



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.

September 13, 2018

July 2018 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: Wataru Orii, President

Inquiries: Masanori Kubota, Statutory Executive Officer (Finance)

Telephone: +81-3-3502-4892

Submission of Financial Report (*Yuka Shoken Hokokusho*): October 26, 2018 (expected)

Dividend Payment: October 22, 2018 (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 2018 Fiscal Period (February 1, 2018 to July 31, 2018)

(1) Earnings

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
July 2018	1,814	+1.8%	1,042	+0.8%	855	+1.6%	854	+1.5%
January 2018	1,782	+5.6%	1,034	+6.2%	842	+5.4%	841	+5.4%

	Net Income per Share (JPY)	Return on Equity (6 months)	Return on Assets (6 months – Recurring Profit)	Operating Profit Margin (Recurring Profit)
July 2018	3,352	2.6%	1.5%	47.2%
January 2018	3,285	2.6%	1.5%	47.3%

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
July 2018	3,352	854	–	–	100%	2.6%
January 2018	3,302	841	–	–	100%	2.6%

(3) Assets and Equity

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio	Net Assets per Share (JPY)
July 2018	55,682	32,452	58.3%	127,277
January 2018	55,415	32,439	58.5%	127,227

(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 2018	1,513	-317	-841	3,546
January 2018	1,225	-2,052	700	3,192

2. Earnings Forecasts for the January 2019 Fiscal Period (August 1, 2018 to January 31, 2019) and July 2019 Fiscal Period (February 1, 2019 to July 31, 2019)

(JPY million; period-on-period change)

	Operating Revenue	Change	Operating Profit	Change	Recurring Profit	Change	Net Income	Change
January 2019	2,448	+35.0%	1,574	+51.0%	1,385	+61.9%	1,384	+62.0%
July 2019	1,823	-25.5%	1,011	-35.7%	827	-40.2%	827	-40.3%

(JPY)

	Dividend per Share	Dividend in Excess of Earnings per Share
January 2019	5,429	—
July 2019	3,243	—

Note: Forecast Net Income per Share is JPY 5,429 (+65.3% year-on-year) and JPY 3,243 (-3.3% year-on-year), respectively, for the January 2019 and July 2019 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 shares issued and outstanding (including treasury shares) was 254,974 shares as of January 31, 2018 and 254,974 shares as of July 31, 2018.

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 2019 Fiscal Period Earnings Forecast” on page 6 and “Preconditions for July 2019 Fiscal Period Earnings Forecast” on page 8.

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Material Matters after Closing of the Fiscal Period

Asset Acquisition

Court Hotel Kurashiki

Acquisition Price	JPY 1,725,000,000
Location	2-2-26 Chuo, Kurashiki City, Okayama
Form of Ownership	Trust beneficiary interest in real estate (juekiken)
Contract Date	August 24, 2018
Closing Date	August 31, 2018
Seller	Nishi Nihon Holdings GK

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

Asset Sale

Smile Hotel Asakusa

Sale Price	JPY 2,700,000,000
Book Value	JPY 1,910,416,000 (as of August 1, 2018)
Location	6-35-8 Asakusa, Taito-ku, Tokyo
Form of Ownership	Trust beneficiary interest in real estate (juekiken)
Closing Date	August 1, 2018
Buyer	The buyer, a Japanese SPC, did not provide consent to disclose its name.
Earnings Impact	Gains on Sale of JPY 694,523,000 will be recorded in the January 2019 fiscal period.

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

Earnings Forecasts

Earnings Forecast for the January 2019 Fiscal Period (August 1, 2018 to January 31, 2019)

For details on preconditions, please refer to the “Preconditions for the January 2019 Fiscal Period Earnings Forecast” on page 6.

Major factors of variation are as follows:

Increase in Operating Revenue:

Gains on Sale from the August 2018 sale of Smile Hotel Asakusa
Increase in rental income due to hotel acquisition

Decrease in Operating Revenue:

Decrease in rental income due to hotel sale
Decrease in variable rent due to seasonal trends

Decrease in Operating Expenses:

Increase in AM Fee II due to Gains on Sale on August 2018 hotel sale

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

Operating Revenue	JPY 2,448 million
Operating Profit	JPY 1,574 million
Recurring Profit	JPY 1,385 million
Net Income	JPY 1,384 million
Dividend per Share	JPY 5,429
Dividend in Excess of Earnings	–

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

For details on preconditions, please refer to the “Preconditions for the July 2019 Fiscal Period Earnings Forecast” on page 8.

Major factors of variation are as follows:

Increase in Operating Revenue:

Increase in variable rent due to seasonal trends

Decrease in Operating Revenue:

Decrease in Gains on Sale relative to the January 2019 fiscal period

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

Operating Revenue	JPY 1,823 million
Operating Profit	JPY 1,011 million
Recurring Profit	JPY 827 million
Net Income	JPY 827 million
Dividend per Share	JPY 3,243
Dividend in Excess of Earnings	–

Preconditions for the January 2019 Fiscal Period Earnings Forecast

	Preconditions																																																														
Period	• August 1, 2018 to January 31, 2019 (184 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>January 2019 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy³</td> <td>92.0%</td> </tr> <tr> <td>ADR⁴</td> <td>JPY 9,026</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 January 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>34</td> <td>87</td> <td>122</td> </tr> <tr> <td>Hotel Vista Premio Kyoto</td> <td>75</td> <td>5</td> <td>80</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>32</td> <td>80</td> <td>112</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>23</td> <td>70</td> <td>94</td> </tr> <tr> <td>Valie Hotel Tenjin</td> <td>24</td> <td>36</td> <td>61</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>63</td> <td>163</td> <td>227</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>76</td> <td>104</td> </tr> <tr> <td>Nest Hotel Naha</td> <td>59</td> <td>99</td> <td>158</td> </tr> <tr> <td>Nest Hotel Matsuyama</td> <td>35</td> <td>56</td> <td>92</td> </tr> <tr> <td>Comfort Hotel Okayama</td> <td>45</td> <td>–</td> <td>45</td> </tr> </tbody> </table>		January 2019 Fiscal Period	Occupancy ³	92.0%	ADR ⁴	JPY 9,026	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	87	122	Hotel Vista Premio Kyoto	75	5	80	Nest Hotel Sapporo Ekimae	32	80	112	Chisun Inn Osaka Hommachi	39	–	39	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	23	70	94	Valie Hotel Tenjin	24	36	61	Nest Hotel Osaka Shinsaibashi	63	163	227	Comfort Hotel Central International Airport	151	–	151	Smile Hotel Tokyo Asagaya	28	76	104	Nest Hotel Naha	59	99	158	Nest Hotel Matsuyama	35	56	92	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 168 million • Amortization of expenses related to the establishment of Ichigo Hotel and to new share issuance: JPY 20 million 																				
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Operating Expenses	<ul style="list-style-type: none"> • Depreciation: JPY 323 million. Depreciation has been calculated using the straight-line method. • Property and city planning taxes: JPY 108 million, which includes JPY 3 million for the hotel acquired on August 31, 2018. • Building maintenance and repair expenses are based on what Ichigo Investment Advisors, the asset management company of Ichigo Hotel, estimates will be necessary for each hotel during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc. • Asset management fees: JPY 250 million (upon approval of the change in the Articles of Incorporation at the shareholder meeting on October 27, 2018). • Rental expenses, Ichigo Hotel’s principal operating expense (other than depreciation, see above), are calculated based on historical data adjusted for anticipated expense variations. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors. 																				
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Financial Statements

(1) Balance Sheet

(JPY thousand)

	January 2018 (as of January 31, 2018)	July 2018 (as of July 31, 2018)
Assets		
Current Assets		
Cash and cash equivalents	1,081,964	1,483,487
Cash and cash equivalents in trust	2,110,114	2,063,345
Accounts receivable	100,562	217,201
Prepaid expenses	133,180	117,871
Consumption taxes receivable	46,044	–
Other	–	540
Total Current Assets	3,471,867	3,882,447
Fixed Assets		
Property, Plant, and Equipment		
Buildings	16,557,970	16,749,684
Depreciation	-982,157	-1,279,300
Buildings (net)	15,575,812	15,470,384
Structures	4,986	4,986
Depreciation	-367	-537
Structures (net)	4,618	4,448
Machinery and equipment	33,950	45,540
Depreciation	-2,669	-4,879
Machinery and equipment (net)	31,281	40,661
Fixtures	100,964	144,396
Depreciation	-16,818	-28,210
Fixtures (net)	84,145	116,185
Land	35,816,845	35,816,845
Buildings under construction	1,448	1,448
Total Property, Plant, and Equipment	51,514,152	51,449,974
Investments and Other Assets		
Tenant leasehold and security deposits	10,000	10,000
Long-term prepaid expenses	349,245	294,876
Total Investments and Other Assets	359,245	304,876
Total Fixed Assets	51,873,397	51,754,850
Capitalized Expenses		
Expenses related to REIT establishment	25,445	20,356
Share issuance expenses	44,990	24,638
Total Capitalized Expenses	70,436	44,994
Total Assets	55,415,701	55,682,292

(JPY thousand)

	January 2018 (as of January 31, 2018)	July 2018 (as of July 31, 2018)
Liabilities		
Current Liabilities		
Accounts payable	205,493	111,910
Long-term loans (due within one year)	3,250,000	3,250,000
Accounts payable – other	208,724	213,283
Accrued expenses	525	525
Income taxes payable	818	948
Consumption taxes payable	12,229	82,684
Advances received	90,086	361,341
Other	5,138	6,045
Total Current Liabilities	3,773,016	4,026,738
Long-Term Liabilities		
Long-term loans	18,500,000	18,500,000
Tenant leasehold and security deposits	703,095	703,095
Total Long-Term Liabilities	19,203,095	19,203,095
Total Liabilities	22,976,112	23,229,834
Net Assets		
Shareholders' Equity		
Shareholders' capital	31,897,545	31,897,545
Deduction from shareholders' capital (share buyback)	-299,921	-299,921
Shareholders' capital (net)	31,597,623	31,597,623
Surplus		
Unappropriated retained earnings	841,965	854,834
Total Surplus	841,965	854,834
Total Shareholders' Equity	32,439,589	32,452,458
Total Net Assets	32,439,589	32,452,458
Total Liabilities and Net Assets	55,415,701	55,682,292

(2) Income Statement

(JPY thousand)

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
Operating Revenue		
Rental income	1,758,202	1,791,549
Other rental income	23,820	22,515
Total Operating Revenue	1,782,023	1,814,064
Operating Expenses		
Rental expenses	463,912	484,366
Asset management fee	232,903	236,309
Custodian fee	4,032	4,156
Other administrative expenses	15,624	15,874
Directors' compensation	4,200	4,200
Other	27,103	26,603
Total Operating Expenses	747,776	771,510
Operating Profit	1,034,247	1,042,554
Non-Operating Income		
Interest income	15	15
Interest on tax refund	–	140
Total Non-Operating Income	15	155
Non-Operating Expenses		
Interest expenses	96,268	95,158
Borrowing-related expenses	67,427	66,366
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	20,352	20,352
Other	2,516	–
Total Non-Operating Expenses	191,653	186,966
Recurring Profit	842,609	855,744
Pre-Tax Income	842,609	855,744
Income Taxes – Current	820	950
Total Income Taxes	820	950
Net Income	841,788	854,793
Retained Earnings Brought Forward	176	41
Unappropriated Retained Earnings	841,965	854,834

(3) Statement of Shareholders' Equity

Previous Period (January 2018 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				
	Paid-In Capital			Surplus	
	Paid-In Capital	Deduction from Shareholders' Capital	Shareholders' Capital (net)	Unappropriated Retained Earnings	Total Surplus
Balance as of August 1, 2017	31,897,545	–	31,897,545	798,944	798,944
Changes during the Period					
Dividends				-798,767	-798,767
Net Income				841,788	841,788
Share Buyback					
Shares Cancelled		-299,921	-299,921		
Total Changes	–	-299,921	-299,921	43,020	43,020
Balance as of January 31, 2018	31,897,545	-299,921	31,597,623	841,965	841,965

	Shareholders' Equity		Total Net assets
	Share Buyback	Total Shareholders' Equity	
Balance as of August 1, 2017	–	32,696,490	32,696,490
Changes during the Period			
Dividends		-798,767	-798,767
Net Income		841,788	841,788
Share Buyback	-299,921	-299,921	-299,921
Shares Cancelled	299,921	–	–
Total Changes	–	-256,900	-256,900
Balance as of January 31, 2018	–	32,439,589	32,439,589

Current Period (July 2018 Fiscal Period)

(JPY thousand)

	Shareholders' Equity				
	Paid-In Capital			Surplus	
	Paid-In Capital	Deduction from Shareholders' Capital	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

(4) Dividend Statement

(JPY)

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
I Unappropriated Retained Earnings	841,965,504	854,834,684
II Total Dividends (Dividend per Share)	841,924,148 (3,302)	854,672,848 (3,352)
III Retained Earnings Carried Forward	41,356	161,836

(5) Cash Flow Statement

(JPY thousand)

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
Cash Flows from Operations:		
Pre-tax income	842,609	855,744
Depreciation	302,163	310,913
Amortization of expenses related to REIT establishment	5,088	5,088
Amortization of share-issuance expenses	20,352	20,352
Interest income	-15	-15
Interest expense	96,268	95,158
Decrease (increase) in accounts receivable	98,097	-116,639
Decrease (increase) in consumption taxes receivable	-46,044	46,044
Decrease (increase) in prepaid expenses	-6,785	15,308
Decrease (increase) in long-term prepaid expenses	13,626	54,368
Increase (decrease) in accrued consumption taxes	-60,964	70,454
Increase (decrease) in accounts payable	29,002	-29,918
Increase (decrease) in accounts payable – other	17,844	4,558
Increase (decrease) in advances received	9,333	271,255
Other	2,422	6,563
Sub-total	1,322,998	1,609,237
Interest income received	15	15
Interest expense paid	-96,225	-95,158
Income taxes paid	-846	-820
Net Cash from (Used for) Operations	1,225,943	1,513,274
Cash Flows from Investments:		
Acquisition of property, plant, and equipment	-2,117,229	-317,520
Increase in tenant leasehold and security deposits in trust	64,980	–
Net Cash from (Used for) Investments	-2,052,249	-317,520
Cash Flows from Financing:		
Proceeds from long-term loans	1,800,000	–
Share buyback	-302,433	–
Dividends paid	-797,137	-841,000
Net Cash from (Used for) Financing	700,429	-841,000
Net Decrease (Increase) in Cash and Cash Equivalents	-125,877	354,753
Cash and Cash Equivalents at Beginning of Period	3,317,957	3,192,079
Cash and Cash Equivalents at End of Period	3,192,079	3,546,833

Rental Income Details

(JPY thousand)

	Previous Period (August 1, 2017 to January 31, 2018)		Current Period (February 1, 2018 to July 31, 2018)	
A Real Estate Rental Income				
Real Estate Rental Income	1,758,202	1,758,202	1,791,549	1,791,549
Other Rental Income				
Utilities Income	18,999		18,611	
Other	4,821	23,820	3,903	22,515
Total Income		1,782,023		1,814,064
B Real Estate Rental Expenses				
Rental Expenses				
Outsourcing Fees	17,721		16,769	
Utilities	19,558		19,250	
Trust Fees	8,200		8,200	
Depreciation Expense	302,163		310,913	
Repair Expenses	15,949		20,740	
Property and City Planning Taxes	97,009		105,497	
Insurance	2,618		2,536	
Other Expenses	691		458	
Total Expenses		463,912		484,366
C Net Rental Income				
(A) – (B)		1,318,111		1,329,698

Notes to Statement of Shareholders' Equity

(shares)

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
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 at End of the Period and Items
Shown on the Balance Sheet

(JPY thousand)

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
Cash and deposits	1,081,964	1,483,487
Cash and deposits in trust	2,110,114	2,063,345
Cash and cash equivalents	3,192,079	3,546,833

Notes to Derivative Transactions

1. Non-Hedge Accounting

N/A

2. Hedge Accounting

Previous Fiscal Period (as of January 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 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.

Major Tenants (Hotel Operators)

Previous Fiscal Period (January 2018)

(JPY thousand)

Name	Ichigo Hotel Operating Revenue
Nest Hotel Japan Corporation	683,193
Greens Co., Ltd.	286,566
K.K. Hospitality Operations	276,898

Current 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

Per Share Information

(JPY)

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
Net Assets per Share	127,227	127,277
Net Income per Share	3,285	3,352

Note: Net Income per Share is calculated by dividing the Net Asset per Share by the average number of shares in the period. Diluted Net Income per Share is not stated, because there are no dilutive shares.

	January 2018 (August 1, 2017 to January 31, 2018)	July 2018 (February 1, 2018 to July 31, 2018)
Net Income (JPY thousand)	841,788	854,793
Income not attributable to common shareholders (JPY thousand)	—	—
Net Income attributable to common shareholders (JPY thousand)	841,788	854,793
Average number of shares in the period	256,182	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 (share buyback).

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 2018 Fiscal Period	
		Total (JPY million)	% of Total
Trust beneficiary interest in real estate (juekiken)	Hokkaido & Tohoku	3,920	7.0
	Kanto	1,507	2.7
	Tokyo	7,252	13.0
	Tokai	9,794	17.6
	Kinki	19,041	34.2
	Chugoku & Shikoku	4,706	8.5
	Kyushu & Okinawa	5,226	9.4
Sub-total		51,448	92.4
Deposits & Other Assets		4,233	7.6
Total Assets		55,682	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 July 31, 2018)

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	4,558	4,810	8.8	No
002	Hotel Vista Premio Kyoto	3,600	3,589	4,050	7.1	No
003	Hotel Wing International Nagoya	2,670	2,695	2,920	5.2	No
004	Nest Hotel Sapporo Ekimae	2,160	2,148	2,490	4.2	No
005	Chisun Inn Osaka Hommachi	1,630	1,700	1,990	3.2	No
006	Comfort Hotel Hamamatsu	1,550	1,494	1,810	3.0	No
007	Hotel Suave Kobe Asuta	1,490	1,443	1,700	2.9	No
008	Nest Hotel Sapporo Odori	1,450	1,472	1,700	2.8	No
009	Valie Hotel Tenjin	1,380	1,450	2,120	2.7	No
010	Nest Hotel Osaka Shinsaibashi	7,600	7,748	7,690	14.9	No
011	Comfort Hotel Central International Airport	5,308	5,309	5,890	10.4	No
012	Smile Hotel Tokyo Asagaya	3,910	3,997	4,130	7.7	No
013	Nest Hotel Naha	3,750	3,775	4,130	7.4	No
014	Smile Hotel Asakusa	1,920	1,912	2,700	3.8	No
015	Nest Hotel Matsuyama	1,610	1,650	1,890	3.2	No
016	Hotel Livemax Nihombashi-Hakozaki	1,360	1,342	1,440	2.7	No
017	Comfort Hotel Okayama	1,200	1,198	1,260	2.4	No
018	Comfort Hotel Kushiro	300	299	421	0.6	No
019	Comfort Hotel Suzuka	300	294	377	0.6	No
020	Grandpark-Inn Yokohama	1,490	1,507	1,560	2.9	No
021	Urbain Hiroshima Executive	1,800	1,857	2,080	3.5	No
Total		50,958	51,448	57,158	100.0	—

Hotel Location, Rent, Occupancy, and Structural Details

(as of July 31, 2018)

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	Not Disclosed	5,255.66	5,255.66	100.0	1	220
	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	Not Disclosed	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
	014	Smile Hotel Asakusa	Tokyo	361.38	1,793.43	Sep 1992	31	1,793.43	1,793.43	100.0	1	96
	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	Not Disclosed	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	Not Disclosed	1,183.26	1,183.26	100.0	1	175
	021	Urbain Hiroshima Executive	Hiroshima	693.96	2,756.20	Jun 2008	Not Disclosed	2,756.20	2,756.20	100.0	1	171
Total/Average			—	23,813.50	95,288.60	—	1,415	95,584.44	95,584.44	100.0	31	3,344

Appraisal Data

(as of July 31, 2018)

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 by 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.	4,810	4,690	4,900	4.6	4,770	4.7	4.8	242,574	5.4	4.7
	002	Hotel Vista Premio Kyoto	Daiwa Real Estate Appraisal Co., Ltd.	4,050	4,120	4,110	4.2	4,030	4.0	4.4	177,529	4.9	4.2
	003	Hotel Wing International Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,920	2,410	2,950	4.9	2,900	4.7	5.1	158,419	5.9	5.3
	004	Nest Hotel Sapporo Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,490	1,290	2,510	5.4	2,480	5.2	5.6	158,334	7.3	6.1
	005	Chisun Inn Osaka Hommachi	Daiwa Real Estate Appraisal Co., Ltd.	1,990	1,480	2,020	4.5	1,980	4.3	4.7	98,916	6.1	5.4
	006	Comfort Hotel Hamamatsu	The Tanizawa Sogo Appraisal Co., Ltd.	1,810	1,680	1,820	5.4	1,810	5.4	5.6	102,603	6.6	4.8
	007	Hotel Suave Kobe Asuta	The Tanizawa Sogo Appraisal Co., Ltd.	1,700	1,580	1,740	4.9	1,680	5.0	5.1	90,803	6.1	4.4
	008	Nest Hotel Sapporo Odori	Daiwa Real Estate Appraisal Co., Ltd.	1,700	1,420	1,710	5.3	1,700	5.1	5.5	108,452	7.5	4.9
	009	Valie Hotel Tenjin	Japan Real Estate Institute	2,120	1,390	2,150	4.5	2,090	4.3	4.7	104,958	7.6	6.3
	010	Nest Hotel Osaka Shinsaibashi	Daiwa Real Estate Appraisal Co., Ltd.	7,690	2,870	7,770	4.5	7,660	4.3	4.7	399,348	5.3	4.4
	011	Comfort Hotel Central International Airport	Daiwa Real Estate Appraisal Co., Ltd.	5,890	6,330	5,970	4.0	5,850	3.8	4.2	266,775	5.0	3.9
	012	Smile Hotel Tokyo Asagaya	Daiwa Real Estate Appraisal Co., Ltd.	4,130	1,120	4,200	4.4	4,100	4.2	4.6	201,735	5.2	3.9
	013	Nest Hotel Naha	Daiwa Real Estate Appraisal Co., Ltd.	4,130	1,340	4,180	5.3	4,110	5.1	5.5	247,196	6.6	4.9
	015	Nest Hotel Matsuyama	Daiwa Real Estate Appraisal Co., Ltd.	1,890	1,060	1,890	5.7	1,890	5.5	5.9	132,846	8.3	5.8
	016	Hotel Livemax Nihombashi-Hakozaki	Daiwa Real Estate Appraisal Co., Ltd.	1,440	616	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	532	1,250	5.3	1,260	5.1	5.5	80,379	6.7	4.6

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 by Direct Capitalization Method	Cap Rate (%)	Value via DCF Method	Discount Rate (%)	Terminal Cap Rate (%)	Appraisal NOI (JPY thousand)		
Stay-Only	018	Comfort Hotel Kushiro	Daiwa Real Estate Appraisal Co., Ltd.	421	780	420	5.5	421	5.3	5.7	23,374	7.8	4.6
	019	Comfort Hotel Suzuka	Daiwa Real Estate Appraisal Co., Ltd.	377	406	377	5.0	377	4.8	5.2	23,092	7.7	5.0
	020	Grandpark-Inn Yokohama	Daiwa Real Estate Appraisal Co., Ltd.	1,560	1,850	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	1,400	2,090	5.3	2,070	5.1	5.5	113,369	6.3	4.8
Total/Average				54,458	38,364	55,117	4.7	54,148	-	-	2,871,065	5.9	4.6

Major Tenant Data (Hotel Operators)

Name	Industry	Hotel	Fixed Rent in Jul 2018 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	197	20.7	35,339.21	37.0
Greens Co., Ltd.	Hotel Operation	Comfort Hotel Hamamatsu Comfort Hotel Central International Airport Comfort Hotel Okayama Comfort Hotel Kushiro Comfort Hotel Suzuka	286	30.1	26,684.48	27.9

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, 2018.

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	1,814,064	133,671	75,000	129,917	82,834	55,361	105,752
Fixed Rent	952,653	30,744	75,000	31,129	39,600	55,361	23,766
Variable Rent	803,401	102,926	–	98,787	43,234	–	81,824
Other Rent	58,010	–	–	–	–	–	160
(B) Rental Expenses	173,452	10,695	9,221	9,034	4,671	3,395	10,565
Outsourcing Fees	16,769	639	1,475	600	915	600	600
Insurance	2,536	147	101	146	98	93	154
Repair Expenses	20,740	4,758	85	2,868	157	–	1,126
Taxes	105,497	4,789	7,144	4,993	3,130	2,430	8,182
Other Expenses	27,908	359	415	425	370	271	503
(C) NOI (A) - (B)	1,640,612	122,976	65,778	120,882	78,162	51,966	95,186
(D) Depreciation	310,913	15,204	13,237	13,205	5,627	14,430	18,426
(E) Net Rental Income (C) - (D)	1,329,698	107,771	52,541	107,677	72,534	37,536	76,759

(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	Nest Hotel Matsuyama
(A) Rental Income	65,038	226,005	151,441	98,227	130,639	55,796	88,905
Fixed Rent	21,664	64,581	151,441	30,041	41,531	15,839	36,167
Variable Rent	43,374	161,408	–	68,084	89,106	39,956	52,738
Other Rent	–	16	–	101	–	–	–
(B) Rental Expenses	4,516	19,797	14,270	8,665	7,857	3,723	6,294
Outsourcing Fees	600	1,232	570	2,347	1,080	600	580
Insurance	54	240	273	87	233	55	195
Repair Expenses	170	5,068	418	2,455	1,702	333	454
Taxes	3,326	12,846	12,553	3,367	4,423	2,326	4,528
Other Expenses	365	408	456	407	418	407	535
(C) NOI (A) - (B)	60,522	206,208	137,171	89,562	122,781	52,072	82,611
(D) Depreciation	8,992	33,665	29,344	25,591	32,292	13,634	20,031
(E) Net Rental Income (C) - (D)	51,529	172,542	107,826	63,970	90,489	38,437	62,580

(JPY thousand)

Hotel No.	017	018	019	Other
Hotel Name	Comfort Hotel Okayama	Comfort Hotel Kushiro	Comfort Hotel Suzuka	
(A) Rental Income	45,900	18,419	15,442	335,710
Fixed Rent	45,900	18,419	15,442	256,020
Variable Rent	–	–	–	21,959
Other Rent	–	–	–	57,731
(B) Rental Expenses	5,525	5,480	3,083	46,654
Outsourcing Fees	490	900	540	3,000
Insurance	137	81	47	388
Repair Expenses	496	58	301	286
Taxes	3,860	4,030	1,786	21,775
Other Expenses	541	410	408	21,203
(C) NOI (A) - (B)	40,374	12,939	12,359	289,056
(D) Depreciation	12,296	4,790	4,119	46,021
(E) Net Rental Income (C) - (D)	28,077	8,149	8,240	243,034

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	75,012	46,656	33,130	37,399	58,392
Depreciation	8,473	12,693	9,106	2,241	13,507

Individual Hotel Operating Results

ADR = Average Daily Rate

RevPAR = Revenue per Available Room

GOP = Gross Operating Profit

001 Smile Hotel Kyoto Shijo

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	99.9	100.0	100.0	99.6	99.4	95.0	97.0	99.4	98.3	96.8	97.3	99.6	98.5
ADR (JPY)	8,209	8,040	11,102	16,099	8,651	6,518	7,223	9,730	17,027	9,627	6,497	7,683	9,714
RevPAR (JPY)	8,204	8,044	11,107	16,030	8,601	6,192	7,009	9,666	16,739	9,314	6,324	7,656	9,572
Revenue (JPY million)	38	36	51	70	39	28	30	46	75	45	30	37	524
GOP (JPY million)	20	19	33	51	22	13	14	28	52	26	15	19	312

002 Hotel Vista Premio Kyoto

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	90.1	90.2	93.7	95.2	79.6	61.3	87.8	96.3	96.3	95.4	92.9	93.2	89.3
ADR (JPY)	12,946	11,890	15,518	19,810	13,299	10,693	10,167	14,139	19,895	13,785	9,041	11,054	13,675
RevPAR (JPY)	11,663	10,720	14,535	18,851	10,592	6,558	8,922	13,618	19,169	13,150	8,395	10,307	12,211
Revenue (JPY million)	33	29	41	50	29	18	23	38	52	38	24	30	406
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

003 Hotel Wing International Nagoya

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.3	91.1	92.0	93.7	87.2	74.7	88.6	81.3	89.2	87.9	87.6	87.0	88.1
ADR (JPY)	6,970	6,559	6,941	6,664	6,354	5,776	6,313	6,540	6,202	6,144	5,861	6,214	6,396
RevPAR (JPY)	6,781	5,976	6,385	6,241	5,543	4,314	5,594	5,319	5,534	5,404	5,132	5,406	5,635
Revenue (JPY million)	52	44	49	46	43	34	39	41	41	42	38	42	510
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

004 Nest Hotel Sapporo Ekimae

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	98.5	97.5	96.4	94.7	95.8	97.0	97.7	98.2	98.0	97.9	98.3	97.6	97.3
ADR (JPY)	11,765	11,522	8,197	6,260	6,954	6,904	14,436	6,686	5,950	8,832	13,435	15,849	9,715
RevPAR (JPY)	11,590	11,235	7,898	5,925	6,663	6,699	14,105	6,566	5,833	8,648	13,200	15,464	9,452
Revenue (JPY million)	65	63	48	36	46	43	73	46	40	53	74	88	674
GOP (JPY million)	38	37	23	12	20	16	42	17	14	25	45	55	343

005 Chisun Inn Osaka Hommachi

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	95.5	90.6	91.6	88.5	88.7	94.6	93.9	93.7	88.9	85.5	81.3	89.6	90.2
ADR (JPY)	8,584	8,279	8,394	8,600	8,699	7,273	7,991	8,513	9,386	7,685	7,425	7,605	8,207
RevPAR (JPY)	8,200	7,502	7,692	7,610	7,719	6,880	7,506	7,981	8,344	6,571	6,033	6,814	7,404
Revenue (JPY million)	33	29	31	30	31	28	27	32	33	26	24	27	351
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

006 Comfort Hotel Hamamatsu

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	84.6	79.6	80.8	85.0	77.1	71.5	80.2	88.5	82.0	78.1	69.8	77.1	79.5
ADR (JPY)	6,565	5,743	6,092	5,789	5,561	5,499	5,766	5,998	5,809	6,441	5,419	5,766	5,886
RevPAR (JPY)	5,553	4,569	4,921	4,920	4,287	3,930	4,622	5,307	4,761	5,029	3,783	4,444	4,679
Revenue (JPY million)	34	27	30	29	26	24	25	32	28	31	22	27	335
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

007 Hotel Suave Kobe Asuta

	2017					2018							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 information on operating results.

008 Nest Hotel Sapporo Odori

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	97.7	97.4	96.5	94.7	95.6	98.0	98.1	98.0	96.2	96.9	98.3	96.9	97.0
ADR (JPY)	14,358	13,859	9,980	8,300	8,872	8,517	17,759	7,828	7,535	10,344	15,520	19,348	11,827
RevPAR (JPY)	14,021	13,493	9,634	7,859	8,484	8,349	17,413	7,671	7,251	10,027	15,255	18,755	11,475
Revenue (JPY million)	57	53	40	32	36	36	63	34	30	42	60	75	557
GOP (JPY million)	34	32	20	12	16	13	37	12	11	21	36	47	292

009 Valie Hotel Tenjin

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	94.3	90.3	89.9	92.8	92.2	82.1	96.9	97.7	96.7	95.8	96.1	95.3	93.3
ADR (JPY)	9,665	9,866	10,424	9,975	9,929	8,204	10,186	9,823	8,973	9,638	9,236	9,839	9,654
RevPAR (JPY)	9,118	8,905	9,367	9,253	9,156	6,733	9,874	9,592	8,677	9,230	8,880	9,382	9,008
Revenue (JPY million)	24	22	24	23	24	18	23	25	22	24	22	24	273
GOP (JPY million)	12	11	13	13	13	7	12	13	11	12	10	12	141

010 Nest Hotel Osaka Shinsaibashi

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	98.4	98.0	97.7	97.8	96.5	94.3	98.0	98.1	96.9	94.1	89.0	88.5	95.6
ADR (JPY)	9,334	8,560	9,064	9,330	9,346	8,745	9,843	9,929	10,400	9,294	9,180	9,457	9,372
RevPAR (JPY)	9,183	8,387	8,855	9,128	9,020	8,243	9,650	9,740	10,075	8,746	8,166	8,369	8,958
Revenue (JPY million)	93	82	89	89	91	83	88	97	98	87	79	84	1,060
GOP (JPY million)	60	50	59	58	66	47	52	60	62	53	47	47	662

011 Comfort Hotel Central International Airport

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	93.5	86.3	88.1	86.1	83.6	87.0	90.9	88.1	90.9	90.4	93.4	91.4	89.1
ADR (JPY)	9,283	8,836	9,121	9,115	9,007	9,050	9,266	8,961	9,227	9,128	9,109	9,227	9,113
RevPAR (JPY)	8,683	7,630	8,036	7,846	7,530	7,872	8,425	7,891	8,384	8,247	8,507	8,437	8,122
Revenue (JPY million)	103	88	96	91	90	94	91	94	97	98	97	95	1,134
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

012 Smile Hotel Tokyo Asagaya

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	98.9	98.9	91.2	77.6	88.2	98.9	99.1	98.9	98.5	99.0	78.3	98.6	93.9
ADR (JPY)	8,619	8,361	9,369	9,680	9,486	7,962	9,842	9,388	9,820	8,522	8,605	9,138	9,049
RevPAR (JPY)	8,525	8,269	8,540	7,514	8,366	7,872	9,754	9,288	9,677	8,441	6,735	9,009	8,494
Revenue (JPY million)	30	29	31	26	30	28	31	33	33	30	23	32	358
GOP (JPY million)	19	17	20	16	17	16	19	21	21	18	13	20	218

013 Nest Hotel Naha

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	95.2	92.2	88.6	87.6	86.1	83.6	96.5	93.3	90.4	82.9	87.8	90.9	89.5
ADR (JPY)	12,021	9,873	10,527	10,543	9,904	8,718	11,197	10,131	8,913	9,079	9,188	10,997	10,119
RevPAR (JPY)	11,440	9,098	9,330	9,237	8,524	7,287	10,809	9,456	8,056	7,526	8,071	9,992	9,059
Revenue (JPY million)	90	71	81	82	83	67	78	86	69	69	70	83	928
GOP (JPY million)	42	29	31	34	35	23	34	37	25	25	25	35	376

014 Smile Hotel Asakusa

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	95.8	93.9	95.3	93.9	91.6	90.0	94.6	94.3	95.0	87.8	96.2	98.7	93.9
ADR (JPY)	6,864	6,785	7,386	7,281	7,295	6,172	7,332	7,299	7,705	7,435	6,927	7,235	7,143
RevPAR (JPY)	6,573	6,368	7,041	6,839	6,685	5,556	6,937	6,880	7,320	6,528	6,665	7,140	6,708
Revenue (JPY million)	20	19	22	21	21	17	19	21	22	20	20	22	245
GOP (JPY million)	9	9	11	10	11	6	10	12	11	10	12	11	121

015 Nest Hotel Matsuyama

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.3	94.9	94.4	92.5	89.3	79.0	85.7	91.1	88.2	87.9	87.6	92.1	89.6
ADR (JPY)	6,175	8,154	8,696	7,148	5,734	5,575	6,207	5,899	6,019	6,548	5,493	5,881	6,490
RevPAR (JPY)	5,702	7,736	8,212	6,614	5,120	4,404	5,318	5,373	5,307	5,757	4,813	5,419	5,815
Revenue (JPY million)	48	60	61	51	52	38	40	48	46	48	44	45	582
GOP (JPY million)	20	33	33	24	22	13	15	19	19	21	17	17	253

016 Hotel Livemax Nihombashi-Hakozaki

	2017					2018							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 information on operating results.

017 Comfort Hotel Okayama

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.2	88.3	89.9	91.0	88.5	86.4	89.9	94.3	93.0	87.6	87.7	87.9	89.7
ADR (JPY)	7,001	6,360	6,852	6,680	5,560	5,262	5,884	6,233	6,239	6,605	5,880	6,506	6,263
RevPAR (JPY)	6,457	5,617	6,158	6,081	4,918	4,545	5,290	5,876	5,801	5,789	5,159	5,718	5,620
Revenue (JPY million)	43	36	41	39	33	31	32	39	38	39	34	38	444
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

018 Comfort Hotel Kushiro

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	89.3	91.5	82.3	72.7	69.7	58.4	69.6	66.7	52.9	67.6	84.7	89.0	74.6
ADR (JPY)	7,458	7,038	6,005	4,889	4,531	4,546	4,987	4,463	4,508	5,103	5,158	7,057	5,634
RevPAR (JPY)	6,662	6,436	4,941	3,554	3,160	2,657	3,472	2,976	2,384	3,448	4,368	6,283	4,201
Revenue (JPY million)	26	24	19	13	12	10	12	12	9	13	17	25	193
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

019 Comfort Hotel Suzuka

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.6	68.3	80.6	83.0	73.4	63.6	75.2	81.4	75.2	72.2	69.0	76.3	75.9
ADR (JPY)	6,483	5,482	7,476	6,146	5,573	5,050	5,409	6,306	6,018	6,499	5,659	6,936	6,134
RevPAR (JPY)	6,005	3,744	6,025	5,100	4,092	3,213	4,069	5,136	4,528	4,690	3,904	5,293	4,658
Revenue (JPY million)	20	12	20	16	14	11	12	17	14	15	12	17	181
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

020 Grandpark-Inn Yokohama

	2017					2018							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 information on operating results.

021 Urbain Hiroshima Executive

	2017					2018							Average/ Cumulative
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Occupancy (%)	92.4	91.6	90.2	90.9	85.5	72.0	86.0	90.9	94.1	91.8	90.0	89.2	87.1
ADR (JPY)	7,282	6,851	7,215	7,151	6,550	6,310	6,659	6,759	7,510	7,706	6,798	6,922	6,917
RevPAR (JPY)	6,727	6,273	6,510	6,502	5,601	4,544	5,728	6,145	7,070	7,073	6,120	6,172	6,022
Revenue (JPY million)	36	32	35	33	30	24	27	33	36	37	31	33	387
GOP (JPY million)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Hotel NOI 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	7.4
Kanto	1	1,490	2.9	5.0
Tokyo	3	7,190	14.1	5.1
Tokai	4	9,828	19.3	5.6
Kinki	5	18,800	36.9	5.4
Chugoku & Shikoku	3	4,610	9.0	7.1
Kyushu & Okinawa	2	5,130	10.1	6.9
Total	21	50,958	100.0	5.9

Major Capital Expenditures

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

Hotel Name	Location	Purpose	Timing	Total Expenditures (JPY million)
Nest Hotel Naha	Naha, Okinawa	Renovate 10th floor guest rooms	Dec 2018 – Jan 2019	50
Comfort Hotel Central International Airport	Tokoname, Aichi	Renovate exterior	Sep – Oct 2018	32
Nest Hotel Matsuyama	Matsuyama, Ehime	Replace external air conditioning units	Jul – Aug 2018	18

b. Major Capital Expenditures during the Current Fiscal Period (July 2018)

Hotel Name	Location	Purpose	Timing	Total Expenditures (JPY million)
Smile Hotel Kyoto Shijo	Kyoto	Increase number of guest rooms	Jan – Feb 2018	44
Chisun Inn Osaka Hommachi	Osaka	Upgrade elevator	Feb – Jul 2018	21
Valie Hotel Tenjin	Fukuoka	Renovate entrance lobby	Jul 2018	15