

May 27, 2024

To all parties concerned

Real Estate Investment Trust Securities Issuer:
Nippon Hotel & Residential Investment Corporation
Representative: Takeshi Kirihara,
Executive Director
(Securities Code: 3472)

Asset Manager:
APA Investment Management Co., Ltd.
Representative: Takeshi Kirihara,
Chief Executive Officer
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Chief Financial Officer,
Chief Planning &
Coordination Officer
(TEL:+81-3-6262-5456)

Notice Concerning Revision to Forecasts of Financial Results and Distributions for the Fiscal Period Ending
May 31, 2024 and November 30, 2024

Nippon Hotel & Residential Investment Corporation (the “Investment Corporation”) hereby announces that its forecasts of financial results and distributions per unit for the fiscal periods ending May 31, 2024 (16th period: December 1, 2023 - May 31, 2024) and November 30, 2024 (17th period: June 1, 2024 - November 30, 2024) announced on January 22, 2024 have been revised as follows.

1. Modification details

(1) Revisions to forecasts of financial results and distributions for the fiscal period ending May 2024
(16th period: December 1, 2023 - May 31, 2024)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding optimal payable distribution)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distribution)
Previous forecast (A)	1,293	560	348	347	1,477	13	1,490
Revised forecast (B)	1,301	567	367	366	1,555	13	1,568
Increase or decrease (B - A)	8	7	18	18	78	-	78
Rate of increase or decrease	0.6%	1.3%	5.2%	5.3%	5.3%	-	5.2%

(2) Revisions to forecasts of financial results and distributions for the fiscal period ending November 2024
(17th period: June 1, 2024 - November 30, 2024)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding optimal payable distribution)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distribution)
Previous forecast (A)	1,300	563	391	390	1,659	13	1,672
Revised forecast (B)	1,295	562	435	434	1,844	13	1,857
Increase or decrease (B-A)	-5	-1	43	43	185	-	185
Rate of increase or decrease	-0.4%	-0.2%	11.2%	11.2%	11.2%	-	11.1%

< Reference >

Fiscal Period Ending May 2024

Number of investment units outstanding at the end of the period: 235,347

Estimated profit per unit: 1,555 yen

Fiscal Period Ending November 2024

Number of investment units outstanding at the end of the period: 235,347

Estimated profit per unit: 1,844 yen

(Note 1) The results forecasts above are calculated based on the assumptions outlined in the attached “Assumptions Underlying Forecasts of the Financial Results for the fiscal period ending May 2024 and the fiscal period ending November 2024” as of today. Therefore, actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding optimal payable distribution) and optimal payable distribution per unit may change because of differences from an assumption. Thus, the forecast information does not guarantee the amount of distributions.

(Note 2) This forecast information may be revised if it is anticipated it will differ by a particular degree from current forecast information.

(Note 3) The values are rounded down to the nearest specified unit and percentage is rounded to one decimal place.

2. Reasons for the revisions and announcement

Based on the “Notice Concerning Borrowing of Funds” press releases announced today, etc, assumptions underlying the forecasts for the fiscal periods ending May 2024 and November 2024 described in the “Summary of REIT Financial Report for the 15th Fiscal Period” announced on January 22, 2024 are expected to change. Accordingly, the forecasts have been revised.

Revisions for previously announced figures and the reasons explained in Notice of Borrowings are as follows:

Fiscal period ended May 31, 2024: Non-operating expenses (loans-related expenses, etc.) decreased by 10 million yen.

Fiscal period ending November 30, 2024: Non-operating expenses (loans-related expenses, etc.) decreased by 44 million yen.

Revisions for previously announced figures and its reasons for other items are as follows:

- Operating revenues

Fiscal period ended May 31, 2024: Insurance proceeds were received and operating revenues increased by 8 million yen.

Fiscal period ending November 30, 2024: The current forecasts for variable rents, etc. dated today resulted in a decrease of 5 million yen.

- Operating expenses:

Fiscal period ended May 31, 2024: Overall, there are no major revisions.

Fiscal period ending November 30, 2024: The amount of property tax paid decreased, resulting in a decrease of 4 million yen in operating expenses.

For information about the assumptions, see the attachment.

※The Investment Corporation's website : <https://oom-reit.com/en/>

[Attachment]

Assumptions Underlying Forecasts of the Financial Results for the fiscal period ending May 2024 and the fiscal period ending November 2024

Item	Assumption																																																																																
Calculation Period	<ul style="list-style-type: none"> Fiscal period ending May 2024 (16th fiscal period: from December 1, 2023, to May 31, 2024) (183 days) Fiscal period ending November 2024 (17th fiscal period: from June 1, 2024, to November 30, 2024) (183 days) 																																																																																
Managed assets	<ul style="list-style-type: none"> Assumptions are based on the 15 properties under management as of today. It is assumed that there will be no changes (acquisition of new properties, sale of owned properties, etc.) other than those described above until the end of the fiscal period ending November 2024. In reality, it is possible that there will be changes due to acquisition of new properties other than those listed above, the sale of owned properties, etc. 																																																																																
Operating revenues	<p>< Facilities for utilizing leisure time ></p> <ul style="list-style-type: none"> Lease operations revenue from the owned assets is calculated based on the lease agreements effective as of today and in light of rent revisions, etc. to be made in the future, taking into consideration market trends and other factors. <p>May 2024 (16th fiscal period)</p> <p align="right">(million yen)</p> <table border="1"> <thead> <tr> <th rowspan="2">Property Name</th> <th colspan="2">Primary rent (Note 2)</th> <th rowspan="2">Secondary rent (Note 5)</th> <th rowspan="2">Other revenue</th> <th rowspan="2">Total (Note 9)</th> </tr> <tr> <th>Fixed rent (Note 3)</th> <th>Variable rent (Note 4)</th> </tr> </thead> <tbody> <tr> <td>Ooedo-Onsen Monogatari Reoma Resort</td> <td align="right">314</td> <td align="right">6</td> <td align="right">32</td> <td align="right">6 (Note6,7)</td> <td align="right">360</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Ise-shima</td> <td align="right">95</td> <td align="right">7</td> <td align="right">3</td> <td align="right">-</td> <td align="right">106</td> </tr> <tr> <td>Ito Hotel New Okabe</td> <td align="right">73</td> <td align="right">8</td> <td align="right">8</td> <td align="right">-</td> <td align="right">91</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Atami</td> <td align="right">93</td> <td align="right">6</td> <td align="right">3</td> <td align="right">-</td> <td align="right">103</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Toi Marine Hotel</td> <td align="right">54</td> <td align="right">6</td> <td align="right">1</td> <td align="right">-</td> <td align="right">62</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Awara</td> <td align="right">65</td> <td align="right">3</td> <td align="right">8</td> <td align="right">-</td> <td align="right">78</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Ikaho</td> <td align="right">36</td> <td align="right">4</td> <td align="right">4</td> <td align="right">-</td> <td align="right">45</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Kimitsu-no-mori</td> <td align="right">24</td> <td align="right">2</td> <td align="right">5</td> <td align="right">-</td> <td align="right">32</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Kounkaku</td> <td align="right">42</td> <td align="right">-</td> <td align="right">4</td> <td align="right">1 (Note 7)</td> <td align="right">48</td> </tr> <tr> <td>Kinugawa Kanko Hotel</td> <td align="right">148</td> <td align="right">-</td> <td align="right">8</td> <td align="right">0 (Note 8)</td> <td align="right">156</td> </tr> <tr> <td>Ooedo-Onsen Monogatari Higashiyama Grand Hotel</td> <td align="right">51</td> <td align="right">5</td> <td align="right">10</td> <td align="right">0 (Note 6)</td> <td align="right">68</td> </tr> <tr> <td>Total (Note 9)</td> <td align="right">1,001</td> <td align="right">52</td> <td align="right">91</td> <td align="right">8</td> <td align="right">1,153</td> </tr> </tbody> </table>	Property Name	Primary rent (Note 2)		Secondary rent (Note 5)	Other revenue	Total (Note 9)	Fixed rent (Note 3)	Variable rent (Note 4)	Ooedo-Onsen Monogatari Reoma Resort	314	6	32	6 (Note6,7)	360	Ooedo-Onsen Monogatari Ise-shima	95	7	3	-	106	Ito Hotel New Okabe	73	8	8	-	91	Ooedo-Onsen Monogatari Atami	93	6	3	-	103	Ooedo-Onsen Monogatari Toi Marine Hotel	54	6	1	-	62	Ooedo-Onsen Monogatari Awara	65	3	8	-	78	Ooedo-Onsen Monogatari Ikaho	36	4	4	-	45	Ooedo-Onsen Monogatari Kimitsu-no-mori	24	2	5	-	32	Ooedo-Onsen Monogatari Kounkaku	42	-	4	1 (Note 7)	48	Kinugawa Kanko Hotel	148	-	8	0 (Note 8)	156	Ooedo-Onsen Monogatari Higashiyama Grand Hotel	51	5	10	0 (Note 6)	68	Total (Note 9)	1,001	52	91	8	1,153
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November 2024 (17th fiscal period)

(million yen)

Property Name	Primary rent (Note 2)		Secondary rent (Note 5)	Other revenue	Total (Note 9)
	Fixed rent (Note 3)	Variable rent (Note 4)			
Ooedo-Onsen Monogatari Reoma Resort	314	0	32	0 (Note 6)	347
Ooedo-Onsen Monogatari Ise-shima	97	8	3	-	108
Ito Hotel New Okabe	73	9	8	-	91
Ooedo-Onsen Monogatari Atami	93	6	3	-	104
Ooedo-Onsen Monogatari Toi Marine Hotel	54	6	1	-	62
Ooedo-Onsen Monogatari Awara	65	4	8	-	79
Ooedo-Onsen Monogatari Ikaho	36	4	4	-	45
Ooedo-Onsen Monogatari Kimitsu-no-mori	24	2	5	-	32
Ooedo-Onsen Monogatari Kounkaku	42	-	4	-	46
Kinugawa Kanko Hotel	151	-	8	0 (Note 8)	159
Ooedo-Onsen Monogatari Higashiyama Grand Hotel	51	5	10	0 (Note 6)	68
Total (Note 9)	1,006	47	91	0	1,146

(Note 1) "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" is the amount remaining after deducting real estate-related expenses for the property to be borne by the tenant (including, but not limited to, taxes and public charges, non-life insurance premiums and land and house rent, but excluding an amount equivalent to secondary rent (defined below in Note 5) from the GOP of each facility for the modified GOP calculation period (defined below in Note 4). The same applies hereinafter.

(Note 2) "Primary rent" refers to the sum of the fixed rent and the variable rent. The same applies hereinafter.

(Note 3) "Fixed rent" refers to the monthly amount provided for in each facility's lease agreement. The same applies hereinafter.

(Note 4) "Variable rent" refers to the amount obtained by multiplying each facility's modified GOP for the most recent 1-year period (for the 6 months starting from December of each year, this means the 1-year period from March of that year to February of the following year; for the 6 months starting from June of each year, this means the 1-year period from September of the previous year to August of that year) (these 1-year periods are referred to as "modified GOP Calculation Periods") regarding each facility by the specific rate provided for in each lease agreement (yearly; the monthly amount is 1/12th thereof). The same applies hereinafter.

(Note 5) "Secondary rent" refers to an amount equivalent to the total amount of taxes, public charges, nonlife insurance premiums, and other expenses (real estate management expenses) to be borne by the Investment Corporation for each facility owned by the Investment Corporation. The same applies hereinafter.

(Note 6) Land rent based on the fixed-term land lease agreement is included in the fixed rent.

(Note 7) Insurance proceeds are listed.

(Note 8) The pole usage fee is listed.

(Note 9) Rents of properties are rounded down to the nearest million yen. Therefore, the total of each property's rent, the total of fixed rents, the total of variable rents and the total of secondary rents may not add up to the figure indicated in the Total column.

	<p>< Accommodation facilities (beneficiary interest of real estate in trust) > Operating revenue is expected to be as follows.</p> <p style="text-align: right;">(million yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Property name</th> <th style="width: 35%;">Fiscal Period Ending May 2024 (16th fiscal period) (Note)</th> <th style="width: 35%;">Fiscal Period Ending November 2024 (17th fiscal period) (Note)</th> </tr> </thead> <tbody> <tr> <td>L-Place Miyazakidai</td> <td style="text-align: center;">26</td> <td style="text-align: center;">26</td> </tr> <tr> <td>JMR Residence Shin-Osaka</td> <td style="text-align: center;">39</td> <td style="text-align: center;">38</td> </tr> <tr> <td>K. Ryokuchi</td> <td style="text-align: center;">26</td> <td style="text-align: center;">26</td> </tr> <tr> <td>Fiel Hakusankoen Niigata Hakusankoen building</td> <td style="text-align: center;">54</td> <td style="text-align: center;">56</td> </tr> </tbody> </table> <p>(Note) Actual amounts may vary from these expectations.</p>	Property name	Fiscal Period Ending May 2024 (16th fiscal period) (Note)	Fiscal Period Ending November 2024 (17th fiscal period) (Note)	L-Place Miyazakidai	26	26	JMR Residence Shin-Osaka	39	38	K. Ryokuchi	26	26	Fiel Hakusankoen Niigata Hakusankoen building	54	56
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Operating expenses	<ul style="list-style-type: none"> Of the expenses related to leasing activities, which are a major component of operating expenses, expenses related to leasing activities other than depreciation are calculated based on actual figures in the past reflecting factors that cause expenses to fluctuate. Taxes and public charges are assumed to be 79 million yen for the fiscal period ending May 31, 2024 and 81 million yen for the fiscal period ending November 30, 2024. Building repair expenses to be borne by the Investment Corporation are expected to arise only regarding accommodation facilities. Depreciation, which is calculated using the straight-line method inclusive of ancillary costs and additional capital expenditure in the future, is assumed to be 429 million yen for the fiscal period ending May 31, 2024 and 433 million yen for the fiscal period ending November 30, 2024. 															
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and other debt-related costs are expected to total 201 million yen in the fiscal period ending May 31, 2024 and 127 million yen in the fiscal period ending November 30, 2024, respectively. 															
Borrowings	<ul style="list-style-type: none"> The balance of loans outstanding as of the date of this document is 12,736 million yen. In the fiscal period ending May 31, 2024, short-term loans of 730 million yen will be due and the long-term loans of 4,241 million yen will be due on May 31, 2024 and it is assumed that the same amounts will be refinanced. It is assumed that repayments (two payments of 73 million yen each on July 31 and October 31) will be made in the fiscal period ending November 30, 2024 based on a separate agreement. 															
Number of investment units issued and outstanding	<ul style="list-style-type: none"> Assumptions are made based on the number of investment units (235,347 units) issued and outstanding as of the date of this document, and it is assumed that no additional new investment units, etc. will be issued which would cause the number of investment units to change before November 30, 2024. Distribution per unit is calculated based on the expected number of investment units (235,347 units) issued and outstanding as of the end of the fiscal period. 															
Distributions per unit (excluding optimal payable distribution)	<ul style="list-style-type: none"> Distribution per unit (excluding optimal payable distribution) is calculated based on the policy for cash distributions provided for in the Investment Corporation's articles of incorporation. Distribution per unit (excluding optimal payable distribution) may change due to various factors, including changes in portfolio and rent revenue due to changes in tenants, etc. and unexpected capital expenditures incurred. 															
Optimal payable distribution per unit	<ul style="list-style-type: none"> Allowance for temporary difference adjustments of 3,059,511 yen is expected to be posted for differences in tax and accounting treatment associated with the recording of asset retirement obligations. The basic policy of the Investment Corporation regarding the optimal payable distribution is to distribute an amount equivalent to the increase in the allowance for temporary difference adjustments. Pursuant to the policy, the Investment Corporation expects optimal payable distribution to be 13 yen per unit in both the fiscal period ending May 31, 2024, and the fiscal period ending November 30, 2024. 															
Other	<ul style="list-style-type: none"> It is assumed that laws or ordinances, tax systems, accounting standards, listing regulations, or rules or the like set by The Investment Trusts Association, Japan will not be revised in a way that affects the above forecast. It is assumed that there will be no unforeseen material change in general economic trends, real estate market conditions, etc. 															