment of Ichigo Hotel and to new share issuance: JPY 13 million 																				
Borrowings	<ul style="list-style-type: none"> • Total borrowings: JPY 21.75 billion as of July 31, 2019 																				
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Financial Statements
(1) Balance Sheet

(JPY thousand)

	July 2018 (as of July 31, 2018)	January 2019 (as of January 31, 2019)
Assets		
Current Assets		
Cash and cash equivalents	1,483,487	2,051,247
Cash and cash equivalents in trust	2,063,345	2,114,319
Accounts receivable	217,201	135,017
Prepaid expenses	117,871	146,721
Consumption taxes receivable	-	8,235
Other	540	-
Total Current Assets	3,882,447	4,455,541
Fixed Assets		
Property, Plant, and Equipment		
Buildings	16,749,684	16,800,821
Depreciation	-1,279,300	-1,515,670
Buildings (net)	15,470,384	15,285,150
Structures	4,986	7,742
Depreciation	-537	-735
Structures (net)	4,448	7,006
Machinery and equipment	45,540	51,391
Depreciation	-4,879	-7,418
Machinery and equipment (net)	40,661	43,973
Fixtures	144,396	206,593
Depreciation	-28,210	-42,828
Fixtures (net)	116,185	163,764
Land	35,816,845	35,799,233
Buildings under construction	1,448	1,448
Total Property, Plant, and Equipment	51,449,974	51,300,578
Investments and Other Assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	294,876	293,786
Total Investments and Other Assets	304,876	303,786
Total Fixed Assets	51,754,850	51,604,365
Capitalized Expenses		
Expenses related to REIT establishment	20,356	15,268
Share issuance expenses	24,638	8,988
Total Capitalized Expenses	44,994	24,256
Total Assets	55,682,292	56,084,163

(JPY thousand)

	July 2018 (as of July 31, 2018)	January 2019 (as of January 31, 2019)
Liabilities		
Current Liabilities		
Accounts payable	111,910	224,572
Long-term loans (due within one year)	3,250,000	–
Accounts payable – other	213,283	292,669
Accrued expenses	525	527
Income taxes payable	948	942
Consumption taxes payable	82,684	15,085
Advances received	361,341	94,210
Other	6,045	6,324
Total Current Liabilities	4,026,738	634,332
Long-Term Liabilities		
Long-term loans	18,500,000	21,750,000
Tenant leasehold and security deposits	703,095	703,095
Total Long-Term Liabilities	19,203,095	22,453,095
Total Liabilities	23,229,834	23,087,427
Net Assets		
Shareholders' Equity		
Shareholders' capital	31,897,545	31,897,545
Deduction from shareholders' capital (treasury shares)	-299,921	-299,921
Shareholders' capital (net)	31,597,623	31,597,623
Surplus		
Unappropriated retained earnings	854,834	1,399,111
Total Surplus	854,834	1,399,111
Total Shareholders' Equity	32,452,458	32,996,735
Total Net Assets	32,452,458	32,996,735
Total Liabilities and Net Assets	55,682,292	56,084,163

(2) Income Statement

(JPY thousand)

	July 2018 (February 1, 2018 to July 31, 2018)	January 2019 (August 1, 2018 to January 31, 2019)
Operating Revenue		
Rental income	1,791,549	1,721,699
Other rental income	22,515	23,668
Gains on sale of real estate	–	694,523
Total Operating Revenue	1,814,064	2,439,891
Operating Expenses		
Rental expenses	484,366	479,360
Asset management fee	236,309	312,144
Custodian fee	4,156	4,176
Other administrative expenses	15,874	18,824
Directors' compensation	4,200	4,200
Other	26,603	47,500
Total Operating Expenses	771,510	866,206
Operating Profit	1,042,554	1,573,684
Non-Operating Income		
Interest income	15	17
Insurance proceeds	–	13,352
Interest on tax refund	140	–
Total Non-Operating Income	155	13,370
Non-Operating Expenses		
Interest expenses	95,158	97,013
Borrowing-related expenses	66,366	69,408
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	20,352	15,650
Other	–	–
Total Non-Operating Expenses	186,966	187,160
Recurring Profit	855,744	1,399,894
Pre-Tax Income	855,744	1,399,894
Income Taxes – Current	950	944
Total Income Taxes	950	944
Net Income	854,793	1,398,949
Retained Earnings Brought Forward	41	161
Unappropriated Retained Earnings	854,834	1,399,111

(3) Statement of Shareholders' Equity

Previous Period (July 2018 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				
	Paid-In Capital			Surplus	
	Paid-In Capital	Deduction from Shareholders' Capital (treasury shares)	Shareholders' Capital (net)	Unappropriated Retained Earnings	Total Surplus
Balance as of February 1, 2018	31,897,545	-299,921	31,597,623	841,965	841,965
Changes during the Period					
Dividends				-841,924	-841,924
Net Income				854,793	854,793
Total Changes	–	–	–	12,869	12,869
Balance as of July 31, 2018	31,897,545	-299,921	31,597,623	854,834	854,834

	Shareholders' Equity	Total Net assets
	Total Shareholders' Equity	
Balance as of February 1, 2018	32,439,589	32,439,589
Changes during the Period		
Dividends	-841,924	-841,924
Net Income	854,793	854,793
Total Changes	12,869	12,869
Balance as of July 31, 2018	32,452,458	32,452,458

Current Period (January 2019 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				
	Paid-In Capital			Surplus	
	Paid-In Capital	Deduction from Shareholders' Capital (treasury shares)	Shareholders' 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

(4) Dividend Statement

(JPY)

	July 2018 (February 1, 2018 to July 31, 2018)	January 2019 (August 1, 2018 to January 31, 2019)
I Unappropriated Retained Earnings	854,834,684	1,399,111,552
II Total Dividends (Dividend per Share)	854,672,848 (3,352)	1,399,042,338 (5,487)
III Retained Earnings Carried Forward	161,836	69,214

(5) Cash Flow Statement

(JPY thousand)

	July 2018 (February 1, 2018 to July 31, 2018)	January 2019 (August 1, 2018 to January 31, 2019)
Cash Flows from Operations:		
Pre-tax income	855,744	1,399,894
Depreciation	310,913	308,764
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	20,352	15,650
Interest income	-15	-17
Interest expense	95,158	97,013
Decrease (increase) in accounts receivable	-116,639	82,184
Decrease (increase) in consumption taxes receivable	46,044	-8,235
Decrease (increase) in prepaid expenses	15,308	-1,780
Decrease (increase) in long-term prepaid expenses	54,368	-25,979
Increase (decrease) in accrued consumption taxes	70,454	-67,599
Increase (decrease) in accounts payable	-29,918	32,033
Increase (decrease) in accounts payable – other	4,558	79,386
Increase (decrease) in advances received	271,255	-267,130
Decrease due to sale of property, plant, and equipment	–	1,910,416
Other	6,563	6,509
Sub-total	1,609,237	3,566,198
Interest income received	15	17
Interest expense paid	-95,158	-97,010
Income taxes paid	-820	-951
Net Cash from (Used for) Operations	1,513,274	3,468,253
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-317,520	-1,995,129
Net Cash from (Used for) Investments	-317,520	-1,995,129
Cash Flows from Financing:		
Proceeds from long-term loans	–	3,250,000
Repayment of long-term loans	–	-3,250,000
Dividends paid	-841,000	-854,391
Net Cash from (Used for) Financing	-841,000	-854,391
Net Decrease (Increase) in Cash and Cash Equivalents	354,753	618,732
Cash and Cash Equivalents at Beginning of Period	3,192,079	3,546,833
Cash and Cash Equivalents at End of Period	3,546,833	4,165,566

Rental Income Details

(JPY thousand)

	Previous Period July 2018 (February 1, 2018 to July 31, 2018)		Current Period January 2019 (August 1, 2018 to January 31, 2019)	
A Real Estate Rental Income				
Real Estate Rental Income	1,791,549	1,791,549	1,721,699	1,721,699
Other Rental Income				
Utilities Income	18,611		19,079	
Other	3,903	22,515	4,588	23,668
Total Income		1,814,064		1,745,367
B Real Estate Rental Expenses				
Rental Expenses				
Outsourcing Fees	16,769		18,612	
Utilities	19,250		19,886	
Trust Fees	8,200		8,193	
Depreciation Expense	310,913		308,764	
Repair Expenses	20,740		16,501	
Property and City Planning Taxes	105,497		102,866	
Insurance	2,536		2,628	
Other Expenses	458		1,906	
Total Expenses		484,366		479,360
C Net Rental Income				
(A) – (B)		1,329,698		1,266,007

Gains and Losses on Sale of Real Estate

Previous Period

July 2018 (February 1, 2018 to July 31, 2018)

None

Current 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

Notes to Statement of Shareholders' Equity

(shares)

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

	July 2018 (February 1, 2018 to July 31, 2018)	January 2019 (August 1, 2018 to January 31, 2019)
Cash and deposits	1,483,487	2,051,247
Cash and deposits in trust	2,063,345	2,114,319
Cash and cash equivalents	3,546,833	4,165,566

Long-Term Loan Maturity Distribution

July 2018 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	3,250,000	–	–	–	–	–
Long-term loans	–	2,450,000	5,250,000	–	6,300,000	4,500,000
Total	3,250,000	2,450,000	5,250,000	–	6,300,000	4,500,000

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

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (as of July 31, 2018)

(JPY thousand)

Accounting Method	Transaction Type	Hedging Target	Contract Amount		Market Value	Method of Marking to Market
				>1 year		
Special Treatment of Interest Rate Swap method	Interest rate swap (pay fixed, receive floating)	Long-term loan	16,050,000	16,050,000	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, 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.

Major Tenants (Hotel Operators)

Previous Fiscal Period (July 2018)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	681,041
K.K. Hospitality Operations	287,594
Greens Co., Ltd.	286,566

Current 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

Per Share Information

(JPY)

	July 2018 (February 1, 2018 to July 31, 2018)	January 2019 (August 1, 2018 to January 31, 2019)
Net Assets per Share	127,277	129,412
Net Income per Share	3,352	5,486

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 2018 (February 1, 2018 to July 31, 2018)	January 2019 (August 1, 2018 to January 31, 2019)
Net Income (JPY thousand)	854,793	1,398,949
Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	854,793	1,398,949
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	January 2019 Fiscal Period	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (juekiken)	Hokkaido & Tohoku	3,912	7.0
	Kanto	1,505	2.7
	Tokyo	5,320	9.5
	Hokuriku & Tokai	9,801	17.5
	Kinki	19,013	33.9
	Chugoku & Shikoku	6,494	11.6
	Kyushu & Okinawa	5,251	9.4
Sub-total		51,299	91.5
Deposits & Other Assets		4,785	8.5
Total Assets		56,084	100.0

Regions are defined as follows:

Hokkaido & Tohoku	Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima Prefectures
Kanto	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, 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	4,567	4,640	8.8	No
002	Hotel Vista Premio Kyoto	3,600	3,587	3,960	7.1	No
003	Hotel Wing International Nagoya	2,670	2,701	2,920	5.3	No
004	Nest Hotel Sapporo Ekimae	2,160	2,152	2,640	4.3	No
005	Chisun Inn Osaka Hommachi	1,630	1,704	1,990	3.2	No
006	Comfort Hotel Hamamatsu	1,550	1,482	1,850	3.1	No
007	Hotel Suave Kobe Asuta	1,490	1,431	1,820	2.9	No
008	Nest Hotel Sapporo Odori	1,450	1,465	1,780	2.9	No
009	Valie Hotel Tenjin	1,380	1,445	2,200	2.7	No
010	Nest Hotel Osaka Shinsaibashi	7,600	7,722	7,690	15.0	No
011	Comfort Hotel Central International Airport	5,308	5,325	5,890	10.5	No
012	Smile Hotel Tokyo Asagaya	3,910	3,987	4,310	7.7	No
013	Nest Hotel Naha	3,750	3,805	4,180	7.4	No
015	Nest Hotel Matsuyama	1,610	1,672	1,890	3.2	No
016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,333	1,440	2.7	No
017	Comfort Hotel Okayama	1,200	1,193	1,260	2.4	No
018	Comfort Hotel Kushiro	300	295	421	0.6	No
019	Comfort Hotel Suzuka	300	290	377	0.6	No
020	Grandpark-Inn Yokohama	1,490	1,505	1,560	2.9	No
021	Urbain Hiroshima Executive	1,800	1,848	2,080	3.5	No
022	Court Hotel Kurashiki	1,725	1,780	1,960	3.4	No
Total		50,763	51,299	56,858	100.0	—

Hotel Location, Rent, Occupancy, and Structural Details

(as of January 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 Suave Kobe Asuta	Kobe	838.88	4,540.90	Jan 2008	Undisclosed	4,633.16	4,633.16	100.0	1	133
	008	Nest Hotel Sapporo Odori	Sapporo	811.69	5,634.88	Aug 1992	47	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	128	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	100	9,240.20	9,240.20	100.0	1	198
	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	25	3,964.19	3,964.19	100.0	1	104
	Total			—	24,483.69	97,459.36	—	1,409	97,755.20	97,755.20	100.0	31

Appraisal Data

(as of January 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.	4,640	4,400	4,730	4.5	4,600	4.6	4.7	229,903	5.1	4.4
	002	Hotel Vista Premio Kyoto	Daiwa Real Estate Appraisal Co., Ltd.	3,960	4,360	4,020	4.2	3,930	4.0	4.4	173,373	4.8	4.1
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,920	2,510	2,950	4.9	2,900	4.7	5.1	158,429	5.9	5.3
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,640	1,480	2,660	5.3	2,630	5.1	5.5	163,901	7.6	6.3
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,990	1,570	2,020	4.5	1,980	4.3	4.7	98,916	6.1	5.3
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,850	1,680	1,860	5.3	1,850	5.3	5.5	102,603	6.6	4.8
	007	Hotel Suave Kobe Asuta	The Tanizawa Sogo Appraisal Co., Ltd.	1,820	1,700	1,830	4.8	1,810	4.8 ¹ 4.9 ²	5.0	93,430	6.3	4.6
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,780	1,620	1,790	5.2	1,780	5.0	5.4	111,256	7.7	5.4
	009	Valie Hotel Tenjin	Japan Real Estate Institute	2,200	1,480	2,230	4.3	2,170	4.1	4.5	104,985	7.6	6.3
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	7,690	3,020	7,770	4.5	7,660	4.3	4.7	399,344	5.3	4.4
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,890	6,410	5,970	4.0	5,850	3.8	4.2	266,775	5.0	3.8
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,310	1,180	4,380	4.4	4,280	4.2	4.6	209,703	5.4	4.0
	013	Nest Hotel Naha	Daiwa Real Estate Appraisal Co., Ltd.	4,180	1,390	4,220	5.3	4,160	5.1	5.5	249,340	6.6	4.9
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,890	1,070	1,890	5.7	1,890	5.5	5.9	132,844	8.3	6.1
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,440	617	1,450	4.5	1,430	4.3	4.7	66,143	4.9	3.5
	017	Comfort Hotel Okayama	Daiwa Real Estate Appraisal Co., Ltd.	1,260	534	1,250	5.3	1,260	5.1	5.5	80,379	6.7	4.6
	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	421	780	420	5.5	422	5.3	5.7	23,374	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.	377	384	377	5.0	377	4.8	5.2	23,092	7.7	4.9
	020	Grandpark-Inn Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,560	1,950	1,610	4.6	1,540	4.4	4.9	74,210	5.0	4.7
	021	Urbain Hiroshima Executive	Daiwa Real Estate Appraisal Co., Ltd.	2,080	1,370	2,090	5.3	2,070	5.1	5.5	113,369	6.3	4.8
	022	Court Hotel Kurashiki	The Tanizawa Sogo Appraisal Co., Ltd.	1,960	1,800	1,970	5.1	1,950	5.2	5.3	119,000	6.9	6.0
Total/Average				56,858	41,305	57,487	4.7	56,539	-	-	2,994,378	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 Jan 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	214	21.8	35,339.21	36.2
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	27.3

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 January 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	1,745,367	108,809	80,209	120,997	39,600	55,361	91,985
Fixed Rent	984,468	34,644	75,000	32,392	39,600	55,361	23,385
Variable Rent	701,671	74,165	5,209	88,605	–	–	68,600
Other Rent	59,227	–	–	–	–	–	–
(B) Rental Expenses	170,595	6,586	9,647	10,387	6,101	3,516	12,137
Outsourcing Fees	18,612	600	1,475	600	915	600	600
Insurance	2,628	148	102	150	101	95	158
Repair Expenses	16,501	690	513	4,212	1,601	120	2,759
Taxes	102,866	4,789	7,144	4,993	3,120	2,430	8,182
Other Expenses	29,987	359	412	430	363	271	436
(C) NOI (A) - (B)	1,574,772	102,222	70,561	110,610	33,498	51,844	79,848
(D) Depreciation	308,764	15,501	13,501	13,763	6,532	14,480	16,521
(E) Net Rental Income (C) - (D)	1,266,007	86,721	57,060	96,847	26,966	37,364	63,327

(JPY thousand)

Hotel No.	009	010	011	012	013	014	015
Hotel Name	Valie Hotel Tenjin	Nest Hotel Osaka Shinsaibashi	Comfort Hotel Central International Airport	Smile Hotel Tokyo Asagaya	Nest Hotel Naha	Smile Hotel Asakusa ¹	Nest Hotel Matsuyama
(A) Rental Income	69,435	199,862	151,441	101,048	157,136	17	90,176
Fixed Rent	24,752	63,974	151,441	28,372	59,109	–	35,558
Variable Rent	44,683	135,887	–	72,676	98,027	–	54,566
Other Rent	–	–	–	–	–	17	51
(B) Rental Expenses	4,416	15,311	14,158	8,021	8,100	376	6,220
Outsourcing Fees	600	1,200	570	2,700	1,081	–	720
Insurance	56	247	279	90	239	–	200
Repair Expenses	70	611	350	1,426	1,941	–	1,002
Taxes	3,326	12,846	12,552	3,396	4,423	376	3,864
Other Expenses	363	406	406	407	414	–	434
(C) NOI (A) - (B)	65,019	184,550	137,283	93,027	149,035	-359	83,955
(D) Depreciation	9,039	33,797	31,329	25,760	33,250	2,212	17,108
(E) Net Rental Income (C) - (D)	55,979	150,753	105,954	67,266	115,785	-2,571	66,847

(JPY thousand)

Hotel No.	017	018	019	022	
Hotel Name	Comfort Hotel Okayama	Comfort Hotel Kushiro	Comfort Hotel Suzuka	Court Hotel Kurashiki	Other
(A) Rental Income	45,914	18,419	15,442	63,096	336,409
Fixed Rent	45,900	18,419	15,442	25,093	256,020
Variable Rent	–	–	–	37,959	21,288
Other Rent	14	–	–	43	59,101
(B) Rental Expenses	5,293	5,566	2,865	1,000	50,886
Outsourcing Fees	600	900	540	590	4,320
Insurance	140	82	48	89	397
Repair Expenses	278	144	84	–	697
Taxes	3,857	4,030	1,786	–	21,746
Other Expenses	417	408	406	321	23,725
(C) NOI (A) - (B)	40,621	12,853	12,577	62,095	285,523
(D) Depreciation	12,574	4,913	4,154	7,898	46,424
(E) Net Rental Income (C) - (D)	28,046	7,939	8,422	54,197	239,098

¹ Sold on August 1, 2018.

Note: Hotel-operator rental income for Hotel Wing International Nagoya, Hotel Suave Kobe Asuta, 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, and Smile Hotel Tokyo Asagaya 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 Suave Kobe Asuta	Hotel Livemax Nihombashi-Hakozaki	Grandpark-Inn Yokohama	Urbain Hiroshima Executive
NOI	73,956	43,897	33,129	37,399	58,005
Depreciation	8,791	12,693	9,106	2,242	13,591

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
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	97.0	99.4	98.3	96.8	97.3	99.6	100.1	99.7	100.1	100.1	92.3	92.9	97.8
ADR (JPY)	7,223	9,730	17,027	9,627	6,497	7,683	7,797	7,226	9,314	14,093	7,436	5,320	9,107
RevPAR (JPY)	7,009	9,666	16,739	9,314	6,324	7,656	7,804	7,206	9,320	14,110	6,866	4,941	8,907
Revenue (JPY million)	30	46	75	45	30	37	37	34	45	64	33	24	498
GOP (JPY million)	14	28	52	26	15	19	19	16	26	44	15	7	280

002 Hotel Vista Premio Kyoto

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	87.8	96.3	96.3	95.4	92.9	93.2	94.4	89.3	93.4	93.2	83.6	76.3	91.0
ADR (JPY)	10,167	14,139	19,895	13,785	9,041	11,054	11,616	10,328	14,473	17,835	10,389	8,498	12,735
RevPAR (JPY)	8,922	13,618	19,169	13,150	8,395	10,307	10,969	9,225	13,517	16,618	8,690	6,488	11,592
Revenue (JPY million)	23	38	52	38	24	30	33	27	38	44	25	19	390
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

003 Hotel Wing International Nagoya

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	88.6	81.3	89.2	87.9	87.6	87.0	93.6	91.9	83.3	87.9	92.7	84.0	87.9
ADR (JPY)	6,313	6,540	6,202	6,144	5,861	6,214	6,643	6,227	6,348	6,485	6,022	5,406	6,201
RevPAR (JPY)	5,594	5,319	5,534	5,404	5,132	5,406	6,218	5,725	5,287	5,701	5,585	4,540	5,451
Revenue (JPY million)	39	41	41	42	38	42	48	42	41	43	43	36	496
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

004 Nest Hotel Sapporo Ekimae

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	97.7	98.2	98.0	97.9	98.3	97.6	97.4	88.0	97.6	97.8	97.6	95.9	96.8
ADR (JPY)	14,436	6,686	5,950	8,832	13,435	15,849	14,946	10,712	9,476	8,997	8,848	8,558	10,535
RevPAR (JPY)	14,105	6,566	5,833	8,648	13,200	15,464	14,562	9,427	9,246	8,798	8,639	8,209	10,203
Revenue (JPY million)	73	46	40	53	74	88	82	52	56	53	56	54	728
GOP (JPY million)	42	17	14	25	45	55	50	28	29	25	24	22	377

005 Chisun Inn Osaka Hommachi

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	93.9	93.7	88.9	85.5	81.3	89.6	88.9	70.6	88.2	87.9	86.0	86.3	86.7
ADR (JPY)	7,991	8,513	9,386	7,685	7,425	7,605	7,664	7,494	7,617	8,028	7,536	6,416	7,791
RevPAR (JPY)	7,506	7,981	8,344	6,571	6,033	6,814	6,812	5,288	6,721	7,061	6,483	5,534	6,757
Revenue (JPY million)	27	32	33	26	24	27	27	21	27	28	26	22	321
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

006 Comfort Hotel Hamamatsu

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	80.2	88.5	82.0	78.1	69.8	77.1	90.9	83.0	85.1	87.6	75.8	65.0	80.2
ADR (JPY)	5,766	5,998	5,809	6,441	5,419	5,766	6,641	5,797	5,916	5,923	5,489	5,362	5,887
RevPAR (JPY)	4,622	5,307	4,761	5,029	3,783	4,444	6,036	4,814	5,033	5,188	4,158	3,485	4,723
Revenue (JPY million)	25	32	28	31	22	27	37	28	31	31	25	21	338
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

007 Hotel Suave Kobe Asuta

	2018											2019	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.

008 Nest Hotel Sapporo Odori

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	98.1	98.0	96.2	96.9	98.3	96.9	97.2	83.2	95.3	96.6	97.3	97.0	95.9
ADR (JPY)	17,759	7,828	7,535	10,344	15,520	19,348	18,481	11,552	9,818	10,272	11,302	10,156	12,486
RevPAR (JPY)	17,413	7,671	7,251	10,027	15,255	18,755	17,959	9,611	9,360	9,926	10,998	9,855	11,979
Revenue (JPY million)	63	34	30	42	60	75	73	38	39	40	45	41	579
GOP (JPY million)	37	12	11	21	36	47	45	18	18	19	21	17	303

009 Valie Hotel Tenjin

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	96.9	97.7	96.7	95.8	96.1	95.3	96.8	95.3	90.7	96.7	96.1	93.7	95.6
ADR (JPY)	10,186	9,823	8,973	9,638	9,236	9,839	9,117	10,332	9,975	11,524	10,452	8,898	9,829
RevPAR (JPY)	9,874	9,592	8,677	9,230	8,880	9,382	8,827	9,849	9,051	11,145	10,045	8,335	9,401
Revenue (JPY million)	23	25	22	24	22	24	23	24	23	27	26	21	283
GOP (JPY million)	12	13	11	12	10	12	12	13	13	16	14	10	149

010 Nest Hotel Osaka Shinsaibashi

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	98.0	98.1	96.9	94.1	89.0	88.5	92.2	79.1	91.5	95.9	92.1	84.1	91.6
ADR (JPY)	9,843	9,929	10,400	9,294	9,180	9,457	9,463	8,579	9,201	9,352	9,434	7,661	9,343
RevPAR (JPY)	9,650	9,740	10,075	8,746	8,166	8,369	8,729	6,788	8,421	8,965	8,685	6,443	8,557
Revenue (JPY million)	88	97	98	87	79	84	87	66	84	87	86	65	1,008
GOP (JPY million)	52	60	62	53	47	47	48	35	49	53	53	34	593

011 Comfort Hotel Central International Airport

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	90.9	88.1	90.9	90.4	93.4	91.4	95.9	92.7	89.2	91.3	89.3	85.7	90.8
ADR (JPY)	9,266	8,961	9,227	9,128	9,109	9,227	9,618	9,135	8,775	8,522	8,811	8,840	9,055
RevPAR (JPY)	8,425	7,891	8,384	8,247	8,507	8,437	9,227	8,472	7,826	7,782	7,869	7,580	8,218
Revenue (JPY million)	91	94	97	98	97	95	104	92	88	85	88	85	1,114
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

012 Smile Hotel Tokyo Asagaya

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	99.1	98.9	98.5	99.0	78.3	98.6	98.7	98.2	99.0	99.0	98.3	98.0	97.0
ADR (JPY)	9,842	9,388	9,820	8,522	8,605	9,138	9,344	9,156	9,449	9,722	9,852	8,080	9,249
RevPAR (JPY)	9,754	9,288	9,677	8,441	6,735	9,009	9,220	8,995	9,357	9,621	9,685	7,920	8,971
Revenue (JPY million)	31	33	33	30	23	32	33	31	33	33	34	28	377
GOP (JPY million)	19	21	21	18	13	20	21	17	21	21	21	15	229

013 Nest Hotel Naha

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	96.5	93.3	90.4	82.9	87.8	90.9	94.5	93.7	84.2	84.3	80.4	74.8	87.7
ADR (JPY)	11,197	10,131	8,913	9,079	9,188	10,997	12,726	10,492	10,586	11,195	10,800	8,920	10,387
RevPAR (JPY)	10,809	9,456	8,056	7,526	8,071	9,992	12,031	9,835	8,913	9,437	8,678	6,673	9,112
Revenue (JPY million)	78	86	69	69	70	83	91	79	81	83	84	62	936
GOP (JPY million)	34	37	25	25	25	35	44	32	32	35	37	21	383

014 Smile Hotel Asakusa

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	94.6	94.3	95.0	87.8	96.2	98.7	–	–	–	–	–	–	94.4
ADR (JPY)	7,332	7,299	7,705	7,435	6,927	7,235	–	–	–	–	–	–	7,319
RevPAR (JPY)	6,937	6,880	7,320	6,528	6,665	7,140	–	–	–	–	–	–	6,910
Revenue (JPY million)	19	21	22	20	20	22	–	–	–	–	–	–	125
GOP (JPY million)	10	12	11	10	12	11	–	–	–	–	–	–	65

Note: Sold on August 1, 2018.

015 Nest Hotel Matsuyama

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	85.7	91.1	88.2	87.9	87.6	92.1	96.3	88.5	92.2	93.4	85.2	79.6	89.0
ADR (JPY)	6,207	5,899	6,019	6,548	5,493	5,881	6,324	6,316	6,105	6,955	5,872	5,635	6,112
RevPAR (JPY)	5,318	5,373	5,307	5,757	4,813	5,419	6,093	5,588	5,630	6,494	5,005	4,488	5,440
Revenue (JPY million)	40	48	46	48	44	45	50	44	43	50	48	40	545
GOP (JPY million)	15	19	19	21	17	17	20	17	18	23	19	13	221

016 Hotel Livemax Nihombashi-Hakozaki

	2018											2019	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 Comfort Hotel Okayama

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	89.9	94.3	93.0	87.6	87.7	87.9	90.9	88.5	90.4	92.5	88.5	82.5	89.5
ADR (JPY)	5,884	6,233	6,239	6,605	5,880	6,506	7,437	6,579	6,261	6,768	5,604	5,122	6,272
RevPAR (JPY)	5,290	5,876	5,801	5,789	5,159	5,718	6,760	5,823	5,659	6,258	4,960	4,225	5,611
Revenue (JPY million)	32	39	38	39	34	38	45	38	38	41	33	29	444
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

018 Comfort Hotel Kushiro

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	69.6	66.7	52.9	67.6	84.7	89.0	92.8	73.9	76.3	69.8	61.5	64.7	72.5
ADR (JPY)	4,708	4,148	4,172	4,764	4,844	6,721	7,363	6,220	5,989	5,053	4,203	5,117	5,411
RevPAR (JPY)	3,277	2,766	2,206	3,219	4,102	5,985	6,832	4,594	4,567	3,525	2,584	3,310	3,923
Revenue (JPY million)	12	12	9	13	17	25	28	18	19	14	11	14	191
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

019 Comfort Hotel Suzuka

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	75.2	81.4	75.2	72.2	69.0	76.3	93.9	75.5	84.6	80.0	74.6	64.5	76.9
ADR (JPY)	5,409	6,306	6,018	6,499	5,659	6,936	8,761	5,529	7,457	5,957	5,424	4,937	6,336
RevPAR (JPY)	4,069	5,136	4,528	4,690	3,904	5,293	8,228	4,172	6,312	4,768	4,048	3,186	4,873
Revenue (JPY million)	12	17	14	15	12	17	27	13	21	15	13	11	189
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

020 Grandpark-Inn Yokohama

	2018											2019	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

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	86.0	90.9	94.1	91.8	90.0	89.2	97.8	93.3	95.8	93.5	88.0	76.9	90.6
ADR (JPY)	6,659	6,759	7,510	7,706	6,798	6,922	8,516	7,776	8,075	8,447	6,395	5,839	7,326
RevPAR (JPY)	5,728	6,145	7,070	7,073	6,120	6,172	8,328	7,256	7,737	7,898	5,631	4,492	6,640
Revenue (JPY million)	27	33	36	37	31	33	44	37	41	41	30	24	414
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

022 Court Hotel Kurashiki

	2018											2019	Average/ Cumulative
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Occupancy (%)	92.2	95.1	96.0	96.1	95.3	96.4	97.0	96.7	97.9	98.7	97.9	98.0	96.5
ADR (JPY)	6,331	7,934	7,698	8,804	6,688	7,636	10,920	8,223	8,862	10,173	6,455	5,215	7,929
RevPAR (JPY)	5,836	7,543	7,387	8,457	6,370	7,359	10,591	7,954	8,675	10,043	6,321	5,110	7,649
Revenue (JPY million)	20	29	29	33	24	25	40	30	33	36	24	19	342
GOP (JPY million)	7	14	14	17	9	12	21	15	18	21	10	7	162

Note: Data prior to acquisition provided by previous owner

Hotel NOI Yield and Portfolio Weighting by Region

Region	Number of Hotels	Acquisition Price (JPY million)	Portfolio Weighting (%)	Average Appraisal NOI Yield (%)
Hokkaido & Tohoku	3	3,910	7.7	7.6
Kanto	1	1,490	2.9	5.0
Tokyo	2	5,270	10.4	5.2
Hokuriku & Tokai	4	9,828	19.4	5.6
Kinki	5	18,800	37.0	5.3
Chugoku & Shikoku	4	6,335	12.5	7.0
Kyushu & Okinawa	2	5,130	10.1	6.9
Total	21	50,763	100.0	5.9

Major Capital Expenditures

a. Major Capital Expenditures Planned for the July 2019 Fiscal Period

Hotel Name	Location	Purpose	Timing	Total Expenditures (JPY million)
Court Hotel Kurashiki	Kurashiki, Okayama	Renovate guest rooms	Jun 2019	62
Comfort Hotel Central International Airport	Tokoname, Aichi	Renovate exterior	Mar – May 2019	35
Nest Hotel Sapporo Odori	Sapporo, Hokkaido	Renovate roof	May 2019	15

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

Hotel Name	Location	Purpose	Timing	Total Expenditures (JPY million)
Nest Hotel Naha	Naha, Okinawa	Renovate 10th floor guest rooms	Dec 2018 – Jan 2019	50
Court Hotel Kurashiki	Kurashiki, Okayama	Renovate guest rooms	Dec 2018 – Jan 2019	30
Nest Hotel Matsuyama	Matsuyama, Ehime	Replace external air conditioning units	May – Sep 2018	18