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Notice Concerning Acquisition of New Assets (UAN kanazawa)

This is to inform you that Japan Hotel REIT Advisors, Co., Ltd. (hereinafter called the “Asset Management Company”), the asset management company of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”), has resolved to acquire the property below (hereinafter called the “Asset for Anticipated Acquisition”) today on behalf of JHR.

1. Summary of the Assets for Anticipated Acquisition

Name of the Assets for Anticipated Acquisitions	Asset type (*1)	Rent type	Anticipated acquisition price (*2)	Anticipated acquisition date (*3)	Collateral
UAN kanazawa	Limited-service hotel	Fixed rent and Variable rent	JPY2,050,000,000	January 31, 2023	Unsecured

(\*1) JHR categorizes hotels into three types, “limited-service hotel” (hotels specialized in selling guest rooms), “full-service hotel” (hotels providing comprehensive services, not only selling guest rooms) and “resort hotel” (among full-service hotels, hotels located in vacation resorts, which are areas with rich natural environment or tourist attractions such as hot spring resorts and scenic spots, or areas surrounding famous leisure facilities and leisure facilities attracting customers, etc.) according to the manner of operation provided. The same shall apply below.

(\*2) The anticipated acquisition price is the price set forth in the purchase and sale agreement of beneficial interest in trust, etc. (hereinafter called the “PSA”) for acquisition of the Assets for Anticipated Acquisition. and other related agreements. The anticipated acquisition price does not include expenses for acquisition, property taxes, city planning taxes and consumption tax, etc.

(\*3) The PSA of the real estate beneficial interest in trust, etc. has been concluded with the seller to acquire the Assets for Anticipated Acquisition.

(\*4) See “5. Summary of the Seller” below for the seller.

2. Rationale for Acquisition and Lease

JHR aims to provide investors with attractive investment opportunities in hotels that can realize both stability and upside potential. The Asset Management Company has made the determination to acquire the Assets for Anticipated Acquisition as they meet the directionality of JHR above for the following reasons.

UAN kanazawa, the Assets for Anticipated Acquisition, is the limited-service hotel located in Kanazawa where JHR makes first investment in the area. It has good access to renowned tourist spots in Ishikawa Prefecture such as Kenrokuen Garden, 21st Century Museum of Contemporary Art, Kanazawa Castle, Higashi Chaya District, Omi-cho Market, etc. JHR believes that it can expect to capture domestic and international leisure demand, as the average room size is large at over 30 m<sup>2</sup> and all rooms are designed to accommodate at least two people. The Assets for Anticipated Acquisition is a high-quality property located in Kanazawa area where stable accommodation demand and steady growth can be expected going forward, and its rent contract can secure stability by fixed rent and can expect upside through variable rent linked to its sales of accommodation. JHR believes that the acquisition of this property will enhance the quality of its portfolio.

### 3. Features of the Assets for Anticipated Acquisition

#### (1) Kanazawa Market

Kanazawa City, the capital of Ishikawa Prefecture, is the business center of the Hokuriku region and home to numerous tourist spots such as Kenrokuen Garden, 21st Century Museum of Contemporary Art, Kanazawa Castle, Higashi Chaya District, and Omi-cho Market. In addition, the entire prefecture is rich in cultural tourism resources such as traditional crafts, including Kutani ware and Wajima lacquerware, and seafood making this market a strong favorite among travelers. JHR believes further growth can be expected in the accommodation market as domestic and international leisure demand for the Kanazawa market continues to expand.

#### (2) Features of the Assets for Anticipated Acquisition

##### a. Superiority in location

The hotel is located close to Musashigatsuji District and Omi-cho Market, which are transportation hubs for bus routes and convenient to use bus transportation for sightseeing in Kanazawa City. The hotel is also within walking distance from famous tourist spots representing Kanazawa including Kanazawa Castle Park, Kenrokuen Garden, 21st Century Museum of Contemporary Art, Oyama Shrine, and Omi-cho Market.

##### b. Superiority in infrastructure

The hotel opened in December 2017, which is dedicated to lodging. JHR believes that the hotel has superiority especially in capturing inbound leisure demand, as the average room size is large as it exceeds 30 m<sup>2</sup>, and all rooms are double or twin rooms that can accommodate at least two people. The hotel is also equipped with a training room and laundromat. It has highly convenient hotel facilities to meet the variety of demands by domestic and international guests.

##### c. Superiority in operations

This hotel is managed by Solare Hotels and Resorts Co., Ltd. and is the only hotel managed by the company to bear the brand name "UAN" with a modern Japanese design and as a hotel for hideout lifestyle that incorporates the local characteristics of Kanazawa, where it rains frequently ("UAN" means hermitage of rain.).

#### 4. Details of the Assets for Anticipated Acquisitions

Property No.	55	Property Name	UAN kanazawa		
<b>1. Asset summary (*1)</b>					
Asset category	Real estate beneficial interest in trust and movable asset attached to it				
Anticipated acquisition date	January 31, 2023				
Anticipated acquisition price	JPY2,050,000,000				
Appraisal value	JPY2,140,000,000 (See “12. Appraisal Report Summary” below for details.)				
<b>2. Summary of real estate (or trusted real estate) (*2)</b>					
Intended use of the property	Hotel / Limited-service hotel				
Ownership	Land	Ownership			
	Building	Ownership			
Land	Plot No.	170-1, Oyama-machi, Kanazawa-city, Ishikawa			
	Address	6-30, Oyama-machi, Kanazawa-city, Ishikawa			
	Acreage	729.91 m <sup>2</sup>			
	Zoning, etc.	Commercial district, quasi-fire preventive district			
	Building-to-land ratio	80%			
	Floor area ratio	400%			
Building	Structure and stories	S with flat roof, Six stories above ground			
	Intended use	Hotel			
	Completion	September 2017			
	Total floor space (*3)	2,606.85 m <sup>2</sup>			
	Designer	GYRO ARCHITECTS Inc.			
	Constructor	Matsui Construction Co., Ltd.			
Institute that confirmed building	Bureau Veritas Japan Co., Ltd.				
Present owner	Trustee: Mitsubishi UFJ Trust and Banking Corporation (Trust period expires on May 31, 2028) Beneficiary: GK Esquilino Investment				
<b>3. Transportation (*4)</b>					
Bus from Kanazawa Station of Hokuriku Shinkansen to Musashigatsuji-Omichoichiba. 5 minutes by foot from the bus stop					
<b>4. Lease status</b>					
Total number of tenants	1				
Leasable area (*5)	2,866.02 m <sup>2</sup>				
Leased area (*5)	2,866.02 m <sup>2</sup>				
Lease category	Fixed term lease contract (Fixed-term building lease contract as stipulated in Article 38 of the Act on Land and Building Leases)				
	Fixed rent	JPY9,000,000 / month			
	Variable rent	In case room sales exceeds base amount (JPY270,000,000), the amount arrived by multiplying 30% to the exceeded amount			
Terms of lease	From November 1, 2017 to October 31, 2042				
Deposit and guarantee money	JPY54,000,000				
Change in occupancy rate for the past five years based on area	End of December 2018	End of December 2019	End of December 2020	End of December 2021	End of December 2022
	100%	100%	100%	100%	100%
<b>5. Related parties for hotel operation</b>					
Hotel lessee	Solare Hotels and Resorts Co., Ltd.				
Operation support company	SHR Hotels, Co., Ltd.				
Property manager	AEON DELIGHT CO., Ltd.				
<b>6. Hotel website (*6)</b>					
<a href="https://www.uan-kanazawa.com/en/">https://www.uan-kanazawa.com/en/</a>					
<b>7. Summary of the building inspection report</b>					
Investigation company	Tokio Marine dR Co., Ltd.				
Investigation date	November 24, 2022				
Repair expenses	Urgently required	JPY0			
	Required within one year	JPY0			
	Total amount for another 12 years	JPY83,630,000			
Earthquake PML value (*7)	10.0%				
<b>8. Special remark</b>					
N/A					

(\*1) Asset summary

- Asset category indicates category of real estate beneficial interest in trust as specified asset and the hotel's movable assets to be purchased together with the real estate beneficial interest in trust (hereinafter called the "real estate and other assets").
- Anticipated acquisition price is the price stated on the purchase and sale agreement of real estate beneficial interest in trust and other related agreements and does not include various expenses required for the acquisition of the real estate and other assets (e.g., brokerage fee).

(\*2) Summary of real estate (or trusted real estate)

- Structures and stories, intended use of the buildings and completion of the building are taken from the certified copy of real estate registry. However, if erroneous information is identified by investigation, correct information is stated.
- In Structures, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- Zoning, etc. (use district, special use district, fire prevention district or quasi-fire prevention district) are stated based on Article 8, Clause 1-1, Clause 1-2, and Clause 1-5 of City Planning Act.

(\*3) Total floor space

- It is a total of the exclusive areas of the hotel and the floor space of attached buildings taken from the certified copy of real estate registry.

(\*4) Transportation

- Stated according to the information on the website currently operated by the hotel lessee.

(\*5) Leasable area and Leased area

- It is a total contracted area (including car parking space in the basement) based on the building lease agreements with hotel lessees, retail space lessees and office lessees.

(\*6) Hotel website

- Stated the website address currently operated by the hotel lessee.

(\*7) PML

- PML (Probable Maximum Loss) is the anticipated damage ratio resulting from an earthquake. Since no uniform definition has been made yet on PML, we used the following method. Probability and anticipated loss amount caused by a major earthquake that may occur once every 475 years are evaluated and statistically processed to identify the anticipated percentage of loss amount against the building replacement cost. It has been calculated based on site inspection, assessment of building condition, confirmation of the consistency with the design document, ground investigation, local factors and structural investigation.

(\*8) All monetary amounts are rounded down to the nearest JPY1,000.

## 5. Summary of the Seller

Name	GK Esquilino Investment
Headquarters	c/o Mentor Capital Tax Corporation, 1-2-9 Nishi-shinbashi, Minato-ku, Tokyo
Representative	Tadatsugu Ishimoto, Executive Director of ISH Pantheon Investment
Capital	JPY100,000
Establishment	March 20, 2019
Net assets	Not disclosed because the approval of the seller has not been obtained.
Total assets	Not disclosed because the approval of the seller has not been obtained.
Major shareholder and shareholding ratio	Not disclosed because the approval of the seller has not been obtained.
Major business	1. Acquisition, holding and disposition of real estate trust beneficiary interests 2. Acquisition, holding, disposition, leasing and management of real estate 3. All business associated with or related to each of the above items
Capital relationship Human relationship Business relationship	There are no capital, human or business relationships to be specifically noted between JHR or the Asset Management Company and the seller. Moreover, the affiliated parties and companies of JHR and the Asset Management Company do not have any capital, human and business relationships with the affiliated parties and companies of the seller that should be specifically reported.
Related parties	The seller does not fall under the category of related parties of JHR and the Asset Management Company. Affiliated parties and companies of the seller do not fall under the category of related parties of JHR and the Asset Management Company.

## 6. Status of Previous Owner, etc.

This is not acquisition from party that have any special interest relationship with either JHR or the Asset Management Company.

## 7. Summary of Broker

No brokers involved in the transaction for the Assets for Anticipated Acquisition.

## 8. Transaction with Interested Party

Not applicable

## 9. Settlement method

JHR plans to pay the transaction amounts by using fund procured by new loan and cash on hand.

## 10. Schedule of Settlement Dates

Resolution for the acquisition	January 20, 2023
Conclusion of purchase and sale agreement	January 20, 2023
Settlement and transfer	January 31, 2023 (scheduled)

## 11. Future Prospects

The operating forecast for the fiscal year ending December 31, 2023 is currently being formulated and will be disclosed as soon as the operating forecast reflecting the acquisition of the Assets for Anticipated Acquisition is determined.

## 12. Appraisal Report Summary

Appraisal Report Summary		
Property name	UAN kanazawa	
Appraisal value	JPY2,140,000,000	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	November 30, 2022	
Item	Details	Summary, etc.
Indicated value by income approach		
Value by direct capitalization method	JPY2,170,000,000	
Operating income	JPY115,777,000	
Potential gross income	JPY115,777,000	
Fixed rent	JPY108,000,000	
Variable rent	JPY7,777,000	
Vacancy loss, etc.	JPY0	
Operating expenses	JPY11,457,000	
Maintenance and management expenses	JPY321,000	
Utilities cost	JPY0	
Repair expenses	JPY2,091,000	
Property management fee	JPY1,560,000	
Tenant leasing cost, etc.	JPY0	
Tax and public dues	JPY7,231,000	
Non-life insurance premium	JPY254,000	
Other expenses	JPY0	
Net operating income	JPY104,320,000	
Gain on management of deposits	JPY243,000	
Capital expenditures	JPY4,878,000	Assessed with consideration to the level of capital expenditure for similar properties, the building age, the average value of annual repair and renewal expenses on the engineering report
Net cash flow	JPY99,685,000	
Cap rate	4.6%	
Value by DCF method	JPY2,100,000,000	
Discount rate	4.4%	
Terminal cap rate	4.8%	
Indicated value by cost approach		
Land ratio	38.3%	
Building ratio	61.7%	Including movable assets
Other matters noted in appraisal by appraiser	The appraiser considered that indicated value by an income approach which reliably reproduced price formation process from earnings' perspective is more persuasive than indicated value by a cost approach. Therefore, the appraiser determined the appraisal value by standardizing on the indicated value by income approach and by taking note of the indicated value by cost approach as reference.	

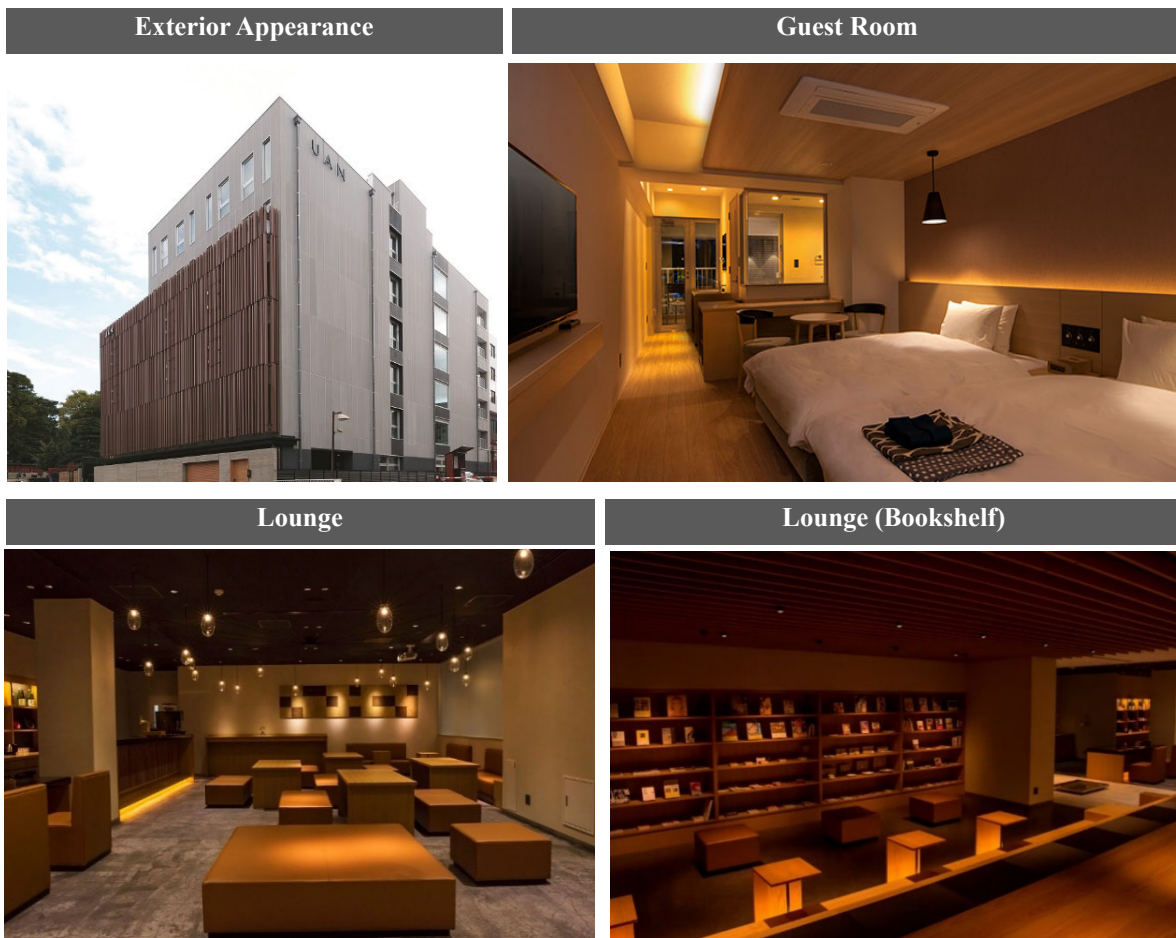
\*All monetary amounts are rounded down to the nearest JPY1,000.

\* Website of Japan Hotel REIT Investment Corporation: <http://www.jhrth.co.jp/en/>

<Attachment 1> Map around the Assets for Anticipated Acquisitions



<Attachment 2> Exterior appearance and interior of the Assets for Anticipated Acquisition



(Reference) The portfolio list after the acquisition of the Assets for Anticipated Acquisitions

Property No.	Name of Hotel	Type	Grade	No. of Guest Rooms (*1)	Area (*2)	Completion	Acquisition Price (*3) (JPY1M)	Investment Ratio (*4)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Kansai (excluding Osaka)	July 1995	10,900	3.0%
2	Oriental Hotel tokyo bay	Full-service	Mid-price	511	Kanto (excluding Tokyo)	May 1995	19,900	5.4%
3	Namba Oriental Hotel	Limited-service	Mid-price	258	Osaka	March 1996	15,000	4.1%
4	Hotel Nikko Alivila	Resort	Luxury	397	Okinawa	April 1994	18,900	5.2%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Chugoku	September 1993 Extended in September 2006	4,100	1.1%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	March 2004 Extended in June 2005 Extended in May 2006	7,610	2.1%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (excluding Tokyo)	October 2006	4,070	1.1%
10	Dormy Inn Kumamoto	Limited-service	Mid-price	291	Kyushu (excluding Okinawa)	January 2008	2,334	0.6%
12	the b suidobashi	Limited-service	Mid-price	99	Tokyo	August 1986 Extended in September 1989	1,120	0.3%
13	dormy inn • global cabin Asakusa	Limited-service	Economy	75	Tokyo	March 1997	999	0.3%
14	Hakata Nakasu Washington Hotel Plaza	Limited-service	Mid-price	247	Kyushu (excluding Okinawa)	March 1995	2,130	0.6%
15	Nara Washington Hotel Plaza	Limited-service	Mid-price	204	Kansai (excluding Osaka)	March 2000	2,050	0.6%
16	R&B Hotel Ueno-hirokoji	Limited-service	Economy	187	Tokyo	April 2002	1,720	0.5%
18	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	January 2008	3,746	1.0%
22	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	March 1997	2,108	0.6%
24	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	257	Kyushu (excluding Okinawa)	Main building and annex both in September 2001	1,652	0.5%
25	Chisun Hotel Kamata	Limited-service	Economy	105	Tokyo	January 1992	1,512	0.4%
26	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	April 2003	823	0.2%
29	Oriental Hotel Universal City	Resort	Mid-price	330	Osaka	June 2001	6,753	1.8%
31	Hilton Tokyo Bay	Resort	Luxury	828	Kanto (excluding Tokyo)	June 1988	26,050	7.1%
32	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kansai (excluding Osaka)	March 2009	6,600	1.8%



Property No.	Name of Hotel	Type	Grade	No. of Guest Rooms (*1)	Area (*2)	Completion	Acquisition Price (*3) (JPY1M)	Investment Ratio (*4)
33	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	July 2010	6,797	1.9%
34	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	April 2009	6,000	1.6%
35	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	August 2009	3,000	0.8%
37	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	June 1982	6,520	1.8%
39	the b hachioji	Limited-service	Mid-price	196	Tokyo	August 1986	2,610	0.7%
40	the b hakata	Limited-service	Mid-price	175	Kyushu (excluding Okinawa)	September 1997	2,300	0.6%
41	Hotel Francs	Full-service	Mid-price	222	Kanto (excluding Tokyo)	August 1991	3,105	0.8%
42	Mercure Yokosuka	Full-service	Mid-price	160	Kanto (excluding Tokyo)	November 1993	1,650	0.5%
43	Oriental Hotel Okinawa Resort & Spa	Resort	Upper-middle	361	Okinawa	February 2005 Extended in December 2006	14,950	4.1%
44	ACTIVE-INTER CITY HIROSHIMA (*5) (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Chugoku	August 2010	17,320	4.7%
45	CANDEO HOTELS UENO-KOEN	Limited-service	Mid-price	268	Tokyo	December 2009	6,705	1.8%
46	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Kyushu (excluding Okinawa)	July 1985	7,197	2.0%
47	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	August 2008	27,000	7.4%
48	Hotel Oriental Express Fukuoka Tenjin	Limited-service	Mid-price	263	Kyushu (excluding Okinawa)	April 1999	5,248	1.4%
49	Hilton Nagoya	Full-service	Luxury	460	Chubu	February 1989	15,250	4.2%
50	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Kanto (excluding Tokyo)	August 1993	13,175	3.6%
51	International Garden Hotel Narita	Full-service	Mid-price	463	Kanto (excluding Tokyo)	May 1996	9,125	2.5%
52	Hotel Nikko Nara	Full-service	Upper-middle	330	Kansai (excluding Osaka)	February 1998	10,373	2.8%
53	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	January 2018	2,738	0.7%
54	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	January 1996	62,400	17.1%
55	UAN kanazawa	Limited-service	Upper-middle	47	Chubu	September 2017	2,050	0.6%
	Total	-	-	11,326	-	-	365,592	100.0%

(\*1) Number of rooms available to sell as of today (rooms occupied by the hotel for a long term is excluded).

(\*2) Tokyo means Tokyo metropolitan area. Kanto (excluding Tokyo) means Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures. Chubu means Aichi, Mie, Shizuoka, Nagano, Gifu, Niigata, Toyama, Ishikawa and Fukui prefectures. Osaka means Osaka prefecture, Kansai (excluding Osaka) means Kyoto, Shiga, Hyogo, Nara and Wakayama prefectures. Chugoku means Hiroshima, Okayama, Tottori, Yamaguchi, and Shimane prefectures. Kyushu (excluding Okinawa) means Fukuoka, Nagasaki, Miyazaki, Kumamoto, Saga, Oita and Kagoshima prefectures. Okinawa means Okinawa prefecture.

(\*3) The acquisition prices stated on the purchase and sale agreement for beneficial interest in trust and other related agreements are indicated

(consumption tax, local consumption tax and the acquisition expense such as brokerage fee are not included). The acceptance prices are indicated for the assets that have been accepted through the merger. The anticipated acquisition price is indicated for the Assets for Anticipated Acquisitions.

- (\*4) The percentage of each acquisition price or anticipated acquisition price to the total of acquisition price (include anticipated acquisition price) is indicated and the numbers are rounded off to one decimal place.
- (\*5) Type, grade and total number of guest rooms of ACTIVE-INTER CITY HIROSHIMA are those of the main facility, Sheraton Grand Hiroshima Hotel.
- (\*6) Numbers for the assets JHR has disposed of are excluded from the table above.