

April 28, 2023

For immediate release

REIT Securities Issuer  
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## Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Right (the b asakusa)

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces that Hoshino Resort Asset Management Co., Ltd. (hereinafter the “Asset Management Company”), the company to which HRR entrusts its asset management, has made the decision to acquire the following domestic real estate trust beneficiary rights (hereinafter the “Acquisition” and the property covered by the trust beneficiary rights scheduled to be acquired by the Acquisition is hereinafter referred to as the “Asset to Be Acquired”) today.

As of today, the counterparty to the lease of the asset to be acquired falls under the category of an interested party, etc. under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including subsequent amendments.), (hereinafter the “Investment Trust Act”) and also falls under the category of an interested party, etc. under the “Regulations for Transactions with Interested Persons, etc.,” internal regulations of the Asset Management Company. Accordingly, the Asset Management Company has obtained consent from HRR based on the approval granted at the HRR’s Board of Directors meeting held on April 28, 2023, before making the decision on said lease.

Please also refer to the Appendix attached at the end of this document for details such as an overview of the asset to be acquired.

### 1. Overview of Acquisition

Category (Note 1)		Property no. (Note 2)	Property name	Location	Planned acquisition price (million yen) (Note 3)	Seller
Operation by entities other than Hoshino Resorts Group	Urban tourism	O-49	the b asakusa	Taito-ku, Tokyo	5,630	Mitsubishi Estate Co. Ltd.

(Note 1) “Category” indicates either operations by Hoshino Resorts Group (“HOSHINOYA,” “RISONARE,” “KAI” and “Others”) or operations by entities other than Hoshino Resorts Group (“Urban tourism” and “Others”) in accordance with the classification of HRR investment target assets. The same shall apply hereinafter.

(Note 2) “Property No.” indicates the property number assigned to each of the four categories of “HOSHINOYA,” “RISONARE,” “KAI” and “Other” according to the classification of the investment assets of the Asset Management Company prior to the revision of the Asset Management Company’s management guidelines dated October 11, 2017. The same shall apply hereinafter.

(Note 3) “Planned acquisition price” indicates the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as sales commissions), each rounded down to the nearest million yen.

- (1) Date of conclusion of the sales and purchase agreement: April 28, 2023
- (2) Scheduled acquisition date: June 1, 2023 (delivery settlement date) (Note)
- (3) Seller: Mitsubishi Estate Co. Ltd.
- (4) Acquisition funds: Borrowings and cash on hand (planned)
- (5) Payment method: Full payment upon delivery (planned)
- (6) Collateral setting: None
- (7) Existence of intermediary: None

(Note) The sale and purchase agreement for the Acquisition falls under the category of forward commitments, etc. (This refers to a future-dated sales and purchase agreement that provides for settlement and delivery of property one month or more after the conclusion of the agreement, and other similar agreements. The same shall apply hereinafter.) stipulated in the Financial Services Agency's "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." For information concerning the financial impact of failure to fulfill forward commitments, etc. on HRR, please refer to "7. Financial impact to HRR in the event that forward commitments, etc. cannot be fulfilled" below.

## 2. Reason for acquisition

HRR makes focused investments in facilities that are likely to secure steady cash flow over a long-term period. Of the hotels, ryokans and ancillary facilities (Note) operated by Hoshino Resorts Group (Hoshino Resorts Inc., its parent company and subsidiaries; the same shall apply hereinafter.), HRR believes that the three brands, HOSHINOYA, KAI and Hoshino Resorts RISONARE, all core brands, are made up of facilities that can secure long-term and stable cash flow.

In addition, regarding hotels, ryokans and ancillary facilities operated by entities other than Hoshino Resorts Group, HRR has a policy to achieve external growth while ensuring the stability of earnings by actively investing in facilities that are expected to be used stably, as well as to secure long-term and stable cash flows. Based on this policy, HRR has decided to obtain the asset to be acquired.

The asset to be acquired is located in the Asakusa area, one of Japan's leading tourist destinations, and is a relatively new property that is expected to see an upturn as a result of the recovery of tourism demand by both Japanese and foreign tourists in the post-COVID era. In addition, the planned acquisition price of the asset to be acquired is at a level of 78.6% of its real estate appraisal value, and HRR believes that the Acquisition will contribute to the growth of NAV (Net Asset Value) per investment unit within HRR. The asset to be acquired initially opened as "the b asakusa" in October 2018 and had a strong operating record by Ishin Hotels Group Co., Ltd., but closed temporarily in April 2020 due to the impact of the spread of COVID-19 infections. Following the Acquisition, the hotel is scheduled to reopen in July 2023 under the same operator and the same name, and it is expected that the operator, who has a wealth of hotel management know-how, will utilize its past operational experience to ensure solid operations. HRR plans to carry out construction work related to system updates, etc. for the re-opening of the asset to be acquired.

HRR believes that the Acquisition will further diversify its portfolio in terms of the location of facilities, the business model and brand, and operators, thereby reducing the risk of a significant decline in cash flows due to changes in travelers' needs or trends, disasters, or domestic and international economic trends, compared with previous periods, and the stability of HRR's earnings will be strengthened.

Please also refer to the Appendix attached at the end of this document for details such as an overview of the asset to be acquired.

(Note) "Hotel" refers to accommodation facilities with mainly Western-style structures and facilities, "ryokan" refers to accommodation facilities with mainly Japanese-style structures and facilities, and "Ancillary facilities" refers to large-scale facilities such as ski resorts, golf courses, swimming pools, and stores incidental to hotels or ryokans. The same shall apply hereinafter.

### 3. Details of the Asset to Be Acquired

An overview of the asset to be acquired is shown in the table below.

The following is an explanation of the matters stated in each column of the tables below.

#### a. Description of the "Overview of Specified Asset" column

- For "Use," accommodation facilities that have mainly Western-style structures and facilities are indicated by "hotel" while those mainly with Japanese-style structures and facilities are indicated by "ryokan" based on the current conditions of the property. Since the description in "Use" is a classification to give an understanding of the overall characteristics of each facility in accordance with the investment policy of HRR, the description may differ from the use of the individual buildings that comprise the facility as stated in the real estate registry.
- "Scheduled acquisition date" indicates the scheduled acquisition date of the asset to be acquired, but this is subject to change upon agreement between HRR and the current owner(s).
- "Type of specified asset" indicates the type of real estate and other specified assets.
- "Trustee" indicates the trustee stated in the trust agreement.
- "Trust period" indicates the trust period after the change planned in connection with the Acquisition.
- "Planned acquisition price" indicates the sales/purchase price of the asset to be acquired as stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions).
- "Appraisal value (Appraisal date)" is the real estate appraisal value and appraisal date as stated in the real estate appraisal report for the asset to be acquired obtained from Japan Real Estate Institute.
- "Location (residential indication)," in principle, indicates the property's residential indication. In cases where there is no residential indication, it is the building location (if several, one of the locations) in the real estate registry.
- "Transportation" is based on the real estate appraisal report, etc. on the asset to be acquired, as obtained from Japan Real Estate Institute.
- "Lot number" of land is the building location (if several, one of the locations) given in the registry.
- "Building coverage ratio" of land is, in principle, the ratio of building area to area of the building site as stipulated in Article 53 of the Building Standards Act (Act No. 201 of 1950, including amendments thereto) (hereinafter the "Building Standards Act") and indicates the upper limit of the building coverage ratio stipulated by city planning according to the type of use district, etc. (designated building coverage ratio) (if several, all of them). Designated building coverage ratio may be relaxed, raised, or reduced due to reasons such as the existence of fireproof structures in a fire prevention district, and thus may differ from the actual building coverage ratio.
- "Floor-area ratio" of land is the ratio of total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act and indicates the upper limit of the floor-area ratio stipulated by city planning according to the type of use district, etc. (designated floor-area ratio) (if several, all of them). Designated floor-area ratio may be relaxed, raised or reduced due to reasons such as width of roads connected to the site, and thus may differ from the actual building coverage ratio.
- "Use district" of Land is the type of use district of the land, as classified (if multiple, all applicable) in accordance with Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, including amendments thereto).
- "Site area" of the land is based on the description in the registry (if there is any leased land, the leased area is included; the leased area is based on the description in the lease agreement) and may differ from its present condition.
- "Type of ownership" for the land and buildings indicates the type of right held by the trustee for real estate in trust, and that held by HRR for real estate.
- "Completion date" of the building is the date of inspection of the completion of construction for the main building as per the inspection certificate under the Building Standard Law.
- "Structure / floors" of the building is based on the description in the registry for the main building.
- "Total floor area" of the building is based on the description in the registry, including the floor area of annex buildings.
- "Building engineer" and "Constructor" of the building indicate the company names at the time of design and construction of the main building.
- "Leasable floor area" is the area indicated in the lease agreement that will be effective as of the scheduled acquisition date of the asset to be acquired by HRR, or in the blueprints of said property.

- “Occupancy rate” is the occupancy rate expected as of the scheduled acquisition date (and is given as the ratio of the total leased floor area to the total leasable floor area). In cases in which a real estate lease agreement with a stoppage condition, which becomes effective on the condition of acquisition by MHR, has been executed between MHR and the tenant, the lease is stated as having commenced on the scheduled acquisition date.
  - “Major tenant” indicates the party with the largest leased area among those who lease the property from HRR under the lease agreement that will be effective on the scheduled acquisition date of the asset to be acquired by HRR.
  - “No. of tenants” indicates the number of parties who will lease the property from HRR based on the lease agreement that is expected to be effective on the scheduled acquisition date of the asset to be acquired by HRR. However, this excludes those planning to lease part of the site or the building for the purpose of parking or installing antennas.
  - “No. of guest rooms” indicates the number of guest rooms that can be used for accommodation.
  - “No. of sublease tenants” is the number of parties that are scheduled to receive leases (subleases) from parties that lease the property from HRR based on the lease agreements that are scheduled to be in effect as of the scheduled acquisition date of the asset to be acquired by HRR. However, this excludes those parties leasing or planning to lease (sublease) part of the site or the building for the purpose of parking or installing antennas.
  - In principle, “Special notes” indicate items that are considered important in terms of the rights and use of the asset to be acquired as of the scheduled acquisition date, as well as items that are considered important in terms of the appraisal value, profitability, impact on disposability of the asset to be acquired and other factors.
- b. Explanation of the “Lease Summary” column
- The “Lease Summary” column indicates the content of the lease agreement with the tenant who is to lease the hotel or ryokan with respect to the asset to be acquired.

# Hoshino Resorts REIT, Inc.

the b asakusa		Category	Operation by entities other than Hoshino Resorts Group (Urban tourism)		
		Use	Hotel		
<b>Overview of Specified Asset</b>					
Scheduled acquisition date	June 1, 2023 (scheduled)	Type of specified asset	Trust beneficiary right		
Trustee	Mitsubishi UFJ Trust and Banking Corporation	Trust period	10 years from June 1, 2023 (scheduled)		
Planned acquisition price	5,630,000,000 yen	Appraisal value (Appraisal date)	7,160,000,000 yen (March 31, 2023)		
Location (residential indication)	3-16-12 Nishiasakusa, Taito-ku, Tokyo				
Transportation	Approx. 130 meters from Asakusa Station on the Tsukuba Express				
Land	Lot number	3-6-2 Nishiasakusa, Taito-ku, Tokyo	Building	Completion date	September 2018
	Building coverage ratio	80%		Structure/floors	12-storied building with reinforced concrete structure and flat roof
	Floor-area ratio	700%		Total floor area	5,243.52m <sup>2</sup>
	Use district	Commercial area		Building engineer	ICHIKEN Co., Ltd., Tokyo Branch, First-Class Architect Office
	Site area	728.16m <sup>2</sup>		Constructor	ICHIKEN Co., Ltd., Tokyo Branch
	Type of ownership	Leasehold right		Type of ownership	Ownership
Leasable floor area	5,243.52 m <sup>2</sup>	Occupancy rate	100%		
Main tenant	Ishin Asakusa Operations Co., Ltd. (scheduled)	No. of tenants	1		
No. of guest rooms	166	No. of sublease tenants	0		
<b>Special notes</b> <ul style="list-style-type: none"> <li>The trustee has entered into a land lease agreement in respect to the Land (728.16 m<sup>2</sup>) with the lessors, a corporation (one company) and an individual (one person) respectively as follows: <ul style="list-style-type: none"> <li>Lessor: Corporation (1)/Individual (1)</li> <li>Lessee: Trustee</li> <li>Type of leasehold right: Leasehold right under the Act on Land Lease</li> <li>Lease period: March 30, 2016 to March 29, 2046</li> <li>Rent: Non-disclosure (Note)</li> <li>Rent revision: Non-disclosure (Note)</li> <li>Security deposit and guarantee deposit: Not applicable.</li> <li>Premium: Not applicable</li> <li>Contract renewal: When renewing the land lease agreement, the lessee shall pay a reasonable renewal fee following consultation with the lessors.</li> <li>Midterm cancellation: Not applicable.</li> </ul> </li> </ul>					

(Note) Not disclosed because consent for disclosure has not been obtained from the lessor.

# Hoshino Resorts REIT, Inc.

<b>Lease Summary</b>	
Lessee	Ishin Asakusa Operations Co., Ltd.
Type of contract	Fixed-term building lease agreement
Contract period	June 1, 2023 to December 31, 2033
Leased floor area	5,243.52m <sup>2</sup>
Rent	<p>Annual fixed rent: 132,000,000 yen (However, (scheduled) annual fees are 93,600,000 yen from July 1, 2023 to December 31, 2026)</p> <p>Variable rent: As variable rent for each business year (one year from January 1 to December 31 every year), one of the following amounts according to the annual AGOP amount of the business conducted at this facility and the business incidental thereto from which the annual fixed rent is deducted (lower limit is 0 yen.)</p> <p>① If the annual AGOP amount is 300,000,000 yen or less: The amount equivalent to 92% of AGOP (However, the equivalent of 90% until December 31, 2026.)</p> <p>② If the annual AGOP exceeds 300,000,000 yen: (1) The amount equivalent to 92% of AGOP (However, the equivalent of 90% until December 31, 2026.) for the portion of AGOP not exceeding 300,000,000 yen (2) The amount equivalent to 87% of AGOP (However, the equivalent of 75% until December 31, 2026.) for the portion of AGOP exceeding 300,000,000 yen</p> <p>(Note 1) “AGOP” is the total amount of sales for the facility over a specific period, following the deduction of the cost of sales and SG&amp;A expenses (directly incurred in relation to hotel operations at the facility), chain service charges, lease fees and insurance premiums.</p> <p>(Note 2) Rent is accrued from the business commencement date by: ((i) the point when two months have passed since the date when the lessee entered the Property and the lessee was able to begin preparations for opening a hotel business on the Property, or (ii) July 15, 2023, whichever is earlier.). At the time of execution of the Lease Agreement, we plan to commence operations on July 1, 2023.</p> <p>(Note 3) In the event that a state of emergency (including, but not limited to, earthquakes, tsunamis and other natural disasters, spread of infectious diseases, and war) occurs and is caused by reasons not attributable to the lessee, when the amount of AGOP for a month affected by the emergency falls below the amount of fixed rent for the relevant month, the fixed rent for the relevant month shall be waived in full and the rent for the month concerned shall be replaced with the amount equivalent to the full amount of AGOP.</p>
Security deposit and guarantee deposit	Security deposit: 33,000,000 yen (However, 9,600,000 yen of this amount shall be deposited by January 1, 2027.)
Renewal at the end of contract period	The contract shall end at the end of the contract period with no right to automatic renewal.
Rent revision	In principle, rent may not be revised during the lease period.
Midterm cancellation	The lessee may not, in principle, cancel the Lease Agreement during the lease period.
Penalty	If the Lease Agreement is terminated due to reasons attributable to the lessee, the lessee shall, as a penalty, pay to HRR, the lessor, an amount equivalent to the rent from the date of termination to the end of the lease period and an amount equivalent to the rent for 12 months (in calculating such rent, the average monthly rent amount for the past 12 months preceding the month in which the date of termination of this lease agreement falls shall be used. However, if the lease period is less than 12 months, the average monthly amount for that lease period shall be used. Whichever amount is higher shall be applied.).
Method for re-contracting	The lease period shall terminate upon expiration and shall not be renewed. However, if the lessor or lessee notifies the other party of their desire to renew the contract one year prior to the expiration of the lease period, the lessor and lessee shall consult in good faith regarding the renewal of the contract. If both parties agree thereupon, they may renew the contract.

## 4. Details of Seller

### (1) Details of Seller: O-49 the b asakusa

Trade name	MITSUBISHI ESTATE CO., LTD.	
Head office	Otemachi Park Building, 1-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo	
Title and name of representative	Atsushi Nakajima, Representative Corporate Executive Officer, President & Chief Executive Officer	
Capital stock	142,414 million yen (as of December 31, 2022)	
Date of incorporation	May 7, 1937	
Net assets	2,415,605 million yen (as of December 31, 2022)	
Total assets	7,012,769 million yen (as of December 31, 2022)	
Major shareholders and shareholding ratio (As of September 30, 2022)	The Master Trust Bank of Japan, Ltd. (Trust account) (16.93%) Custody Bank of Japan, Ltd. (Trust account) (5.71%) Meiji Yasuda Life Insurance Company (3.18%)	
Main Business	General developer	
Relationship with HRR or the Asset Management Company	Capital relationship	There is no capital relationship that should be stated between HRR, the Asset Management Company, and the seller.
	Personal relationships	There is no personal relationship that should be stated between HRR, the Asset Management Company, and the seller.
	Business relationship	There is no business relationship that should be stated between HRR, the Asset Management Company, and the seller.
	Applicability to related parties	Not a related party of HRR and/or the Asset Management Company.

## 5. Transactions with Interested Parties, etc.

There are no applicable items regarding the seller of the asset to be acquired.

The counterparty to the lease of the asset to be acquired is a company in which the parent company of the Asset Management Company has substantial management control as of today. Therefore, the counterparty to the lease of the asset to be acquired falls under the category of an Interested Party, etc. under the Investment Trust Act and an Interested Party, etc. under the “Regulations for Transactions with Interested Persons, etc.” which are the internal regulations of the Asset Management Company. Accordingly, the Asset Management Company has gone through the approval procedures set forth in the internal regulations in negotiating the transaction to lease the asset to be acquired, and in accordance with the Investment Trust Act and “Regulations for Transactions with Interested Persons, etc.,” consent was obtained from HRR based on the approval of the meeting of HRR’s Board of Directors held on April 28, 2023.

## 6. Status of Property Acquirer, etc.

The asset to be acquired will not be acquired from any person who has a special interest in HRR and the Asset Management Company.

## 7. Financial impact to HRR in the event that forward commitments, etc. cannot be fulfilled

The sale and purchase agreement, etc. for the Acquisition falls under the category of forward commitments, etc. by investment companies set forth in “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” as stipulated by the Financial Services Agency. An overview of the provisions regarding penalties stipulated in the sale and purchase agreement, etc. is as follows:

In the event HRR or the seller fails to perform its contractual obligations under the beneficiary interest sale and purchase agreement for the acquisition of the asset to be acquired (hereinafter the “Acquisition Agreement”), the other party may terminate the Acquisition Agreement if the relevant party fails to correct said non-performance within a reasonable period despite notification to do so by the other party. Upon termination of the Acquisition Agreement pursuant to the above, the terminating party may claim a penalty equal to 20% of the trading value.

HRR plans to procure funds for the acquisition of the asset to be acquired mainly through borrowings, and in the event that all or part of the currently planned borrowings are not executed and the total loan amount of such borrowings is less than the planned amount, given that it is expected that MUFG Bank, Ltd., will be able to provide alternative borrowing sources, HRR believes there is no possibility that the forward commitment,

etc. for the acquisition of the asset to be acquired will have a material impact on HRR's finances and the payment of distributions. For details of said borrowings and alternative borrowings, please refer to the "Notice Concerning Borrowing of Funds" released today.

## 8. Future Outlook

Because the Acquisition is scheduled to take place on June 1, 2023, there is no impact on the future outlook of the financial results for the fiscal period ended April 2023 (November 1, 2022 to April 30, 2023).

In addition, the impact on the future outlook of the financial results for the fiscal period ending October 2023 (May 1, 2023 to October 31, 2023) is minimal, and there is no change from the "(REIT) Financial Report for Fiscal Period Ended October 2022" released on December 15, 2022.



## 9. Appraisal Report Summary

Appraisal Report Summary		
Real estate appraisal agency	Japan Real Estate Institute	
Appraisal value	7,160,000,000 yen	
Appraisal date	March 31, 2023	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue ((i) – (ii) – (iii))	368,822,000 yen	-
(i) Potential gross revenue (Rent revenue, revenue from common service fee and other income, etc.)	368,822,000 yen	Based on the contents of the lease agreement, etc., the gross operating profit (GOP) during the period of stable occupancy of the subject hotel is assessed, and the rental income of the rental units is recorded based on this GOP.
(ii) Losses from vacancies, etc.	0 yen	Vacancy and other losses are not recorded based on a comprehensive assessment of the contents of the lease agreement, the attributes and creditworthiness of the occupying lessee, and other factors.
(iii) Bad debt loss	0 yen	No recording is deemed necessary given the status of the lessee and other factors.
(2) Operating expenses ((iv) + (v) + (vi) + (vii) + (viii) + (ix) + (x) + (xi))	36,361,000 yen	-
(iv) Maintenance and administration cost	0 yen	Not recorded because the lease agreement requires the lessee to pay.
(v) Utility expenses	0 yen	Not recorded because the lease agreement requires the lessee to pay.
(vi) Repair expenses	4,762,000 yen	Recorded, taking into account the cost level of similar properties and the average annual amount of repairs and renewal costs in the ER.
(vii) Property management fee	0 yen	Not recorded because there are no property management fees under the lease agreement.
(viii) Tenant recruitment expenses, etc.	0 yen	Deemed unnecessary to record, taking into consideration the nature of business, attributes of the lessee, details of the lease agreement and other factors.
(ix) Taxes and public dues	16,776,000 yen	Land: Not recorded for the leased land. Building: Recorded based on documents related to taxes and dues. Depreciated assets: Recorded based on documents related to taxes and dues.
(x) Non-life insurance premium	559,000 yen	Recorded in consideration of insurance premiums for buildings similar to the target building.
(xi) Other expenses	14,264,000 yen	Recorded land rent, etc.
(3) Net operating income ((i) – (ii))	332,461,000 yen	-
(4) Lump sum investment profit	330,000 yen	Assessed by multiplying the balance of the security deposit under the lease agreement by the investment yield of 1.0%.
(5) Capital expenditure	11,111,000 yen	Assessed on the assumption that expected future expenditures will be set aside on an average basis each fiscal year, taking into account the level of capital expenditures in similar properties, the age of the building and the average annual cost of repairs and renewal fees including ER.
(6) FF & E Reserve	11,965,000 yen	For reference, assessed based on the level of FF & E reserves in similar properties, assuming that expected future expenses are set aside on an average basis each fiscal year.
(7) Net Revenue ((iii) + (iv) - (v) - (vi))	309,715,000 yen	-
(8) Capitalization rate	4.3%	-
Direct capitalization value	7,200,000,000 yen	-
Price by DCF method	7,110,000,000 yen	-
Discount rate	3.6%	-
Terminal capitalization rate	4.3%	-
Integrated value using cost method	6,640,000,000 yen	-
Ratio of land	50.6%	-
Ratio of building	49.4%	-
Other matters appraisal agency noted upon appraisal	Not applicable	

\* The HRR website address: <https://www.hoshinoresorts-reit.com/en/>

## Appendix

Reference material: Summary of Building Condition Evaluation Report and Earthquake Risk Assessment Report of the asset to be acquired

Reference material: Summary of Building Condition Evaluation Report and Earthquake Risk Assessment Report of the Asset to Be Acquired

Property no.	Property name	Investigator	Engineering report date	Short-term repair expenses (Thousand yen) (Note 1) (Note 2)	Long-term repair expenses (Annual average) (Thousand yen) (Note 1) (Note 3)
O-49	the b asakusa	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	April 2023	-	15,873

(Note 1) "Short-term repair expenses" and "Long-term repair expenses (annual average)" are based on the descriptions in the Building Condition Evaluation Report.

(Note 2) "Short-term repair expenses" are repair and renewal expenses required when implementing repairs and renewals that will be completed within about one year due to progressed deterioration, excluding expenses for normal repairs or interior/facility renewals, based on the Building Condition Evaluation Report researched and prepared by the Investigator.

(Note 3) "Long-term repair expenses (annual average)" are the amount of repair and renewal expenses for the next 12 years from the time of the investigation, based on the Building Condition Evaluation Report surveyed and prepared by the Investigator. The figure has been converted to an annual average and rounded to the nearest thousand yen by HRR.

Property no.	Property name	Investigator	Investigation date	PML value (expected maximum loss ratio) (%)
O-49	the b asakusa	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	March 6, 2023	11.5

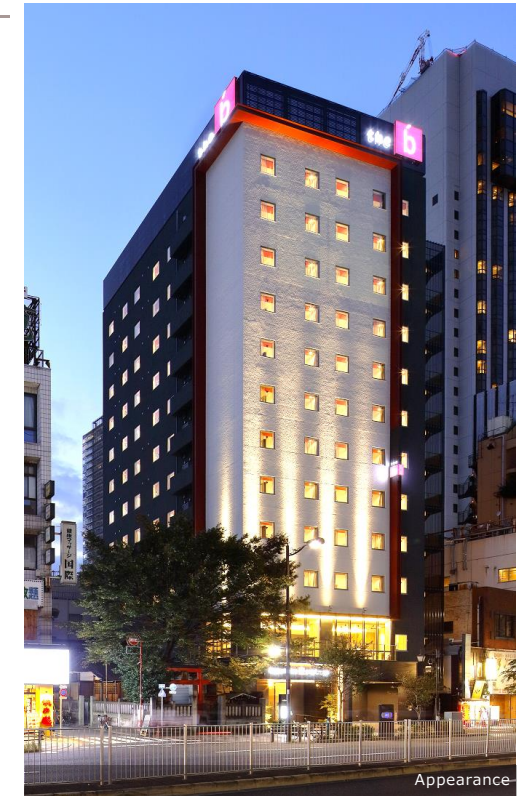
**\* We do not provide any guarantees regarding the completeness or accuracy of the English translation of this document. If there is any discrepancy between the English translation and the original Japanese text, the latter shall prevail.**

## the b asakusa

## Property Highlights

- Acquired a high-quality, relatively new property located in the Asakusa area, one of Japan's leading tourist destinations which is expected to see an upturn as a result of the recovery of tourism demand in the post-COVID era, at a price of 4.8% yield after depreciation and 78.6% of the real estate appraisal value.
- Prime location near the station along Kokusai-dori Street, Asakusa's main street. On the east side are Senso-ji Temple and the Kaminari-mon Gate, both with nearly 1,400 years of history, and on the west side are some of Tokyo's most popular tourist spots, including Kappabashi kitchen town and Higashi Hongan-ji Temple, both with their many specialty food stores, which attract people of all ages regardless of the season.
- The hotel is scheduled to open on July 1, 2023, under the management of Ishin Hotels Group Co., Ltd., a company that operates a chain of "the b hotels" and has a wealth of hotel management know-how. The property was previously operated by the same operator under the b asakusa brand from October 2018 to April 2020 (closed due to the effects of the COVID pandemic). This will be a reopening project leveraging their past management experience.
- The 4 "the b" properties originally owned by the brand (Akasaka, Sangenjaya, Nagoya, and Kobe) had a stable occupancy rate of around 80-90% in 2019 (before the COVID pandemic). As this property was able to maintain this high occupancy before the COVID pandemic (see graph on the next page), high demand can be expected from both Japanese and foreign tourists in the post-COVID era.

Location	Nishiasakusa, Taito-ku, Tokyo
Completion date	September 2018
Scheduled acquisition date	June 1, 2023
Total number of guest rooms	166
Lessee	Ishin Asakusa Operations Co., Ltd.
Rent type	Fixed + Variable
Operator	Ishin Hotels Group Co., Ltd.
Planned acquisition price	5,630 million yen
Real estate appraisal value	7,160 million yen
Lease agreement period	10.6 years
Appraisal NOI yield	5.9%
Appraisal NCF yield	5.5%
Yield after depreciation	4.8%



Appearance

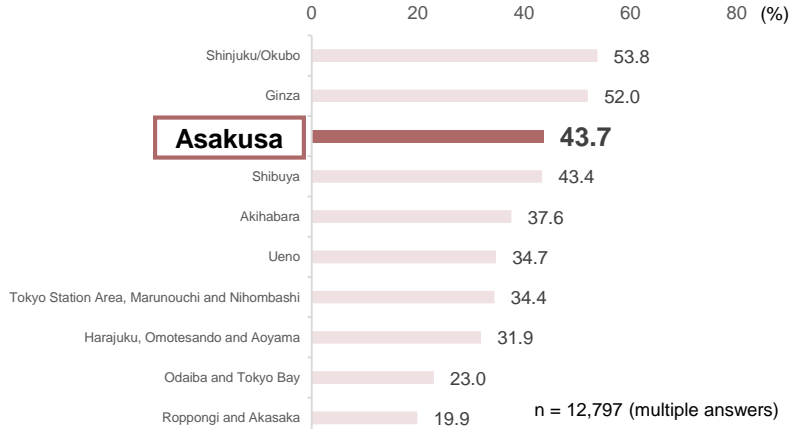


Entrance hall

# the b asakusa

## High inbound demand in the Asakusa area

**Destinations visited by foreign travelers  
(2019, limited to visitors to Tokyo)**



(Source) Tokyo Metropolitan Government, "2019 Survey on Behavioral Characteristics of Foreign Tourists by Country"

■ Before the COVID pandemic, approximately one in every two foreign tourists to Tokyo visited Asakusa, and high tourism demand is expected even in the post-COVID world.



## Monthly results (January to December 2019) \* Reference for the initial start-up period (October 2018 to April 2020)

