

Property Acquisition in December 2024 Through Public Offering

In December 2024, the second public offering was conducted, and eight new properties (total acquisition price of 13.1 billion yen) were acquired at an 11.6% discount to the appraisal value.

◆ APA Hotel (Asakusabashi Ekimae) ・ APA Hotel (Namba Minami Daikokucho Ekimae)

Located in Tokyo and Osaka, we respond to the increase in demand for accommodation and inflation due to future inbound tourism through sales-linked variable rents. Acquired at a 15.8% discount on the appraisal value.

◆ 6 accommodation facilities











Properties located in Tokyo and the Tokyo metropolitan area and are expected to operate stably over the medium to long term by setting rents that capture the volume zone of the rent price range in each area.

(thousand yen)

Property Name	Address	Construction Date	Acquisition Price (A)	Appraisal Value (B)	Difference (B-A)	Difference %	Appraisal NOI yield	
H-1	APA Hotel (Asakusabashi Ekimae)	Taito-ku, Tokyo	2010/3	4,160,000	4,800,000	640,000	15.4%	4.2%
H-2	APA Hotel (Namba Minami Daikokucho Ekimae)	Osaka-city, Osaka	2018/11	1,581,000	1,850,000	269,000	17.0%	4.9%
APA Hotels			5,741,000	6,650,000	909,000	15.8%	4.4%	
A-5	INSURANCE BLDG Ⅷ (Toyoshiki)	Kashiwa-city, Chiba	2007/1	1,590,000	1,820,000	230,000	14.5%	5.1%
A-6	Urban Flats Shin-Kawasaki	Kawasaki-city, Kanaga	1999/3	1,259,000	1,430,000	171,000	13.6%	5.2%
A-7	Oshiage Park Square	Sumida-ku, Tokyo	1991/9	2,163,000	2,210,000	47,000	2.2%	3.9%
A-8	U residence Kitami	Komae-city, Tokyo	1986/7	510,000	529,000	19,000	3.7%	4.4%
A-9	U residence Musashi-Koganei	Koganei-city, Tokyo	1988/5	595,000	604,000	9,000	1.5%	4.4%
A-10	T's eco Kawasaki	Kawasaki-city, Kanaga	1991/4	1,250,000	1,390,000	140,000	11.2%	4.6%
Accommodation facilities			7,367,000	7,983,000	616,000	8.4%	4.6%	
Properties total acquired in December 2024			13,108,000	14,633,000	1,525,000	11.6%	4.5%	

Summary of Properties Acquired in December 2024

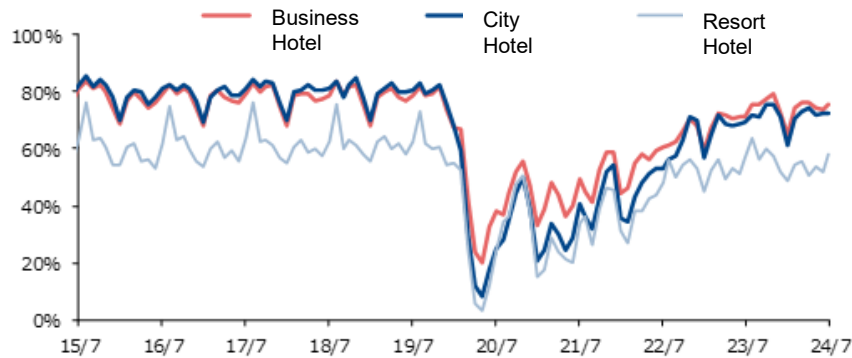
Through our own sourcing and sponsor support, we acquired two APA hotels from sponsor APA group and six accommodation facilities from the external third parties.

	Business Hotel, City Hotel		Accommodation facilities					
Property name	 APA Hotel 〈Asakusabashi Ekimae〉	 APA Hotel 〈Namba Minami Daikokucho Ekimae〉	INSURANCE BLDG VIII (Toyoshiki)	Urban Flats Shin- kawasaki	Oshiage Park Square	U residence Kitami	U residence Musashi- koganei	T's eco Kawasaki
Property								
Acquisition route	APA group		Sourcing by Asset Manager /warehousing by APA group			Sourcing by Asset Manager		
Adress	Taito-ku, Tokyo	Osaka-city, Osaka	Kashiwa-city, Chiba	Kawasaki-city, Kanagawa	Sumida-ku, Tokyo	Komae-city, Tokyo	Koganei-city, Tokyo	Kawasaki-city, Kanagawa
Construction date	2010年3月	2018/11	2007/1	1999/3	1991/9	1986/7	1988/5	1991/4
Acquisition Price (million yen)	4,160	1,581	1,590	1,259	2,163	510	595	1,250
Appraisal Value (million yen)	4,800	1,850	1,820	1,430	2,210	529	604	1,390
Appraisal NOI yield	4.2%	4.9%	5.1%	5.2%	3.9%	4.4%	4.4%	4.6%
Gross Floor Area (sqm)	3,706.56	2,504.70	4,911.07	3,758.77	3,825.48	1,134.07	1,598.41	2,732.71
Number of Guest Rooms/ Rentable Rooms	180	118	60	54	97	52	41	69
Type of Guest Rooms/ Rentable Rooms	1-bed room×179 2-bed room×1	1-bed room×106 2-bed room×12	3LDK×42 4LDK×18	3LDK×54	Retail×1 1R×84 1DK×1 1LDK×1 2LDK×10	1-bed room×52	1R×4 1K×15 1LDK×3 2K×4 2DK×15	Office×2 1R×66 2DK×1

Portfolio Diversification and Risk Reduction by Acquisition of Business Hotels, City Hotels and Accommodation Facilities

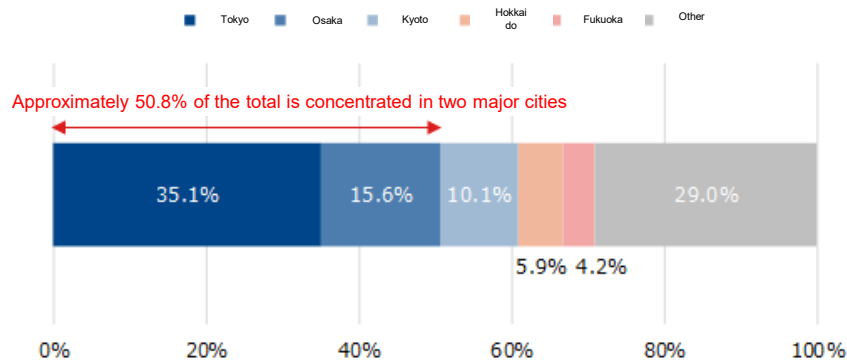
- The volatility of business hotels and city hotels was lower than that of resort hotels before the pandemic, and high resilience after the pandemic
- The accommodation facilities we invest in capture the volume zones of the rental housing price range in each area, contributing to the reduction of portfolio risk based on stable demand.

Occupancy rate trends by hotel type



Source: Japan Tourism Agency, Overnight Travel Statistics Survey

Percentage of total foreign overnight guests by region(2024/1-2024/7)

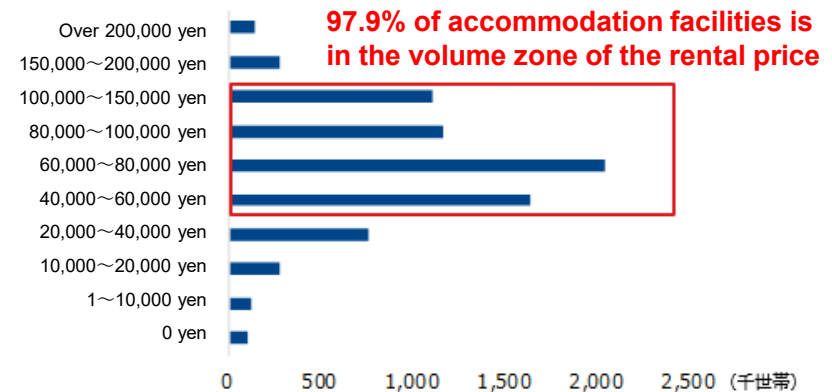


Source: Created by the Asset Management Company from the Japan Tourism Agency's "Accommodation and Travel Statistics Survey"

Focused investment in rental housing for average income groups (after the acquisition in 2024/12)

Rents	Units in the portfolio	% of total accommodation facilities
Over 150,000 yen	8	2.1%
100,000~150,000 yen	72	18.7%
80,000~100,000 yen	108	28.1%
60,000~80,000 yen	128	33.2%
40,000~60,000 yen	69	17.9%
Under 40,000 yen	0	0.0%
Total / Average	385	100.0%

Rent level is in the volume zone of the rental price range (Tokyo, Kanagawa, Chiba, Osaka)

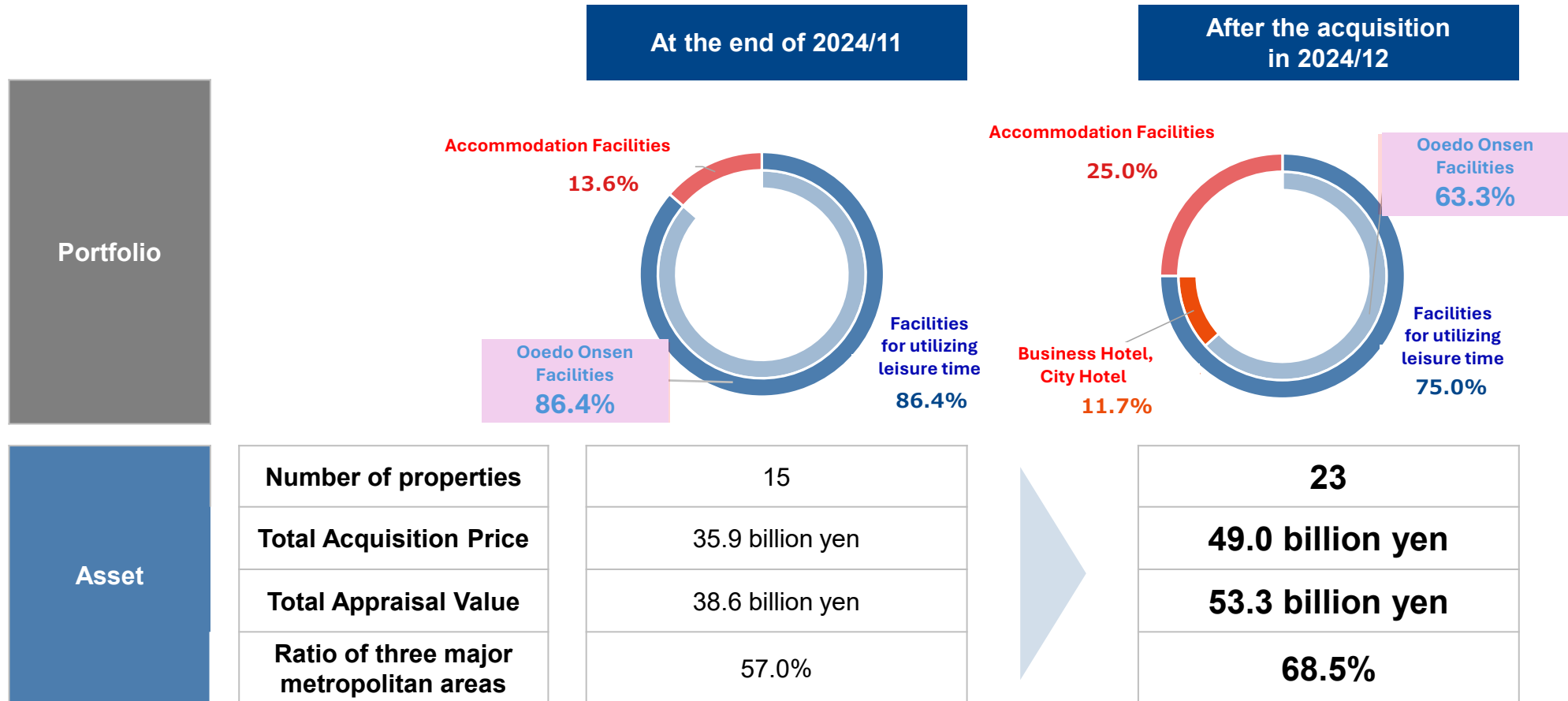


Source (upper right and lower right): Created by the Asset Management Company from the Ministry of Internal Affairs and Communications' "Housing and Land Statistics Survey"

* The ratio of accommodation facilities of the Investment Corporation to the volume zone includes the type of fixed rent type (pass-through type (fixed rent type (sub-ML)) among accommodation facilities with a fixed rent contract. and properties not located in Tokyo, Kanagawa, Chiba, and Osaka prefectures.

Portfolio Overview

- After the acquisition in December 2024, the number of properties increased to **23** with a total acquisition value of **49.0 billion yen** and an appraisal value of **53.3 billion yen**.
- The investment ratio of the two APA hotels acquired this time is 11.7% and the accommodation facilities increased from 13.6% to 25.0%
- The proportion of Ooedo Onsen facilities **decreased from 86.4% to 63.3%**
- The ratio of the three major metropolitan areas **rises to 68.5%**



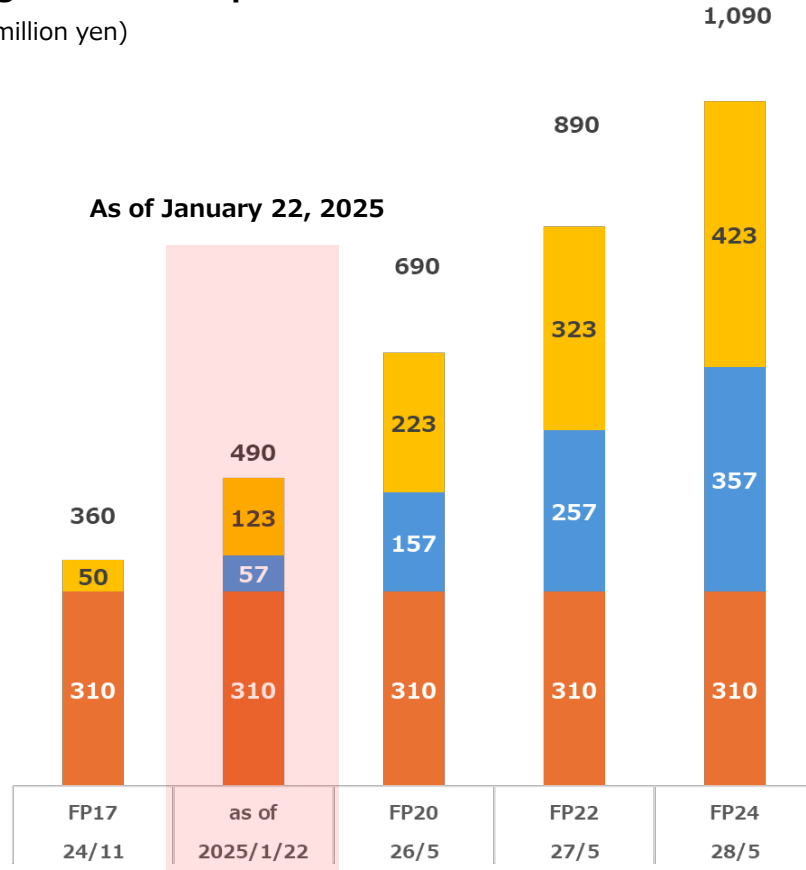
* The "three major metropolitan areas" refer to the Tokyo metropolitan area, the Kansai area, and the Chukyo area. "Metropolitan Area" means Tokyo, Saitama, Chiba, Kanagawa, Ibaraki, Tochigi, Gunma, and Yamanashi Prefectures, "Kansai Area" means Osaka, Kyoto, Hyogo, Shiga, Nara, and Wakayama Prefectures, and "Chukyo Area" means Aichi, Gifu, Mie, and Shizuoka Prefectures.

Portfolio Strategy and Expansion of Asset Under Management

- In order to improve the liquidity of investment units and maintain and grow stable distributions, we will expand the size of asset under management, replace properties, and reduce the ratio of Ooedo Onsen facilities in the portfolio.
- Aim to accumulate assets with a target of about 20 billion yen per year combining business hotels, city hotels with accommodation facilities in a well-balance.
- Medium-term target: Aiming for an asset size of 100 billion yen in next three years.
- Business Hotels & City Hotels.: Proceed with the acquisition of properties with the cooperation of the APA Group in addition to the network of asset management company.
- Accommodation facilities.: Utilize the network of asset management company to acquire properties with a rent level that is expected to have stable rental demand.

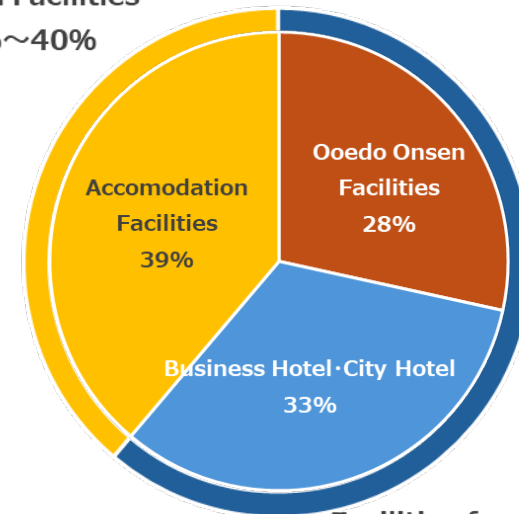
Image of asset expansion

(100 million yen)



Portfolio image as asset in 100 billion yen

Accommodation Facilities
about 30%~40%



Facilities for utilizing leisure time
about 60%~70%

Properties of APA Group

APA Hotels which owned, operated, and franchised by the sponsor APA group: total 276 properties in Japan and North America



* As of the date of this document, the Investment Corporation has not decided to acquire the properties listed on this page and does not guarantee the acquisition.

* "APA (directly managed/FC) hotels" means hotels owned, operated, or franchised by the APA Group.