

Asset Manager



APA Investment Management
アパ投資顧問株式会社

Presentation Material

Results of 16th Fiscal Period (Ended May 2024)

日本ホテル&レジデンシャル投資法人
Nippon Hotel & Residential Investment Corporation

Securities Code: 3472

July 22, 2024

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Results and forecast of distribution

The 15th period
Nov-23
Actual

The 16th period
May-24
Actual

The 17th period
Nov-24
Forecast

The 18th period
May-25
Forecast

Reasons for change of distribution compared to previous period

May 2024 Actual

■ Full-period contribution of accommodation facilities	+299 yen/unit
■ Increase in variable rents	+151 yen/unit
■ Temporary decrease in fixed rents	△164 yen/unit
■ Increase in interest expenses, loan-related expenses, and expenses for the release of security	△101 yen/unit
■ Increase in management fees and General Unitholders' Meeting held, etc.	△37 yen/unit
■ Total of items other than the above	△37 yen/unit

+111 yen/unit

November 2024 Forecast

■ Refinancing cost and expenses for release of security will not be incurred.	+329 yen/unit
■ Decrease in temporary reduction of fixed rents	+20 yen/unit
■ Decrease in variable rents	△ 33 yen/unit
■ Total of items other than the above	△ 43 yen/unit

+273 yen/unit

May 2025 Forecast

■ Termination of in temporary reduction of fixed rents	+143 yen/unit
■ Increase in variable rents	+37 yen/unit
■ Total of items other than the above	△ 40 yen/unit

+140 yen/unit

Actual Distribution per unit
1,464 yen

Actual Distribution per unit
1,575 yen
(Compared to previous period)
+111 yen +7.6%

Forecast Distribution per unit
1,848 yen
(Compared to previous period)
+273 yen +17.3%

Forecast Distribution per unit
1,988 yen
(Compared to previous period)
+140 yen +7.6%

Results of fiscal year ended May 31, 2024

(million yen)

	Actual The 15th period Nov 2023	Actual The 16th period May 2024	Compared to previous period (Change)	Forecast The 16th period May 2024	Compared to forecast (Change)
Operating Revenue	1,202	1,301	+98	1,301	△0
Facilities for utilizing leisure time	1,151	1,153	+2	1,153	-
Fixed rent	1,040	1,001	△38	1,001	-
Variable rent	16	52	+35	52	-
Secondary rent	89	91	+1	91	-
Other	4	8	+3	8	-
Accommodation facilities	51	147	+96	147	△0
Lease operations revenue gain/loss	670	737	+66	736	+0
Operating income	516	568	+51	567	+0
Non-operating income	1	0	△0	0	-
Non-operating expenses	175	200	+24	201	△0
Interest expenses	43	57	+13	58	△0
Finance expenses	131	143	+11	142	+0
Ordinary income	342	368	+26	367	+1
Net income	341	367	+26	366	+1
Distribution per unit (yen)	1,464	1,575	+111	1,568	+7
Included excess cash distribution per unit (yen)	13	13	+0	13	+0

※Figures rounded down to the nearest one million yen

※Forecast in May 2024 : Results forecast announced on May 27, 2024

Reasons for change of results of May 2024

Compared to previous period (million yen)

Full-period contribution of accommodation facilities	+96
Increase in variable rents	+35
Other (insurance revenue, etc)	+3
Temporary decrease in fixed rents	△38
Operating Revenue	+98
Increase in expenses related to leasing business	△21
(Full-period expenses for accommodation facilities recognized, decrease in taxes and dues on Ooedo Onsen facilities)	△10
Increase in depreciation expenses	+66
Lease operations revenue gain/loss	+66
Increase in selling and administration expenses	△15
(Increase in management fees, General Unitholders' Meeting held)	
Operating Income	+51
Increase in interest expenses (Increase in average outstanding borrowings)	△13
Increase in finance expenses (refinance in February and May)	△7
Expenses for release of mortgage recognized	△4
Ordinary Income	+26

Compared to forecast as of May 27 (million yen)

Difference in estimated rents in May of accommodation	△0
Operating Revenue	△0
Decrease in expenses related to leasing business (difference in estimation of repair expenses and taxes and public dues)	+1
Lease operations revenue gain/loss	+0
Operating Income	+0
Decrease in interest expenses (difference in planned amounts)	+0
Increase in expenses related finance (difference in planned amounts)	△0
Ordinary Income	+1

Forecast of fiscal year ending November 30, 2024 and May 31, 2025

(million yen)

	Actual The 16th period May 2024	Forecast The 17th period Nov 2024	Compared to previous period (Change)	Forecast The 18th period May 2025	Compared to previous period (Change)
Operating Revenue	1,301	1,291	△9	1,330	+38
Facilities for utilizing leisure time	1,153	1,143	△10	1,182	+38
Fixed rent	1,001	1,006	+4	1,040	+33
Variable rent	52	44	△7	53	+8
Secondary rent	91	91	+0	87	△4
Other	8	0	△7	0	+0
Accommodation facilities	147	147	+0	147	+0
Lease operations revenue gain/loss	737	722	△15	756	+33
Operating income	568	559	△8	592	+32
Non-operating income	0	0	△0	0	△0
Non-operating expenses	200	127	△72	127	△0
Interest expenses	57	62	+4	61	△1
Finance expenses	143	65	△77	65	+0
Ordinary income	368	432	+64	465	+32
Net income	367	431	+64	464	+32
Distribution per unit (yen)	1,575	1,848	+273	1,988	+140
Included excess cash distribution per unit (yen)	13	13	+0	13	+0

※ Figures rounded down to the nearest one million

■ Main factors of change of forecast in November 2024

Compared to May 2024 (million yen)	
Decrease in temporary reduction of fixed rents	+4
Decrease in variable rents	△7
Absence of insurance proceeds that existed in the previous period	△7
Operating Revenue	△9
Increase in depreciation expense, etc	△4
Lease operations revenue gain/loss	△15
Decrease in selling and administration expenses (General Unitholders' Meeting no held, etc)	+6
Operating Income	△8
Decrease in finance expenses (No refinancing to be scheduled)	+77
Increase in interest expenses (Fluctuations of base interest rate)	△4
Ordinary Income	+64

■ Main factors of change of forecast in May 2025

Compared to November 2024 (million yen)	
Termination of temporary reduction of fixed rents	+33
Increase in variable rents	+8
Decrease in secondary rents (Decrease in taxes and public dues)	△4
Operating Revenue	+38
Increase in depreciation expense, etc	△4
Lease operations revenue gain/loss	+33
Operating Income	+32
Ordinary Income	+32

Status of Financing and Planned Measures

Measures implemented in the 16th period (ended May 2024) and results

■ Refinancing of existing borrowings: February 2024 (5,139 million yen) May (4,971 million yen)

- May: APA Group provided a debt guarantee for the interest-bearing liabilities of the Investment Corporation.
- May: Aozora Bank and Resona Bank newly joined the loan syndication so that the total number of financial institutions increased to eight (six as of the end of May 2023).
- May: All mortgages set on the assets were released.
- Cost of financing new borrowings decreased and financing period was extended.
- Average number of remaining years of interest-bearing debts was extended and the repayment due dates were more dispersed.

	Before refinance (as of 31 January, 2024)				After refinance (as of 31 May, 2024)			
	Payment principal (million yen)	Average financing period (years)	Average all-in spread	Average number of remaining years (years)	Borrowing amounts (million yen)	Average financing period (years)	Average all-in spread	Average number of remaining years (years)
Refinance in February 2024	5,144	1.0	2.0%	-	5,139	2.5	1.2%	-
Refinance in May 2024	4,971	0.9	1.9%	-	4,971	1.8	0.8%	-
Total interest-bearing debts	12,815	1.5	1.9%	0.9	12,736	2.5	1.1%	2.3



Planned Measures after the 17th period (ending November 2024)

- Through the growth of AUM and diversification of risks, by inviting new lenders and increasing the amount of borrowings from existing lenders, to secure the amount to be financed and reduce the cost of financing.

* Average financing period: weighted average of financing periods of borrowings

* Average all-in spread: average of borrowing spreads (applicable interest rates excluding base interest rates) and annualized upfront fees (loans fees) weighted by the amounts of borrowing

Status of interest-bearing debt

Fig.1:Financial institutions(As of 31 May,2024)

(Million yen, Borrowed money balance order)

Financial institutions	Borrowed money balance	%
Sumitomo Mitsui Banking Corporation	5,990	47.0%
The Tokyo Star Bank, Limited	2,200	17.3%
San ju San Bank, Ltd.	1,395	11.0%
Aozora Bank, Ltd. (New lender)	1,000	7.9%
Sumitomo Mitsui Trust Bank, Ltd.	750	5.9%
Kiraboshi Bank, Ltd.	500	3.9%
Resona Bank, Ltd. (New lender)	500	3.9%
The Ogaki Kyoritsu Bank, Ltd.	400	3.1%
Total interest-bearing debts	12,736	100%

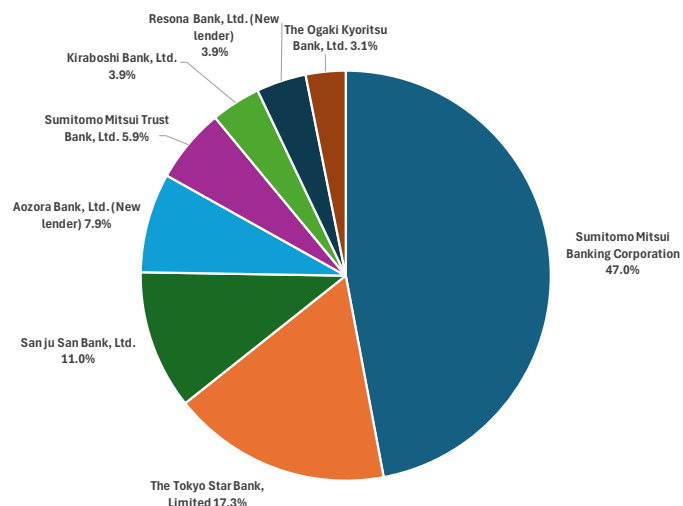


Fig.2:DSCR·LTV (As of 31 May,2024)

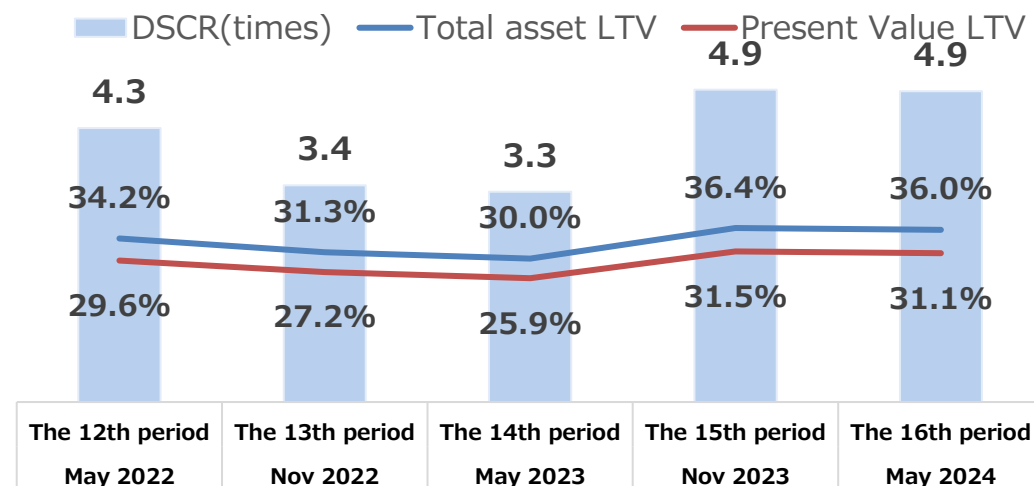
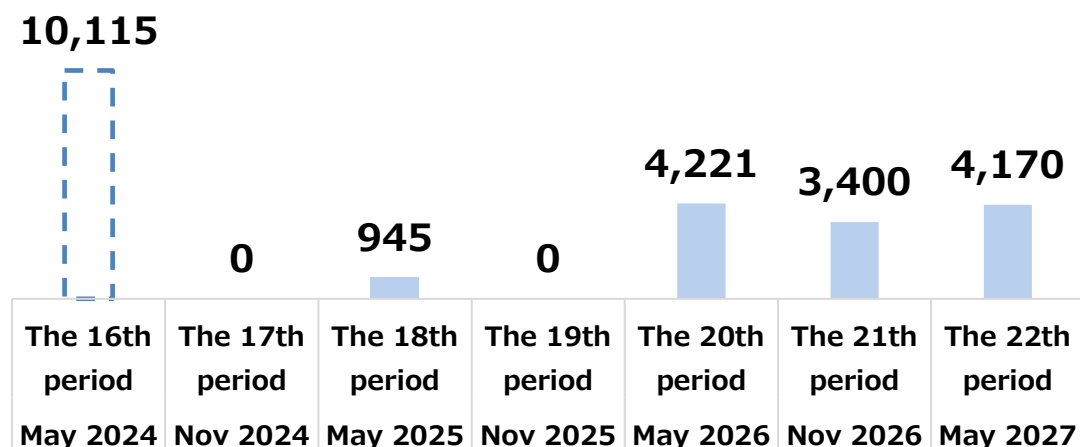


Fig.3:Loan amounts by payment period (Million yen, As of 31 May,2024)



* Figures rounded down to the nearest one million yen.

* DSCR is calculated based on (operating income + depreciation + amortization of leasehold + gain (loss) on sale of real estate) / (scheduled repayment. Prepayment, the amount paid off on due date, and the impact of refinancing are excluded.

* Status of the graph shows outstanding borrowings as of May 31, 2024, and the period to which the final repayment date of each borrowing belongs.

Internal Growth Ooedo Onsen Facilities - Variable rents 1

The 16th period (ended May 2024)

- Variable rents rose to 52 million yen (up 35 million yen from the previous period) due to a recovery in the performance of the Ooedo Onsen Monogatari Group

(Thousand yen)

	15th period Nov,2023 Actual	16th period May,2024 Actual	17th period Nov,2024 Forecast	18th period May,2025 Forecast
Ooedo-Onsen Monogatari Reoma Resort	0	6,933	0	0
Ooedo-Onsen Monogatari Ise-shima	5,925	7,691	8,000	8,659
Ito Hotel New Okabe	0	8,734	9,054	7,695
Ooedo-Onsen Monogatari Atami	5,312	6,273	6,964	7,429
Ooedo-Onsen Monogatari Toi Marine Hotel	5,422	6,355	5,647	6,026
Ooedo-Onsen Monogatari Awara	0	3,806	4,692	4,478
Ooedo-Onsen Monogatari Ikaho	0	4,447	4,296	3,933
Ooedo-Onsen Monogatari Kimitsu-no-mori	0	2,384	0	0
Ooedo-Onsen Monogatari Kounkaku	0	0	0	0
Kinugawa Kanko Hotel	0	0	0	8,408
Ooedo-Onsen Monogatari Higashiyama Grand Hotel	0	5,665	5,832	6,725
Total	16,660	52,291	44,486	53,355

※Figures shown are rounded down to the nearest one thousand yen.

※The variable rent forecast is calculated independently by the asset management company based on the actual results and business plans obtained from tenants, and its achievement is not guaranteed.

Internal Growth Oedo Onsen Facilities - Variable rents 2

After the 17th period (ending November 2024)

- Aim for a medium-term increase in variable rents by implementing added-value renovations (upgrade to Oedo Onsen Monogatari Premium).

- **Five properties planned for added-value renovations: schedules and fiscal periods in which full-period contribution to variable rents will be made**

	Status of added-value renovations	Renovation period (facilities closed)	Renewal open	Five properties planned for added-value renovations: schedules and fiscal periods in which full-period contribution to variable rents will be made
Oedo-Onsen Monogatari Ise-shima	Opened after renewal	From March 2024 to June 2024	June 24, 2024	Full-period contribution from variable rents added up in November 2025.
Kinugawa Kanko Hotel	Opened after renewal	From April 2024 to July 2024	July 22, 2024	
Oedo-Onsen Monogatari Atami	Opened after renewal	From April 2024 to July 2024	July 22, 2024	
Ito Hotel New Okabe	Planning renovations	From April 2025 to July 2025 (Plan)	July 2025 (Plan)	Full-period contribution from variable rents added up in November 2026.
Oedo-Onsen Monogatari Ikaho	Planning renovations	From April 2025 to July 2025 (Plan)	July 2025 (Plan)	

- **Five properties planned for added-value renovations: Outlook of KPI after added-value renovations**

	Room occupancy rate				ADR (Yen)				RevPAR (Yen)			
	Year 2020	Year 2024	Year 2027 (target)	Fluctuation Compared to year 2024	Year 2020	Year 2024	Year 2027 (target)	Fluctuation Compared to year 2024	Year 2020	Year 2024	Year 2027 (target)	Fluctuation Compared to year 2024
Oedo-Onsen Monogatari Ise-shima	92.9%	83.1%	93.9%	+10.8%pt	32,855	38,316	41,452	+8.2%	30,529	36,208	38,919	+7.5%
Kinugawa Kanko Hotel	84.0%	78.1%	90.0%	+11.9%pt	30,039	33,912	36,555	+7.8%	25,239	29,759	32,905	+10.6%
Oedo-Onsen Monogatari Atami	93.0%	83.2%	89.7%	+6.5%pt	28,484	35,005	40,152	+14.7%	26,496	31,731	36,060	+13.6%
Ito Hotel New Okabe	95.7%	82.2%	89.8%	+7.6%pt	33,229	38,546	42,985	+11.5%	31,801	35,125	38,594	+9.9%
Oedo-Onsen Monogatari Ikaho	97.5%	88.1%	95.5%	+7.4%pt	30,291	35,027	39,392	+12.5%	29,546	34,187	37,631	+10.1%

Internal Growth :Ooedo Onsen Facilities – Value-up

■ Comparison between “Ooedo Onsen Monogatari” and “Ooedo Onsen Monogatari Premium”

	Ooedo-Onsen Monogatari	Ooedo-Onsen Monogatari Premium
Pricing	Room charge per person (weekdays) From 8,000 yen to 13,000yen	Room charge per person (weekdays) From 13,000 yen to 18,000yen
Premium lounge	None	Available Free refills of alcohol and soft drinks
Buffet menu	Steak・Tempura・Sushi・Topping rice bowl	Steak・Tempura・Sushi・Topping rice bowl + Roast beef + Haagen-Dazs + Fine locally produced foodstuffs

■ Image of Ooedo Onsen Monogatari Premium Facilities

Ise-shima



Kinugawa

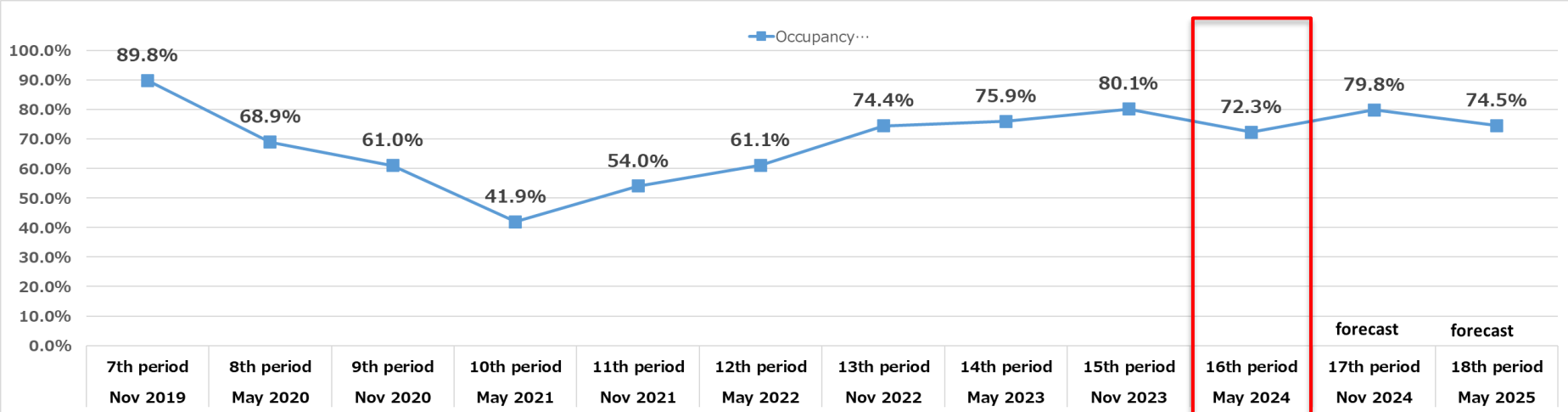


Atami

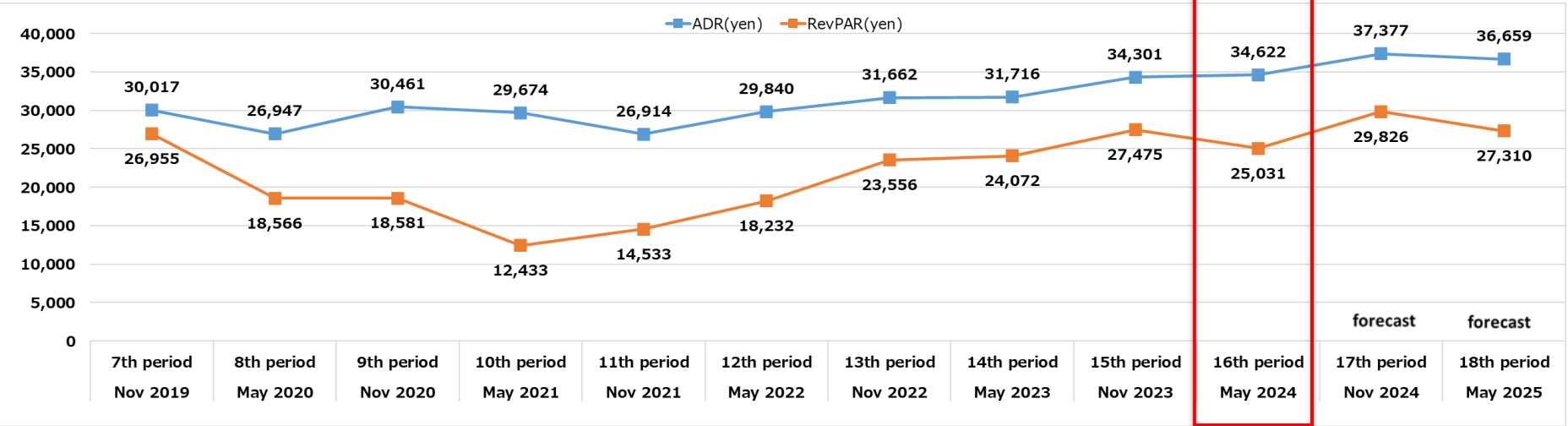


Internal Growth :11 Ooedo Onsen Facilities - KPI

■ Guestroom occupancy rate (11 Ooedo Onsen Facilities)



■ ADR・RevPAR (11 Ooedo Onsen Facilities)



- The data on this page represent the guest room occupancy rates, ADR, and RevPAR of the 11 Ooedo Onsen facilities currently held by the Investment Corporation.
- Guestroom occupancy rate = number of guestrooms sold during a certain period / the number of guestrooms available for sale during the period (excluding the number of guestrooms not available for sale due to repair works, etc.) x 100 (%)

Internal Growth :Accommodation Facilities

16th period (ended May 2024)

- Average occupancy rate : 96.6%
- Average rent : 6,787 yen/tsubo



Measures in and after the 17th period (ending November 2024)

- Continue stable operation

■ Occupancy rate

Prop. No.	Property name	The 15th period Nov 2023 Actual							The 16th period May 2024 Actual	The 17th period Nov 2024 Forecast	The 18th period May 2025 Forecast
			Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024			
A-1	L-Place Miyazakidai	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
A-2	JMR Residence Shin-Osaka	98.2%	100.0%	100.0%	100.0%	100.0%	100.0%	97.2%	99.5%	97.1%	97.1%
A-3	K.Ryokuchi	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
A-4	Fiel Hakusankoen Niigata Hakusankoen building	89.4%	90.5%	90.5%	92.1%	93.2%	91.3%	91.3%	91.5%	94.0%	94.7%
	Total	95.4%	96.3%	96.3%	97.0%	97.4%	96.6%	95.9%	96.6%	97.0%	97.2%

■ Average rent

(Yen/Tsubo)

Prop. No.	Property name	The 15th period Nov 2023 Actual							The 16th period May 2024 Actual	The 17th period Nov 2024 Forecast	The 18th period May 2025 Forecast
			Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024			
A-1	L-Place Miyazakidai	7,340	7,340	7,340	7,340	7,340	7,340	7,340	7,340	7,340	7,340
A-2	JMR Residence Shin-Osaka	7,165	7,194	7,201	7,207	7,207	7,186	7,177	7,195	7,214	7,267
A-3	K.Ryokuchi	6,484	6,484	6,484	6,484	6,484	6,484	6,484	6,484	6,484	6,484
A-4	Fiel Hakusankoen Niigata Hakusankoen building	6,413	6,397	6,397	6,401	6,382	6,370	6,370	6,386	6,227	6,263
	Total	6,791	6,793	6,795	6,795	6,786	6,780	6,774	6,787	6,726	6,751

External Growth : Properties in the pipeline

16th period (ended May 2024)

The 7 properties are in the pipeline :

- 『 APA Hotel ‹Asakusabashi Ekimae› 』
- 『 APA Hotel ‹Nambaminami Daikokucho Ekimae› 』
- the 5 residential properties as below



Measures in and after the 17th period (ending November 2024)

- Acquire the 7 properties below swiftly
- Continue to focus on accumulating pipelines

	Business hotel·city hotel		Residence				
Property name	 APA Hotel ‹Asakusabashi Ekimae›	 APA Hotel ‹Nambaminami Daikokucho Ekimae›	INSURANCE BLDGⅧ (Toyoshiki)	Urban flats Shin-Kawasaki	Rental house A	Rental house B	Rental house C
Photo of building							
Status	Already acquired acquisition of first preferential right	Already acquired acquisition of first preferential right	Already acquired acquisition of first preferential right	Already acquired acquisition of first preferential right	Scheduled acquisition of acquisition of first preferential right	Terms agreed	Terms agreed
Address	Taito ward, Tokyo	Naniwa ward, Osaka city	Kashiwa city, Chiba	Kawasaki city, Kanagawa	Sumida ward, Tokyo	Komae city, Tokyo	Koganei city, Tokyo
Construction period	March, 2010	November, 2018	January, 2007	March, 1999	-	-	-
Total floor area	3,706.56㎡	2,504.70㎡	4,911.07㎡	3,758.77㎡	3,825.48㎡	1,134.07㎡	1,598.41㎡
Number of guestrooms / Rentable units	180	118	60	54	97	52	41

External Growth :Image of AUM growth

- Aim to accumulate assets of around 20 billion yen per year by combining business hotels, city hotels, etc. with residential properties in a well-balanced manner.
- Aim for AUM of 100 billion yen in next 3 years.

Fig1. Image of AUM growth (hundred million yen)

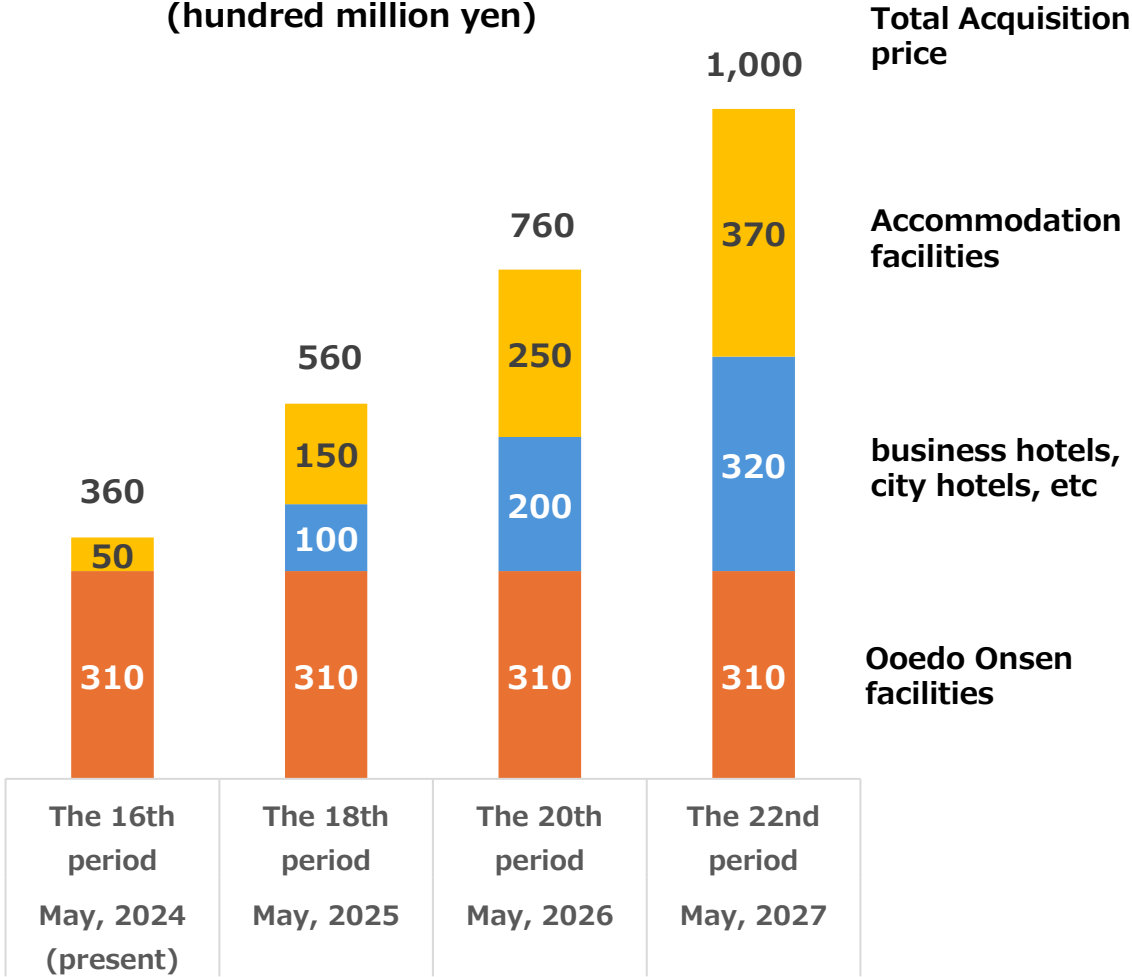
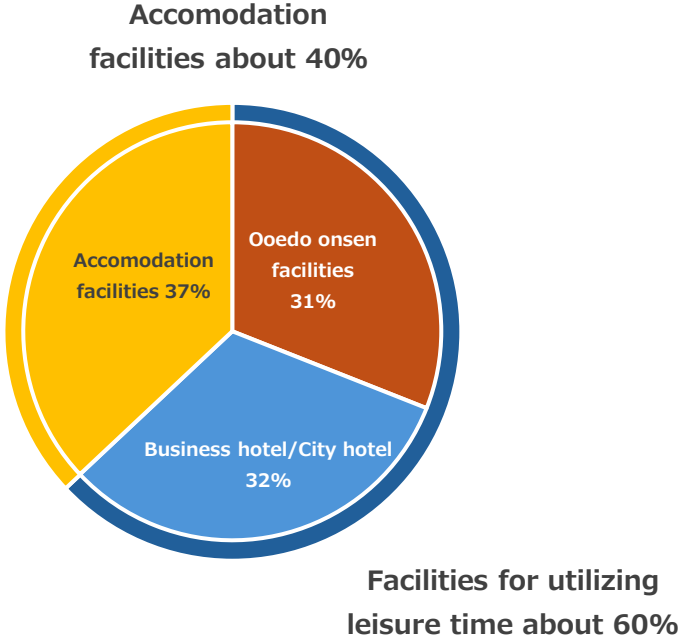


Fig2. Image of portfolio when AUM will be 100 billion yen (based on acquisition prices)



※Future purchase of properties is not guaranteed.

■ Individual environmental certifications

➢ May: “Ooedo-Onsen Monogatari Toi Marine Hotel” received the Building-Housing Energy-efficiency Labeling System (BELS) certification.

➢ Certifications received

Number of certified properties: 1

Percentage of certification: 3.0% (based on floor area)



■ Green Lease Contract

➢ Progress of signing contracts Percentage of contracts signed : 96.3% (based on floor area)

■ Energy reduction

➢ Target

A 10% reduction of intensity by FY2030 (April 1, 2030 - March 31, 2031)
from that in FY2018 (April 1, 2018 - March 31, 2019)

➢ Progress of reduction (Ooedo Onsen facilities)

	Unit	Consumption in FY2018	Consumption in FY2023	Reductuon rate
Electricity	mWh	27,041	24,060	-11.0%
Gas·heavy oil·light oil	GJ	154,489	148,877	-3.6%
Water supply	m3	594	484	-18.5%

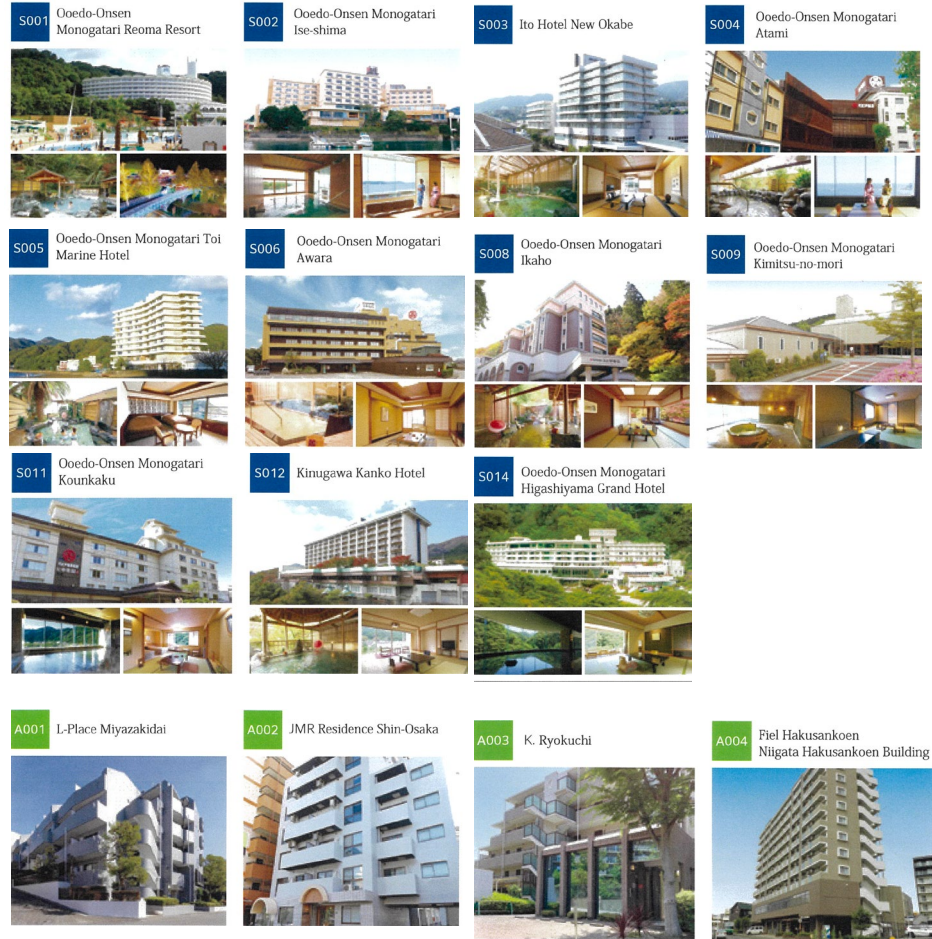
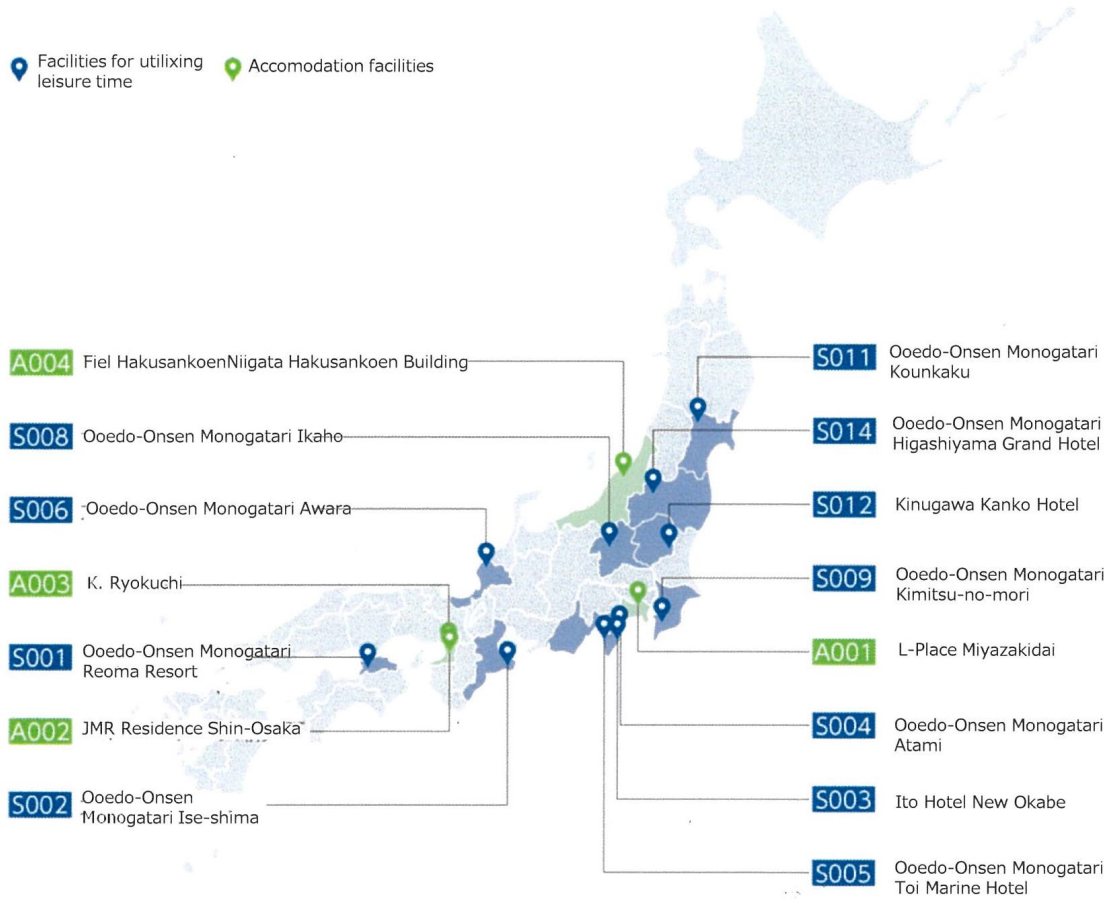
Appendix A (Portfolio Data)

Portfolio Map

Portfolio map

As of May 31, 2024

📍 Facilities for utilizing leisure time
📍 Accomodation facilities



Portfolio List

At the end of the 16th period (May, 2024)

(thousand yen)

Property No.	Property name	Adress	Acquisition date	Construction date	Age of building (year)	Land area m ²	Rentable area m ²	Number of rooms	Acquisition price		Asset type
										Percentage	
S-1	Ooedo-Onsen Monogatari Reoma Resort	Marugame city, Kagawa	2016/9	1991/3	33.2	665,144.43	63,896.05	241	9,697,869	27.0%	Real estate
S-2	Ooedo-Onsen Monogatari Ise-shima	Shima city, Mie	2016/9	1973/2	51.3	9,637.99	9,782.37	83	3,656,900	10.2%	Real estate
S-3	Ito Hotel New Okabe	Ito city, Shizuoka	2016/9	1990/11	33.6	2,945.87	10,211.46	73	2,657,800	7.4%	Real estate
S-4	Ooedo-Onsen Monogatari Atami	Atami city, Shizuoka	2016/9	1959/2	65.3	2,066.42	8,469.22	76	3,000,900	8.3%	Real estate
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	Izu city, Shizuoka	2016/9	1974/10	49.7	2,911.13	6,125.84	64	1,910,900	5.3%	Real estate
S-6	Ooedo-Onsen Monogatari Awara	Awara city, Fukui	2016/9	1972/10	51.7	13,263.72	14,132.27	95	1,901,200	5.3%	Real estate
S-8	Ooedo-Onsen Monogatari Ikaho	Shibukawa city, Gunma	2016/9	1983/11	40.6	6,805.12	5,177.18	40	1,299,800	3.6%	Real estate
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	Kimitsu city, Chiba	2016/9	1996/3	28.2	57,069.38	8,660.20	41	819,650	2.3%	Real estate
S-11	Ooedo-Onsen Monogatari Kounkaku	Osaki city, Miyagi	2017/12	1965/12	58.5	11,829.25	10,843.89	98	1,040,000	2.9%	Real estate
S-12	Kinugawa Kanko Hotel	Nikko city, Tochigi	2017/12	1981/8	42.8	6,719.48	22,402.38	172	3,870,000	10.8%	Real estate
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	Aizuwakamatsu city, Fukushima	2017/12	1964/9	59.7	12,451.81	16,602.03	123	1,230,000	3.4%	Real estate
	Total of facilities for utilizing leisure time				43.9	790,844.60	176,302.89	1,106	31,085,019	86.4%	
Property No.	Property name	Adress	Acquisition date	Construction date	Age of building (year)	Land area m ²	Rentable area m ²	Number of rentable units	Acquisition price		Asset type
										Percentage	
A-1	L-Place Miyazakidai	Kawasaki city, Kanagawa	2023/9	1992/1	32.4	925.64	1,993.01	85	1,053,000	2.9%	Trust beneficiary interest
A-2	JMR Residence Shin-Osaka	Osaka city, Osaka	2023/9	1994/4	30.1	1,000.01	2,911.95	70	1,255,000	3.5%	Trust beneficiary interest
A-3	K.Ryokuchi	Suita city, Osaka	2023/9	1998/3	26.2	1,614.63	2,153.58	88	990,000	2.8%	Trust beneficiary interest
A-4	Fiel Hakusankoen Niigata Hakusankoen building	Niigata city, Niigata	2023/9	2004/10	19.6	2,312.47	4,446.05	97	1,600,000	4.5%	Trust beneficiary interest
	Total of accomodation facilities				26.4	5,852.75	11,504.59	340	4,898,000	13.6%	
	Total of portfolio				41.5	796,697.35	187,807.48		35,983,019	100.0%	

※Figures rounded down to the nearest one thousand yen.

※If there are properties that have multiple acquisition dates and construction dates, the oldest date is mentioned.

※Building age mentioned in total column is average building age. (The sum of the weighted average of the age of each property based on the acquisition price)

Appraisal Value

At the end of the 16th period (May, 2024)

(thousand yen)

Property No.	Property name	Acquisition price	The 15th period (November, 2023)			The 16th period (May, 2024)			Fluctuation	
			Book value	Appraisal price	Cap rate	Book value	Appraisal price	Cap rate	Valuation	Cap rate
S-1	Ooedo-Onsen Monogatari Reoma Resort	9,697,869	9,250,943	8,700,000	6.00%	9,201,317	8,700,000	6.00%	0	0.0 pt
S-2	Ooedo-Onsen Monogatari Ise-shima	3,656,900	3,082,005	3,820,000	5.60%	3,033,155	3,820,000	5.60%	0	0.0 pt
S-3	Ito Hotel New Okabe	2,657,800	2,460,337	2,820,000	5.10%	2,438,703	2,820,000	5.10%	0	0.0 pt
S-4	Ooedo-Onsen Monogatari Atami	3,000,900	2,680,064	3,470,000	5.10%	2,654,537	3,470,000	5.10%	0	0.0 pt
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel	1,910,900	1,676,384	2,020,000	5.60%	1,645,192	2,020,000	5.60%	0	0.0 pt
S-6	Ooedo-Onsen Monogatari Awara	1,901,200	1,799,712	2,020,000	5.90%	1,801,984	2,020,000	5.90%	0	0.0 pt
S-8	Ooedo-Onsen Monogatari Ikaho	1,299,800	1,206,642	1,360,000	5.30%	1,198,769	1,360,000	5.30%	0	0.0 pt
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori	819,650	815,144	829,000	5.30%	805,864	829,000	5.30%	0	0.0 pt
S-11	Ooedo-Onsen Monogatari Kounkaku	1,040,000	936,658	1,190,000	5.50%	921,577	1,050,000	5.50%	△ 140,000	0.0 pt
S-12	Kinugawa Kanko Hotel	3,870,000	3,345,013	6,050,000	5.20%	3,292,359	6,050,000	5.20%	0	0.0 pt
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	1,230,000	1,087,102	1,410,000	5.90%	1,057,855	1,420,000	5.90%	+10,000	0.0 pt
	Total of facilities for utilizing leisure time	31,085,019	28,340,009	33,689,000		28,051,318	33,559,000		△ 130,000	
A-1	L-Place Miyazakidai	1,053,000	1,079,877	1,120,000	3.90%	1,078,981	1,120,000	3.90%	0	0.0 pt
A-2	JMR Residence Shin-Osaka	1,255,000	1,289,498	1,360,000	3.70%	1,288,032	1,360,000	3.70%	0	0.0 pt
A-3	K.Ryokuchi	990,000	1,015,456	1,040,000	3.70%	1,022,581	1,040,000	3.70%	0	0.0 pt
A-4	Fiel Hakusankoen Niigata Hakusankoen building	1,600,000	1,658,880	1,610,000	4.60%	1,651,067	1,600,000	4.60%	△ 10,000	0.0 pt
	Total of accomodation facilities	4,898,000	5,043,712	5,130,000		5,040,662	5,120,000		△ 10,000	
	Total of portfolio	35,983,019	33,383,722	38,819,000		33,091,980	38,679,000		△ 140,000	

※Figures rounded down to the nearest one thousand yen

Ooedo Onsen Facilities – Rent Structure

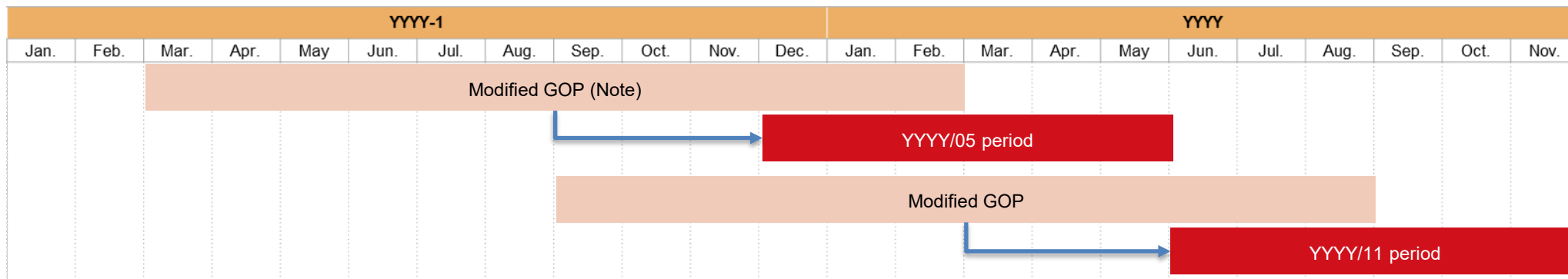
■ Ooedo Onsen Facilities – Rent Structure : Primary rent + Secondary rent

(1) Primary rent : Fixed rent + variable rent

- ① Fixed rent : “Fixed rent” refers to the monthly amount provided for in each facility’s lease agreement
- ② Variable rent : Modified gross operating profit (GOP) of each facility x variable rent rate specified in each lease agreement

(2) **Secondary rent** : Actual amount of taxes and dues for each facility to be paid by the Investment Corporation + Property insurance premium + Other expenses

■ Calculation period of variable rent



※GOP : *"GOP" is gross operating profit which is remaining after deducting the expenses arising directly from the management of each facility, such as labor expenses and general and administrative expenses, from each facility’s sales.

※Modified GOP : The amount after subtracting real estate-related expenses for this property (including, but not limited to taxes and dues, non-life insurance premiums, and rent expenses on land and buildings, but excluding an amount equivalent to the secondary rent) paid by the tenant from GOP of each facility during the accounting period for the modified GOP.

Appendix B (Financial Data, etc)

Balance Sheet of fiscal period ended May 31, 2024

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	1,570,386	1,783,405
Cash and deposits in trust	97,181	140,780
Prepaid expenses	180,172	136,776
Operating accounts receivable	11,110	6,585
Consumption tax refundable	42,073	-
Other	3,598	3,042
Total current assets	1,904,523	2,070,591
Non-current assets		
Property, plant and equipment		
Buildings	※ 3 24,155,919	※ 3 24,277,603
Accumulated depreciation	△ 5,276,598	△ 5,687,775
Buildings, net	※ 2 18,879,320	※ 2 18,589,827
Structures	35,989	35,989
Accumulated depreciation	△ 6,259	△ 7,424
Structures, net	※ 2 29,729	※ 2 28,564
Machinery and equipment	600	600
Accumulated depreciation	△ 203	△ 221
Machinery and equipment, net	※ 2 396	※ 2 378
Tools, furniture and fixtures	19,397	24,746
Accumulated depreciation	△ 7,833	△ 9,461
Tools, furniture and fixtures, net	※ 2 11,564	※ 2 15,284
Land	※ 2 9,097,457	※ 2 9,097,457
Buildings in trust	1,042,242	1,050,835
Accumulated depreciation	△ 6,059	△ 18,230
Buildings in trust, net	※ 2 1,036,183	※ 2 1,032,605
Tools, furniture and fixtures in trust	-	545
Accumulated depreciation	-	△ 17
Tools, furniture and fixtures in trust, net	-	527
Land in trust	※ 2 4,007,528	※ 2 4,007,528
Total property, plant and equipment	33,062,180	32,772,175
Intangible assets		
Leasehold interests in land	321,541	319,805
Software	1,240	1,109
Total intangible assets	322,781	320,914
Investments and other assets		
Deferred tax assets	14	18
Long-term prepaid expenses	127,159	167,432
Leasehold and guarantee deposits	10,089	10,089
Total investments and other assets	137,264	177,540
Total non-current assets	33,522,226	33,270,630
Total assets	35,426,749	35,341,222

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Operating accounts payable	96,806	96,509
Short-term borrowings	-	945,000
Current portion of long-term borrowings	※ 2 9,488,162	※ 2 272,401
Accounts payable - other	75,122	81,590
Accrued expenses	291	336
Income taxes payable	914	993
Consumption tax payable	-	46,083
Advances received	223,623	219,126
Other	8,712	3,297
Total current liabilities	9,893,633	1,665,338
Non-current liabilities		
Long-term loans payable	※ 2 3,400,000	※ 2 11,519,036
Leasehold and guarantee deposits received	1,040,803	1,040,803
Lease and guarantee deposits in trust	45,589	46,048
Asset retirement obligations	79,107	79,293
Total non-current liabilities	4,565,499	12,685,182
Total liabilities	14,459,133	14,350,520
Net assets		
Unitholders' equity		
Unitholders' capital	20,653,023	20,653,023
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	※ 1 △ 27,000	※ 1 △ 30,060
Total deduction from unitholders' capital	△ 27,000	△ 30,060
Unitholders' capital, net	20,626,022	20,622,962
Surplus		
Unappropriated retained earnings (undisposed losses)	341,594	367,739
Total surplus	341,594	367,739
Total unitholders' equity	20,967,616	20,990,702
Total net assets	※ 4 20,967,616	※ 4 20,990,702
Total liabilities and net assets	35,426,749	35,341,222

※ Please refer to the summary of REIT financial report for the period ended in May 2024 for notes.

Income State of fiscal period ended May 31, 2024

(Thousands of yen)

	15th Fiscal Period from June 1, 2023 to November 30, 2023	16th Fiscal Period from December 1, 2023 to May 31, 2024
Operating revenue		
Leasing business revenue	※1 1,202,665	※1 1,301,403
Total operating revenue	1,202,665	1,301,403
Operating expenses		
Expenses related to leasing business	※1.※2 531,744	※1.※2 563,695
Asset management fee	107,863	113,050
Asset custody fee	1,491	1,588
Administrative service fees	13,470	13,810
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	※2 28,030	※2 37,473
Total operating expenses	686,200	733,218
Operating profit	516,465	568,184
Non-operating income		
Interest income	15	9
Refund surcharge	-	120
Reversal of distributions payable	1,802	801
Total non-operating income	1,818	931
Non-operating expenses		
Interest expenses	43,851	57,474
Borrowing related expenses	131,989	139,009
Mortgage release expenses	-	4,008
Total non-operating expenses	175,841	200,491
Ordinary profit	342,442	368,624
Extraordinary income		
Subsidy income	-	16,400
Total extraordinary income	-	16,400
Extraordinary losses		
Loss on reduction entry of non-current assets	-	16,400
Total extraordinary losses	-	16,400
Profit before income taxes	342,442	368,624
Income taxes - current	916	994
Income taxes - deferred	△4	△3
Total income taxes	911	990
Profit	341,530	367,633
Retained earnings brought forward	63	105
Unappropriated retained earnings (undisposed loss)	341,594	367,739

※ Please refer to the summary of REIT financial report for the period ended in May 2024 for notes.

Cash Flow Statement of fiscal period ended May 31, 2024

(Thousands of yen)

	15th Fiscal Period from June 1, 2023 to November 30, 2023	16th Fiscal Period from December 1, 2023 to May 31, 2024
Cash flows from operating activities		
Profit before income taxes	342,442	368,624
Depreciation	418,545	429,146
Borrowing related expenses	131,989	139,009
Interest income	△15	△9
Interest expenses	43,851	57,474
Subsidy income	-	△16,400
Loss on tax purpose reduction entry of non-current assets	-	16,400
Loss on retirement of non-current assets	841	4,041
Decrease (increase) in operating accounts receivable	△11,110	4,525
Increase (decrease) in operating accounts payable	45,428	△38,665
Decrease (increase) in consumption tax refundable	△29,289	42,073
Increase (decrease) in accrued consumption taxes	-	46,083
Decrease (increase) in prepaid expenses	△90,656	△44,289
Decrease (increase) in long-term prepaid expenses	△9,425	104
Increase (decrease) in accounts payable - other	△5,644	6,467
Increase (decrease) in advances received	16,167	△4,496
Other, net	6,599	△4,117
Subtotal	859,725	1,005,971
Interest received	15	9
Interest paid	△43,770	△57,428
Income taxes paid	△814	△915
Net cash provided by (used in) operating activities	815,156	947,636
Cash flows from investing activities		
Purchase of property, plant and equipment	△204,244	△118,056
Purchase of property, plant and equipment in trust	△5,049,771	△1,291
Purchase of intangible assets	△1,308	-
Refund of leasehold and guarantee deposits received	△44	-
Proceeds from lease and guarantee deposits in trust	45,589	459
Proceeds from restricted bank deposits	△8,878	-
Payments for restricted deposits held	△45,589	△459
Subsidies received	-	16,400
Net cash provided by (used in) investing activities	△5,264,247	△102,947
Cash flows from financing activities		
Proceeds from short-term borrowings	-	1,677,379
Proceeds from long-term borrowings	3,275,000	8,341,070
Repayments of short-term borrowings	-	△739,829
Repayments of long-term borrowings	△146,724	△9,522,048
Distributions paid	△341,246	△345,103
Net cash provided by (used in) financing activities	2,787,028	△588,530
Net increase (decrease) in cash and cash equivalents	△1,662,062	256,158
Cash and cash equivalents at beginning of period	2,150,704	488,642
Cash and cash equivalents at end of period	*1 488,642	*1 744,800

※ Please refer to the summary of REIT financial report for the period ended in May 2024 for notes.

Income and Expenditure of Individual Properties

The 16th period (May, 2024)

(Thousand yen)

Property No.	S-1	S-2	S-3	S-4	S-5	S-6	S-8	S-9	S-11
Property name	Ooedo-Onsen Monogatari Reoma Resort	Ooedo-Onsen Monogatari Ise-shima	Ito Hotel New Okabe	Ooedo-Onsen Monogatari Atami	Ooedo-Onsen Monogatari Toi Marine Hotel	Ooedo-Onsen Monogatari Awara	Ooedo-Onsen Monogatari Ikaho	Ooedo-Onsen Monogatari Kimitsu-no-mori	Ooedo-Onsen Monogatari Kounkaku
Number of days of operation	183	183	183	183	183	183	183	183	183
①Lease operations revenue	360,569	106,905	91,169	103,966	62,913	78,523	45,237	32,325	48,013
Lease operations revenue	353,843	106,905	91,169	103,966	62,913	78,523	45,237	32,325	46,637
Other lease operations revenue	6,725	-	-	-	-	-	-	-	1,375
②Lease operations expense	38,081	4,475	9,480	4,926	2,682	9,679	4,926	6,308	6,562
Management entrustment fee	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Public taxes and fees	27,823	2,795	7,809	3,110	1,037	4,661	3,575	4,815	3,884
Property insurance premiums	3,340	679	671	602	402	989	345	492	530
Other expense	4,917	-	-	213	242	3,028	4	-	1,147
③Lease NOI (①-②)	322,487	102,430	81,688	99,039	60,230	68,843	40,311	26,016	41,451
④Depreciation	96,117	54,415	30,060	35,237	32,002	24,087	14,272	9,732	24,012
⑤Lease operations gain/loss (③-④)	226,370	48,014	51,628	63,802	28,227	44,755	26,038	16,284	17,438

Property No.	S-12	S-14	Total of Ooedo-Onsen facilities	A-1	A-2	A-3	A-4	Total of accomodation facilities	Total of portfolio
Property name	Kinugawa Kanko Hotel	Ooedo-Onsen Monogatari Higashiyama Grand Hotel		L-Place Miyazakidai	JMR Residence Shin-Osaka	K.Ryokuchi	Fiel Hakusankoen Niigata Hakusankoen building		
Number of days of operation	183	183	183	183	183	183	183	183	183
①Lease operations revenue	156,314	68,022	1,153,961	26,553	39,826	26,441	54,620	147,442	1,301,403
Lease operations revenue	156,314	67,747	1,145,584	26,550	39,203	26,386	50,366	142,506	1,288,090
Other lease operations revenue	-	275	8,376	3	623	55	4,253	4,936	13,313
②Lease operations expense	9,814	11,071	108,009	2,043	7,934	4,219	12,473	26,670	134,680
Management entrustment fee	1,000	1,000	12,000	531	2,642	635	5,169	8,979	20,979
Public taxes and fees	6,414	8,939	74,868	792	1,108	822	-	2,724	77,592
Property insurance premiums	1,274	796	10,126	104	289	157	300	851	10,978
Other expense	1,125	335	11,014	615	3,892	2,604	7,003	14,115	25,129
③Lease NOI (①-②)	146,500	56,951	1,045,951	24,509	31,892	22,222	42,146	120,771	1,166,723
④Depreciation	67,041	29,845	416,826	1,005	1,845	1,404	7,933	12,189	429,015
⑤Lease operations gain/loss (③-④)	79,458	27,106	629,125	23,504	30,047	20,817	34,213	108,582	737,707

※Figures rounded down to the nearest one thousand yen.

※Lease operations revenue

Facilities for utilizing leisure time : Primary rent (fixed rent·variable rent) & secondary rent

Accommodation facilities : Rental room rent and common area charges, office rent and common area charges, parking lot rent

※A fixed-term land leasehold agreement for Ooedo Onsen Monogatari Reoma Resort has been signed with the tenant, and a land rent based on the fixed-term land leasehold agreement has been received.

Unitholders Breakdown

■ Top 10 unitholders

At the end of the 15th period (November, 2023)

Rank	Name	Number of investment units held	Ownership ratio
1	Custody Bank of Japan, Ltd. (Trust Account)	24,370	10.4%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	20,626	8.8%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	10,494	4.5%
4	Ooedo-Onsen Monogatari Co., Ltd.	9,246	3.9%
5	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,723	1.2%
6	Yonezawa Shinkin Bank	2,500	1.1%
7	Fuji-Izu Japan Agricultural Cooperatives	2,230	0.9%
8	Individual	2,215	0.9%
9	MSIP CLIENT SECURITIES	2,059	0.9%
10	Osaka Shoko Shinkin Bank	2,000	0.8%
Total		78,463	33.3%
Total number of investment units issued at end of period (units)		235,347	

At the end of the 16th period (May, 2024)

Rank	Name	Number of investment units held	Ownership ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	45,992	19.5%
2	Custody Bank of Japan, Ltd. (Trust Account)	30,377	12.9%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,311	5.2%
4	APA Holdings Co.,Ltd.	9,246	3.9%
5	Fuji-Izu Japan Agricultural Cooperatives	2,250	1.0%
6	Morgan Stanley MUFG Securities Co., Ltd.	2,232	0.9%
7	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,008	0.9%
8	Osaka Shoko Shinkin Bank	2,000	0.8%
9	WU ASSETS PTE.LTD.	1,006	0.4%
10	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,001	0.4%
Total		108,423	46.1%
Total number of investment units issued at end of period (units)		235,347	

■ Ratio by number of unitholders and investment units

At the end of the 15th period (November, 2023)

Owner distinction	Number of investors		Number of units	
	(Number)	%	(Unit)	%
Individual and others	17,928	97.8%	122,510	52.1%
Financial institutions (including securities companies)	41	0.2%	75,654	32.1%
Other domestic companies	186	1.0%	17,601	7.5%
Foreign companies and individuals	168	0.9%	19,582	8.3%
Total	18,323	100.0%	235,347	100.0%

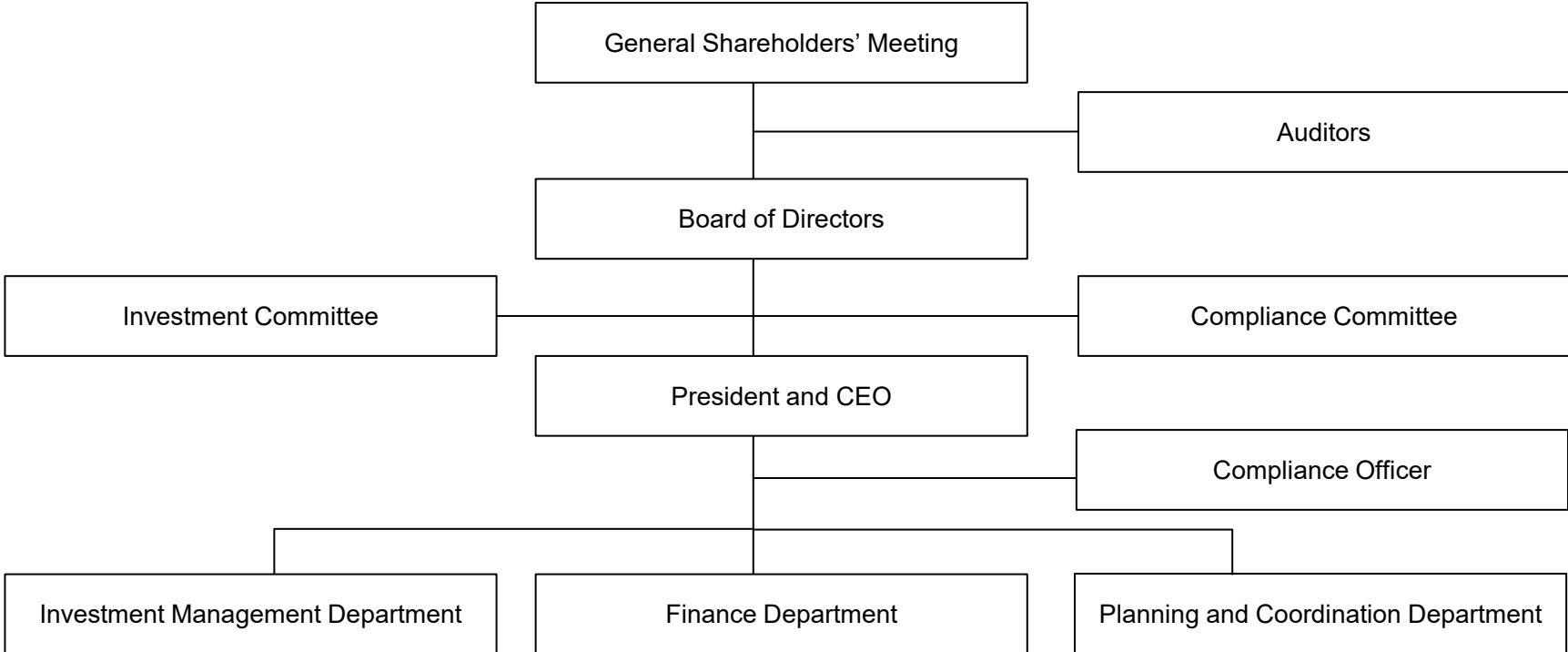
At the end of the 16th period (May, 2024)

Owner distinction	Number of investors		Number of units	
	(Number)	%	(Unit)	%
Individual and others	15,795	97.7%	99,912	42.5%
Financial institutions (including securities companies)	39	0.2%	104,634	44.5%
Other domestic companies	174	1.1%	15,577	6.6%
Foreign companies and individuals	166	1.0%	15,224	6.5%
Total	16,174	100.0%	235,347	100.0%

Overview of Asset Manager

Name	: APA Investment Management Co., Ltd.	Registrations and Licenses	: Real estate brokerage, Governor of Tokyo (2) No. 98032
Address	: 3-3-4, Nihonbashi-Honcho, Chuo Ward, Tokyo		Discretionary transaction agent, Minister of Land, Infrastructure, Transport and Tourism License No. 102
Established	: April 24, 2015		Financial instruments business, Director of Kanto Local Finance Bureau (Kinsho) No. 2906
Capitalization	: 50 million yen		Member of the Investment Trusts Association, Japan
Representative	: Takeshi Kirihara		
Shareholder	: APA Holdings Co., Ltd. 100%		

Structure



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