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Notice Concerning Acquisition and Lease of New Assets
(La'gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and
Hotel Oriental Express Fukuoka Nakasukawabata)

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 and lease the properties below (hereinafter called the “Assets for Anticipated Acquisition”) today on behalf of JHR.

The lessees of Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata fall under an “Interested Party, etc.” as stipulated in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter the “Investment Trust Act”). Therefore, the execution of lease contracts of Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata has been approved by JHR based on a resolution at JHR’s Board of Directors meeting pursuant to the Investment Trust Act and the Code for Transactions with Sponsor-Related Party stipulated by the Asset Management Company. (Please see “7. Transaction with Interested Party” below.)

1. Summary of the Assets for Anticipated Acquisition

Name of the Assets for Anticipated Acquisition	Asset type (*1)	Rent structure	Anticipated acquisition price (*2)	Anticipated acquisition date	Collateral
La'gent Stay Sapporo Odori	Limited-service hotel	Variable rent	JPY10,020,000 thousand	September 27, 2023	Unsecured
Oriental Hotel Kyoto Rokujo	Limited-service hotel	Fixed rent and Variable rent	JPY4,446,028 thousand	September 27, 2023	
Hotel Oriental Express Fukuoka Nakasukawabata	Limited-service hotel	Fixed rent and Variable rent	JPY4,460,819 thousand	September 27, 2023	
Total			JPY18,926,848 thousand		

(*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 and scenic spots, or areas surrounding famous leisure facilities, leisure facilities attracting customers, etc.) according to the manner of operation provided. The same shall apply below.

(*2) The purchase and sale agreement for beneficial interest in trust, etc. (hereinafter called the “PSA, etc.”) for each real estate beneficial interest in trust has been concluded with the relevant seller to acquire the relevant Assets for Anticipated Acquisition. The anticipated acquisition price is the price set forth in the PSA, etc. for acquisition of the relevant Assets for Anticipated Acquisition (consumption tax, local consumption tax and the acquisition expense such as brokerage fee are not included).

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(*3) Please see “5. Summary of the Sellers” below for the sellers.

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 benefit JHR for the following reasons.

The Assets for Anticipated Acquisition are “La’gent Stay Sapporo Odori”, “Oriental Hotel Kyoto Rokujo” and “Hotel Oriental Express Fukuoka Nakasukawabata”.

La’gent Stay Sapporo Odori is a limited-service hotel that opened in July 2016 and is located in the central part of Sapporo, a city with high leisure demand. This hotel is equipped with large bathhouses with natural hot spring, Japanese-style rooms with tatami mats, and condominium-type rooms with kitchens, etc., which are advantageous in capturing leisure demand, especially inbound demand.

Oriental Hotel Kyoto Rokujo is a relatively newly built limited-service hotel that opened in November 2019, with easy access to tourist attractions such as Nishi Honganji Temple, one of the World Heritage Sites of “Historic Monuments of Ancient Kyoto”, and an attractive space design based on the concept of Japanese culture with an ancient Kyoto atmosphere.

Hotel Oriental Express Fukuoka Nakasukawabata is a relatively newly built limited-service hotel that opened in April 2021, located in a convenient area with easy access to JR Hakata Station and Tenjin Station on the Fukuoka City Subway Airport Line.

As for Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata, HMJ Group (*1) has been involved in the planning of such hotels since these hotels were first developed, and HMJ Group’s operational know-how has been utilized in these hotels, such as the configuration of all guest rooms to accommodate two or more people, which is advantageous for capturing leisure demand.

Each of the Assets for Anticipated Acquisition is a high-quality property located in areas where JHR has an extensive track record in the asset management of hotels it already owns and where stable accommodation demand and steady growth can be expected going forward. In addition, the lease contracts have a rent structure that can be expected to have upside potential through variable rents linked to GOP (*2) or AGOP (*3), and JHR believes that the acquisitions of the Assets for Anticipated Acquisition will enhance the quality of the portfolio.

JHR sets its criteria to select hotel lessees combining credibility and hotel management capability. JHR believes each of the lessees of the Assets for Anticipated Acquisition satisfies its criteria to select hotel tenants mentioned in “Report on the Management Structure and System, etc. of the Issuer of Real Estate Investment Trust Securities and Related Parties” which was disclosed on March 31, 2023 (available in Japanese only).

(*1) HMJ refers to Hotel Management Japan Co., Ltd. (a corporation in which SC J-Holdings Pte. Ltd. indirectly holds 100% of the issued shares), and HMJ Group refers to HMJ and its subsidiaries (a corporation in which HMJ holds more than 50% of the issued shares). The same shall apply hereinafter.

(*2) GOP is the abbreviation of Gross Operating Profit, which is the remaining amount after deducting labor cost, general and administrative expenses and other expenses associated with hotel operation from the hotel’s total sales. The same shall apply hereinafter.

(*3) AGOP (Adjusted GOP = GOP after adjustment) is the remaining amount after deducting certain payment of fees and other charges from the GOP. The same shall apply hereinafter.

3. Features of the Assets for Anticipated Acquisition

I. La’gent Stay Sapporo Odori

(1) Sapporo Market

Sapporo is one of the most popular destinations in Japan for both domestic and inbound tourists. And it is a government ordinance-designated city that serves as a hub for the entire Hokkaido region. In addition to stable

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business demand, the area is expected to have stable leisure demand both domestically and inbound due to the location of tourist attractions such as the Sapporo Clock Tower, an important cultural property of Japan, and the former Hokkaido Government Office building, affectionately known as “Red Brick”, as well as various events such as the Sapporo Snow Festival. Going forward, JHR believes that the market has potential for further growth, as leisure demand is expected to expand due to, among others, the recovery of inbound travel and the improvement of accessibility such as functional expansion plan of New Chitose Airport and related facilities and the extension of the Hokkaido Shinkansen Line to Sapporo, which is scheduled to be completed by the end of March 2031.

(2) Features of the Assets for Anticipated Acquisition

a. Superiority in location

La’gent Stay Sapporo Odori is about a 4-minute walk from Odori Station and about a 5-minute walk from Susukino Station on the Sapporo Municipal Subway. Both stations are Sapporo’s main train station and making it a convenient location for both tourism and business. It is also within walking distance of Odori Park and the Sapporo TV Tower, two of Sapporo’s most famous tourist spots, as well as the Tanuki-koji shopping arcade lined with restaurants and shops.

b. Superiority in infrastructure

La’gent Stay Sapporo Odori is a limited-service hotel that opened in July 2016. This hotel has 219 guest rooms, with the main guest rooms measuring 23 square meters in size, and is equipped with several types of rooms, including Japanese-style rooms, to meet various needs. In particular, almost all guest rooms can accommodate two or more people, making it an excellent guest room configuration for capturing leisure demand. This hotel has a restaurant that serves breakfast using Hokkaido ingredients as well as a bar and lounge space. A convenience store is a tenant on the first floor of the hotel, making it a highly convenient property that meets the needs of hotel guests. In addition, this hotel has two types of large bathhouses using natural hot springs and JHR believes that it also differentiates from other limited-service hotels in the surrounding area.

c. Superiority in operations

La’gent Stay Sapporo Odori is managed by AB Accommo. Co. Ltd. which has experience to manage 25 hotels across Japan. Also, it has received high evaluation, including a listing in the “Michelin Guide Hokkaido 2017” and an award from “Rakuten Travel Bronze Award 2022”.

II. Oriental Hotel Kyoto Rokujo

(1) Kyoto Market

Kyoto is one of the most popular tourist cities in Japan and has strong popularity not only in Japan but also from abroad. Although inbound demand declined sharply due to the COVID-19 pandemic, it has been recovering recently, and JHR believes that the number of inbound visitors is expected to increase in the future and the further growth of the market can be expected.

(2) Features of the Assets for Anticipated Acquisition

a. Superiority in location

Oriental Hotel Kyoto Rokujo is located along Aburanokoji Dori, about an 8-minute walk from Gojo Station on the Kyoto Municipal Subway Karasuma Line. The area offers easy access to historical tourist attractions such as Nishi Honganji Temple, a World Heritage Site, and Higashi Honganji Temple, which has important cultural assets, as well as Kyoto Tower and Kyoto Railway Museum, etc.

b. Superiority in infrastructure

Oriental Hotel Kyoto Rokujo is a relatively newly built limited-service hotel that opened in November 2019. This hotel has 166 guest rooms, all of which can accommodate two or more people, and more than half of the rooms can accommodate three people, making it suitable composition for both domestic and inbound leisure

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demand. The restaurant serves breakfast utilizing ingredients unique to Kyoto and offers time as the café space exclusively for guests.

The overall design of the property is highly competitive, in JHR's opinion, because of its attractive space design based on the concept of Japanese culture, utilizing the atmosphere of the ancient capital of Kyoto.

c. Superiority in operations

For Oriental Hotel Kyoto Rokujo, HMJ Group has participated in the planning of the hotel since its initial development and has operated the hotel since its opening. The rent structure combines fixed and variable rents to ensure stability and provide upside potential as well. JHR aims to achieve growth through an active asset management strategy that leverages HMJ Group's platform.

III. Hotel Oriental Express Fukuoka Nakasukawabata

(1) Fukuoka Market

Fukuoka is the center of business and tourism in Kyushu region and frequently hosts MICE (*) and other large-scale events, making it a market with high accommodation demand for domestic and inbound tourists. This area has good access from Fukuoka Airport to JR Hakata Station, and in addition to robust business demand, future expansion of domestic and inbound leisure demand is also expected due to the Fukuoka Airport expansion project.

(*) "MICE" is an acronym for conferences (Meeting), incentive and study tours conducted by companies and other organizations (Incentive Travel), international conferences (Convention) and exhibitions, trade fairs and events (Exhibition/Event) conducted by international organizations, groups and academic societies, and is a generic term for business events that are expected to attract a large number of visitors.

(2) Features of the Assets for Anticipated Acquisition

a. Superiority in location

Hotel Oriental Express Fukuoka Nakasukawabata is located on Kaminishimachi-dori Street, about a 4-minute walk from Nakasukawabata Station on the Fukuoka City Subway Airport Line, which is the central station in the Nakasu area, which is the most popular entertainment district in Kyushu region. Also, the hotel is located at about a 3-minute walk from Gofukumachi Station on the Fukuoka City Subway Hakozaki Line. This hotel is located at the middle of JR Hakata Station and Tenjin Station on the Fukuoka City Subway Airport Line, providing easy access to both stations and making the area convenient for business and leisure travelers.

b. Superiority in infrastructure

Hotel Oriental Express Fukuoka Nakasukawabata is a relatively newly built limited-service hotel that opened in April 2021. This hotel has 183 guest rooms, all of which can accommodate two or more people, making it suitable for both domestic and inbound leisure travelers. Its restaurant offers a buffet of locally produced ingredients for local consumption. This hotel has highly convenient hotel facilities that can meet the needs of various domestic and international guests, including a 24-hour fitness gym, a self-cloakroom where suitcases can be left, and a self-check-in terminal.

c. Superiority in operations

Hotel Oriental Express Fukuoka Nakasukawabata has been operated by HMJ Group since its opening, with HMJ Group participating in the planning of the hotel from its initial development. It is also the third hotel in the Hakata area that is operated by HMJ Group. Its goal is to achieve growth through an active asset management strategy that actively uses HMJ Group's platform, which includes taking advantage of the merits of operating multiple properties in the same area, pursuing upside of revenue through mutual introduction of customers and countermeasures against double booking, as well as cost management through synergy effects such as optimizing allocation of human resource at the operator, controlling costs through back office integration, and reducing costs through joint procurement.

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4. Details of the Assets for Anticipated Acquisition

(1) La'gent Stay Sapporo Odori

Property No.	57	Property Name	La'gent Stay Sapporo Odori		
1. Asset summary (*1)					
Asset category	Real estate beneficial interest in trust and movable assets associated with the hotel				
Anticipated acquisition date	September 27, 2023				
Anticipated acquisition price	JPY10,020,000 thousand				
Appraisal value	JPY10,800,000 thousand (See "12. Real Estate Appraisal Report Summary" below for details.)				
2. Summary of real estate (or trusted real estate) (*2)					
Intended use of the property	Hotel / Limited-service hotel				
Ownership	Land	Ownership			
	Building	Ownership			
Land	Plot No.	26-5, 26-37, 33-4, Minami 2-jo nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido			
	Address	5-26-5, Minami 2-jo nishi, Chuo-ku, Sapporo City, Hokkaido			
	Acreage	1,277.68 m ²			
	Zoning, etc.	Commercial district, fire prevention district			
	Building-to-land ratio	80%			
	Floor area ratio	800%			
Building	Structure and stories	RC with flat roof; 14 stories above ground			
	Intended use	Hotel / Retail			
	Completion	June 15, 2016			
	Total floor space (*3)	9,742.83 m ²			
	Designer	First Class Architect Office of Taisei Corporation			
	Constructor	Sapporo Branch of Taisei Corporation			
	Institute that confirmed building	Bureau Veritas Japan K.K.			
Present owner	Trustee: Sumitomo Mitsui Trust Bank, Limited (Trust period expires on April 27, 2031) Beneficiary: J Hotel Sapporo GK				
3. Transportation (*4)					
About a 4-minute walk from "Odori Station" on Sapporo Municipal Subway Nanboku Line, Tozai Line and Toho Line About a 5-minute walk from "Susukino Station" on Sapporo Municipal Subway Nanboku Line					
4. Lease status					
Total number of tenants	2				
Leasable area (*5)	9,742.83 m ²				
Leased area (*5)	9,742.83m ²				
Form of lease	Fixed term lease contract (fixed term building lease contract as stipulated in Article 38 of the Act on Land and Building Leases)				
Contractual rent	Hotel rent	Linked to hotel sales and GOP			
	Retail space rent	JPY1,300 thousand per month			
Terms of contract	From May 17, 2019 to May 16, 2024				
Deposit and guarantee money	JPY0				
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%
5. Related parties for hotel operation					
Hotel lessee	AB Accommo. Co. Ltd.				
Property manager	CBRE K.K.				
6. Hotel website (*6)					
https://lagent.jp/sapporo-odori/en/					

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7. Summary of the building inspection report		
Investigation company		Tokio Marine dR Co., Ltd.
Investigation date		May 18, 2023
Repair expenses	Urgently required	JPY0
	Required within one year	JPY0
	Total amount for another 12 years	JPY364,691 thousand
Earthquake PML value (*7)		2.6%
8. Special remark		
None		

(*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 the Real estate and other assets 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)”

- Information set out in the “Structures and stories”, “Intended use” 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 the “Structure and stories” column, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- “Zoning, etc.” (“use district”, “special use district” and “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 floor space of the building and attached buildings taken from the certified copy of real estate registry.

(*4) “Transportation”

- It is stated according to the information from the market report prepared by KPMG FAS Co., Ltd.

(*5) “Leasable area” and “Leased area”

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

(*6) “Hotel website”

- It states the website address currently operated by the hotel lessee.

(*7) “PML”

- “PML (Probable Maximum Loss)” means the anticipated maximum 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 amounts are rounded down to the nearest JPY1,000.

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(2) Oriental Hotel Kyoto Rokujo

Property No.	58	Property Name	Oriental Hotel Kyoto Rokujo		
1. Asset summary (*1)					
Asset category	Real estate beneficial interest in trust and movable assets associated with the hotel				
Anticipated acquisition date	September 27, 2023				
Anticipated acquisition price	JPY4,446,028 thousand				
Appraisal value	JPY5,920,000 thousand (See “12. Real Estate Appraisal Report Summary” below for details.)				
2. Summary of real estate (or trusted real estate) (*2)					
Intended use of the property	Hotel / Limited-service hotel				
Ownership	Land	Ownership			
	Building	Ownership			
Land	Plot No.	181, Bokumikanabutsucho, Aburanokojidori-rokujo-agaru, Shimogyo-ku, Kyoto City, Kyoto			
	Address	181, Bokumikanabutsucho, Aburanokojidori-rokujo-agaru, Shimogyo-ku, Kyoto City, Kyoto			
	Acreage	1,741.01 m ²			
	Zoning, etc.	Neighborhood commercial district, quasi-fire prevention district, height control district (15m Category-3 height control district), landscape zone			
	Building-to-land ratio	80%			
	Floor area ratio	300%			
Building	Structure and stories	SRC with flat roof; 5 stories above ground with one story below ground			
	Intended use	Hotel			
	Completion	September 6, 2019			
	Total floor space (*3)	5,464.79 m ²			
	Designer	AXES City Architecture Co., Ltd			
	Constructor	Kyoto Head Office of Seed Heiwa Co., Ltd.			
	Institute that confirmed building	Japan ERI Co., Ltd.			
Present owner	Trustee: Mitsubishi UFJ Trust and Banking Corporation (Trust period expires on December 31, 2029) Beneficiary: Not disclosed (*4)				
3. Transportation (*5)					
About an 8-minute walk from “Gojo Station” on the Kyoto Municipal Subway Karasuma Line					
4. Lease status					
Total number of tenants	1				
Leasable area (*6)	5,464.79 m ²				
Leased area (*6)	5,464.79 m ²				
Form of lease	Fixed term lease contract (fixed term building lease contract as stipulated in Article 38 of the Act on Land and Building Leases)				
Contractual rent	Fixed rent	JPY14,250 thousand per month			
	Variable rent	(AGOP – base amount (JPY183,000 thousand/year)) × 93.5%			
Terms of contract	From October 31, 2019 to December 31, 2033				
Deposit and guarantee money	JPY0				
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%
5. Related parties for hotel operation					
Hotel lessee	Kyoto Horikawa Operations Co., Ltd.				
Property manager	Toyo Real Estate Property Management Co., Ltd.				
6. Hotel website (*7)					
https://kyotorokujo.oriental-hotels.com/l_en/					
7. Summary of the building inspection report					
Investigation company	Tokio Marine dR Co., Ltd.				
Investigation date	May 23, 2023				
Repair expenses	Urgently required	JPY0			
	Required within one year	JPY0			
	Total amount for another 12 years	JPY132,269 thousand			
Earthquake PML value (*8)	12.2%				

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8. Special remark
None

- (*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 the Real estate and other assets 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)”
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 - In the “Structure and stories” column, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
 - “Zoning, etc.” (“use district”, “special use district” and “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) Beneficiary on Present Owner section
- Undisclosed as consent of the beneficiary has not been obtained.
- (*5) “Transportation”
- It is stated according to the information from the market report prepared by KPMG FAS Co., Ltd.
- (*6) “Leasable area” and “Leased area”
- It is a total contracted area (including car parking space in the basement) based on the building lease contracts with hotel lessees, retail space lessees and office lessees.
- (*7) “Hotel website”
- It states the website address currently operated by the hotel lessee.
- (*8) “PML”
- “PML (Probable Maximum Loss)” means the anticipated maximum 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.
- (*9) All amounts are rounded down to the nearest JPY1,000.

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(3) Hotel Oriental Express Fukuoka Nakasukawabata

Property No.	59	Property Name	Hotel Oriental Express Fukuoka Nakasukawabata		
1. Asset summary (*1)					
Asset category	Real estate beneficial interest in trust and movable assets associated with the hotel				
Anticipated acquisition date	September 27, 2023				
Anticipated acquisition price	JPY4,460,819 thousand				
Appraisal value	JPY6,070,000 thousand (See “12. Real Estate Appraisal Report Summary” below for details.)				
2. Summary of real estate (or trusted real estate) (*2)					
Intended use of the property	Hotel / Limited-service hotel				
Ownership	Land	Ownership and partial superficies			
	Building	Ownership			
Land	Plot No.	202-1, 202-2, Tenyamachi, Hakata-ku, Fukuoka-city, Fukuoka			
	Address	6-26, Tenyamachi, Hakata-ku, Fukuoka-city, Fukuoka			
	Acreage	812.23 m ²			
	Zoning, etc.	Commercial district, fire preventive district			
	Building-to-land ratio	80%			
	Floor area ratio	600%			
Building	Structure and stories	S with flat roof; 11 stories above ground			
	Intended use	Hotel			
	Completion	April 7, 2021			
	Total floor space (*3)	4,614.35 m ²			
	Designer	First Class Architect Office of Nikki Sekkei Co., Ltd.			
	Constructor	Kyushu Branch of Nakano Corporation			
	Institute that confirmed building	The Building Center of Japan			
Present owner	Trustee: Mitsubishi UFJ Trust and Banking Corporation (Trust period expires on April 30, 2031) Beneficiary: Not disclosed (*4)				
3. Transportation (*5)					
About a 4-minute walk from “Nasukawabata Station” on the Fukuoka City Subway Airport Line and Hakozaki Line About a 3-minute walk from “Gofukumachi Station” on the Fukuoka City Subway Hakozaki Line					
4. Lease status					
Total number of tenants	1				
Leasable area (*6)	4,614.35 m ²				
Leased area (*6)	4,614.35 m ²				
Form of lease	Fixed term lease contract (fixed term building lease contract as stipulated in Article 38 of the Act on Land and Building Leases)				
Contractual rent	Fixed rent	JPY14,500 thousand per month			
	Variable rent	From February 1, 2023 to December 31, 2023: (AGOP – base amount (JPY173,250 thousand)) × 92% On and after January 1, 2024: (AGOP – base amount (JPY189,000 thousand/year)) × 92%			
Terms of contract	From April 23, 2021 to December 31, 2033				
Deposit and guarantee money	JPY0				
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%
5. Related parties for hotel operation					
Hotel lessee	Fukuoka Tenyamachi Operations Co., Ltd.				
Property manager	CBRE K.K.				
6. Hotel website (*7)					
https://nakasukawabata.hotelorientalexpress.com/en/					

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7. Summary of the building inspection report		
Investigation company		Tokio Marine dR Co., Ltd.
Investigation date		May 23, 2023
Repair expenses	Urgently required	JPY0
	Required within one year	JPY0
	Total amount for another 12 years	JPY100,084 thousand
Earthquake PML value (*8)		5.2%
8. Special remark		
None		

(*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 the Real estate and other assets 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)”

- Information set out in the “Structures and stories”, “Intended use” 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 the “Structure and stories” column, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- “Zoning, etc.” (“use district”, “special use district” and “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) Beneficiary on Present Owner section

- Undisclosed as consent of the beneficiary has not been obtained.

(*5) “Transportation”

- It is stated according to the information from the market report prepared by KPMG FAS Co., Ltd.

(*6) “Leasable area” and “Leased area”

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

(*7) “Hotel website”

- It states the website address currently operated by the hotel lessee.

(*8) “PML”

- “PML (Probable Maximum Loss)” means the anticipated maximum 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.

(*9) All amounts are rounded down to the nearest JPY1,000.

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5. Summary of the Sellers

(1) La'gent Stay Sapporo Odori

Name	J Hotel Sapporo GK
Headquarters	Tokyo United Group, 2-9-15, Yotsuya, Shinjuku-ku, Tokyo
Representative	Representative Partner: J Hotel Sapporo Holdings ISH Executive officer: Takuya Ikeda
Capital	JPY100,000
Establishment	December 2, 2020
Net assets	Not disclosed because the seller's consent has not been obtained
Total assets	Not disclosed because the seller's consent has not been obtained
Major shareholder and shareholding ratio	Not disclosed because the seller's consent has not been obtained
Major business	1. Acquisition, holding, management and disposal of securities and trust beneficiary interest 2. Acquisition, holding, management and disposal of real estate 3. Acquisition, holding and disposal of monetary claims 4. Any and all businesses incidental or related to the foregoing
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, except for those stated in "7. Transaction with Interested Party" below. 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.

(2) Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata

The relevant information is not disclosed as consent on disclosure has not been obtained from the seller. There are no capital, human or business relationships to be specifically noted between JHR or the Asset Management Company and the seller.

6. Status of Previous Owners, etc.

The previous owners do not have any special interest relationship with either JHR or the Asset Management Company.

7. Transaction with Interested Party

With respect to Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata, HMJ owns 100% of the shares of each hotel lessee, Kyoto Horikawa Operations Co., Ltd. and Fukuoka Tenyamachi Operations Co., Ltd. respectively. Since HMJ falls under the category of an interested party, etc. as stipulated in Article 201 of the Investment Trust Act as well as Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended), the above hotel lessees, whose shares are held by HMJ, will also fall under the category of interested party, etc. Therefore, in accordance with the "Code for Transactions with Sponsor-Related Party" stipulated by the Asset Management Company, appropriate procedures stipulated in the Code for Transactions with Sponsor-Related Party such as approval of the compliance committee with outside experts attending and of the Board of Directors meeting of JHR have been obtained, prior to the conclusion of the modification memorandum of the fixed-term building lease contracts with Kyoto Horikawa Operations Co., Ltd. and Fukuoka Tenyamachi Operations Co., Ltd. respectively.

With respect to La'gent Stay Sapporo Odori, one of the Assets for Anticipated Acquisition, the Asset Management Company has made a minority investment in the form of a preferred limited partnership investment in the investment business limited partnership, which holds a minority interest in the subordinated anonymous association (*tokumei kumiai*) investment raised by the seller for the acquisition of the said property.

However, the seller's decision-making is based on the advice of an independent third-party asset manager who is not affiliated with JHR. Therefore, neither said investment business limited partnership nor the Asset Management Company has the right to be involved in the decision-making of the seller. Further, decisions of the investment business limited partnership are made by the general partners, who are independent third parties.

As described above, neither the seller nor the investment business limited partnership falls under the category of an

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interested party, etc. as defined by laws and regulations, etc. or a sponsor-related party as defined by the internal rules of the Asset Management Company, given that the investment by the Asset Management Company is a small percentage of the total and the structure that the Asset Management Company is not involved in decision making.

However, in light of the fact that the Asset Management Company indirectly holds a minority interest, the scheduled acquisition of assets by JHR shall be treated as a transaction with sponsor-related party, and the acquisition has been performed after taking procedures stipulated in the relevant sponsor-related party transaction rules, including approval at a compliance committee meeting attended by outside experts and JHR's Board of Directors' meeting in accordance with the "Code for Transactions with Sponsor-Related Party".

8. Summary of Broker

There is no broker in the transactions for the Assets for Anticipated Acquisition.

9. Settlement Method

JHR plans to pay the transaction amounts by using new loans, funds to be procured through issuance of new investment units, together with cash on hand.

10. Schedule of Settlement Dates

Resolution for the acquisition	September 11, 2023
Conclusion of purchase and sale agreement	September 11, 2023
Settlement and transfer	September 27, 2023 (scheduled)

11. Future Prospects

With respect to the operating forecast after the acquisition of the Assets for Anticipated Acquisition, please refer to "Notice Concerning Revision of Operating Forecast for the Fiscal Year Ending December 2023 (24th Period)" dated today.

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12. Real Estate Appraisal Report Summary

(1) La'gent Stay Sapporo Odori

Real Estate Appraisal Report Summary		
Property name	La'gent Stay Sapporo Odori	
Appraisal value	JPY10,800,000 thousand	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	August 31, 2023	
Item	Details	Summary, etc.
Indicated value by income approach	JPY10,800,000 thousand	
Value by direct capitalization method	JPY11,000,000 thousand	
Operating income	JPY570,895 thousand	
Potential gross income	JPY571,675 thousand	
Rental revenue	JPY570,956 thousand	
Common service fee revenue	JPY0	
Utilities revenue	JPY0	
Parking lot revenue	JPY0	
Other revenue	JPY719 thousand	
Vacancy loss, etc.	JPY780 thousand	
Operating expenses	JPY50,914 thousand	
Maintenance and management expenses	JPY40 thousand	
Utilities cost	JPY0	
Repair expenses	JPY9,117 thousand	
Property management fee	JPY2,160 thousand	
Tenant recruitment cost, etc.	JPY124 thousand	
Tax and public dues	JPY38,473 thousand	
Non-life insurance premium	JPY1,000 thousand	
Other expenses	JPY0	
Net operating income	JPY519,981 thousand	
Gain on management of deposits	JPY124 thousand	
Capital expenditures	JPY21,572 thousand	Assessed considering the level of capital expenditure for similar properties, the building age, the average value of annual repair and renewal expenses on the engineering report and renewal costs for furniture, fixtures and equipment
FF&E reserve	JPY24,582 thousand	
Net cash flow	JPY473,951 thousand	
Cap rate	4.3%	
Value by DCF method	JPY10,600,000 thousand	
Discount rate	4.1%	
Terminal cap rate	4.5%	
Indicated value by cost approach	JPY9,400,000 thousand	
Land ratio	65.5%	
Building ratio	34.5%	Including movable assets
Other matters noted in appraisal by appraiser	The appraiser considered that indicated value by income approach which reliably reproduced price formation process from earnings' perspective is more persuasive than indicated value by 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.	

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(2) Oriental Hotel Kyoto Rokujo

Real Estate Appraisal Report Summary		
Property name	Oriental Hotel Kyoto Rokujo	
Appraisal value	JPY5,920,000 thousand	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	August 31, 2023	
Item	Details	Summary, etc.
Indicated value by income approach	JPY5,920,000 thousand	
Value by direct capitalization method	JPY6,020,000 thousand	
Operating income	JPY304,184 thousand	
Potential gross income	JPY304,184 thousand	
Rental revenue	JPY304,184 thousand	
Common service fee revenue	JPY0	
Utilities revenue	JPY0	
Parking lot revenue	JPY0	
Other revenue	JPY0	
Vacancy loss, etc.	JPY0	
Operating expenses	JPY23,013 thousand	
Maintenance and management expenses	JPY0	
Utilities cost	JPY0	
Repair expenses	JPY3,307 thousand	
Property management fee	JPY2,160 thousand	
Tenant recruitment cost, etc.	JPY0	
Tax and public dues	JPY16,997 thousand	
Non-life insurance premium	JPY549 thousand	
Other expenses	JPY0	
Net operating income	JPY281,171 thousand	
Gain on management of deposits	JPY0	
Capital expenditures	JPY8,039 thousand	Assessed considering the level of capital expenditure for similar properties, the building age, the average value of annual repair and renewal expenses on the engineering report and renewal costs for furniture, fixtures and equipment
FF&E reserve	JPY14,464 thousand	
Net cash flow	JPY258,668 thousand	
Cap rate	4.3%	
Value by DCF method	JPY5,820,000 thousand	
Discount rate	4.0%	
Terminal cap rate	4.4%	
Indicated value by cost approach	JPY5,090,000 thousand	
Land ratio	53.4%	
Building ratio	46.6%	Including movable assets
Other matters noted in appraisal by appraiser	The appraiser considered that indicated value by income approach which reliably reproduced price formation process from earnings' perspective is more persuasive than indicated value by 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.	

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(3) Hotel Oriental Express Fukuoka Nakasukawabata

Real Estate Appraisal Report Summary		
Property name	Hotel Oriental Express Fukuoka Nakasukawabata	
Appraisal value	JPY6,070,000 thousand	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	August 31, 2023	
Item	Details	Summary, etc.
Indicated value by income approach	JPY6,070,000 thousand	
Value by direct capitalization method	JPY6,200,000 thousand	
Operating income	JPY303,886 thousand	
Potential gross income	JPY303,886 thousand	
Rental revenue	JPY303,886 thousand	
Common service fee revenue	JPY0	
Utilities revenue	JPY0	
Parking lot revenue	JPY0	
Other revenue	JPY0	
Vacancy loss, etc.	JPY0	
Operating expenses	JPY23,629 thousand	
Maintenance and management expenses	JPY0	
Utilities cost	JPY0	
Repair expenses	JPY2,502 thousand	
Property management fee	JPY2,520 thousand	
Tenant recruitment cost, etc.	JPY0	
Tax and public dues	JPY18,111 thousand	
Non-life insurance premium	JPY446 thousand	
Other expenses	JPY50 thousand	
Net operating income	JPY280,257 thousand	
Gain on management of deposits	JPY0	
Capital expenditures	JPY5,981 thousand	Assessed considering the level of capital expenditure for similar properties, the building age, the average value of annual repair and renewal expenses on the engineering report and renewal costs for furniture, fixtures and equipment
FF&E reserve	JPY13,758 thousand	
Net cash flow	JPY260,518 thousand	
Cap rate	4.2%	
Value by DCF method	JPY5,930,000 thousand	
Discount rate	4.0%	
Terminal cap rate	4.4%	
Indicated value by cost approach	JPY4,300,000 thousand	
Land ratio	56.5%	
Building ratio	43.5%	Including movable assets
Other matters noted in appraisal by appraiser	The appraiser considered that indicated value by income approach which reliably reproduced price formation process from earnings' perspective is more persuasive than indicated value by 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.	

End

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

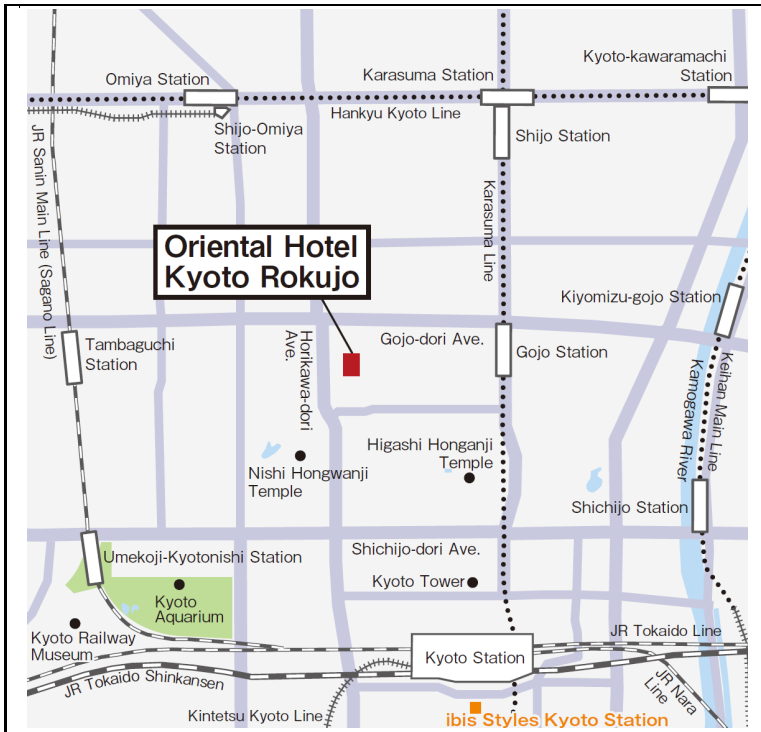
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<Attachment 1> Map of area around the Assets for Anticipated Acquisition

(1) La'gent Stay Sapporo Odori



(2) Oriental Hotel Kyoto Rokujo



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(3) Hotel Oriental Express Fukuoka Nakasukawabata



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

(1) La'gent Stay Sapporo Odori

Appearance of Building



Guest Room



Restaurant



Natural Hot Spring



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(2) Oriental Hotel Kyoto Rokujo

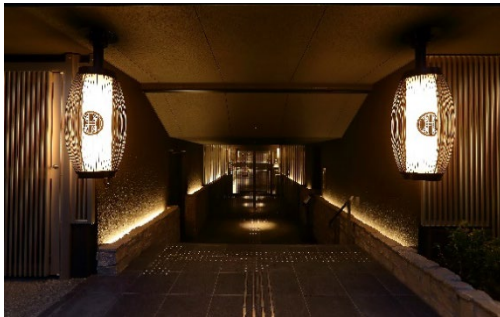
Appearance of Building



Guest Room



Entrance



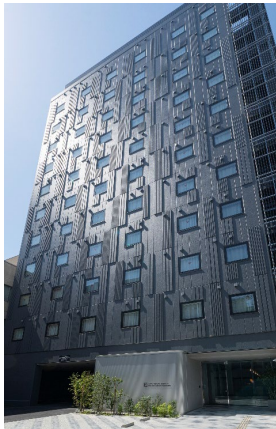
Restaurant



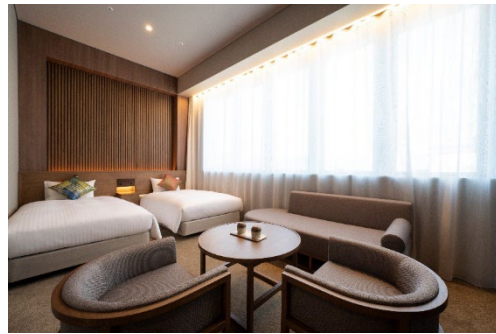
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(3) Hotel Oriental Express Fukuoka Nakasukawabata

Appearance of Building



Guest Room



Lobby



Restaurant



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

Property No.	Property Name	Type	Grade	Total number of guest rooms (*1)	Area (*2)	Building completion	Purchase price (*3) (JPY MM)	Investment ratio (*4)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Kansai (excluding Osaka)	Jul. 1995	10,900	2.8%
2	Oriental Hotel Tokyo Bay	Full-service	Mid-price	511	Kanto (excluding Tokyo)	May 1995	19,900	5.1%
3	Namba Oriental Hotel	Limited-service	Mid-price	258	Osaka	Mar. 1996	15,000	3.8%
4	Hotel Nikko Alivila	Resort	Luxury	397	Okinawa	Apr. 1994	18,900	4.8%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Chugoku	Sep. 1993 Extended in Sep. 2006	4,100	1.0%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	Mar. 2004 Extended in Jun. 2005 Extended in May 2006	7,610	1.9%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (excluding Tokyo)	Oct. 2006	4,070	1.0%
10	dormy inn Kumamoto	Limited-service	Mid-price	291	Kyushu (excluding Okinawa)	Jan. 2008	2,334	0.6%
12	the b suidobashi	Limited-service	Mid-price	99	Tokyo	Aug. 1986 Extended in Sep. 1989	1,120	0.3%
13	dormy inn EXPRESS Asakusa (*5)	Limited-service	Economy	75	Tokyo	Mar. 1997	999	0.3%
14	Washington Hotel Plaza Hakata, Nakasu	Limited-service	Mid-price	247	Kyushu (excluding Okinawa)	Mar. 1995	2,130	0.5%
15	Washington Hotel Plaza Nara	Limited-service	Mid-price	204	Kansai (excluding Osaka)	Mar. 2000	2,050	0.5%
16	R&B Hotel Ueno-hirokoji	Limited-service	Economy	187	Tokyo	Apr. 2002	1,720	0.4%
18	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	Jan. 2008	3,746	1.0%
22	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	Mar. 1997	2,108	0.5%
24	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	257	Kyushu (excluding Okinawa)	Sep. 2001 for both main building and annex	1,652	0.4%
25	Chisun Hotel Kamata	Limited-service	Economy	105	Tokyo	Jan. 1992	1,512	0.4%
26	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	Apr. 2003	823	0.2%
29	Oriental Hotel Universal City	Resort	Mid-price	330	Osaka	Jun. 2001	6,753	1.7%
31	Hilton Tokyo Bay	Resort	Luxury	828	Kanto (excluding Tokyo)	Jun. 1988	26,050	6.6%

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Property No.	Property Name	Type	Grade	Total number of guest rooms (*1)	Area (*2)	Building completion	Purchase price (*3) (JPY MM)	Investment ratio (*4)
32	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kansai (excluding Osaka)	Mar. 2009	6,600	1.7%
33	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	Jul. 2010	6,797	1.7%
34	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	Apr. 2009	6,000	1.5%
35	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	Aug. 2009	3,000	0.8%
37	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	Jun. 1982	6,520	1.7%
39	the b hachioji	Limited-service	Mid-price	196	Tokyo	Aug. 1986	2,610	0.7%
40	the b hakata	Limited-service	Mid-price	175	Kyushu (excluding Okinawa)	Sep. 1997	2,300	0.6%
41	Hotel Francs	Full-service	Mid-price	222	Kanto (excluding Tokyo)	Aug. 1991	3,105	0.8%
42	Mercure Yokosuka	Full-service	Mid-price	160	Kanto (excluding Tokyo)	Nov. 1993	1,650	0.4%
43	Oriental Hotel Okinawa Resort & Spa	Resort	Upper-middle	361	Okinawa	Feb. 2005 Extended in Dec. 2006	14,950	3.8%
44	ACTIVE-INTER CITY HIROSHIMA (*6) (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Chugoku	Aug. 2010	17,320	4.4%
45	CANDEO HOTELS Ueno Koen	Limited-service	Mid-price	268	Tokyo	Dec. 2009	6,705	1.7%
46	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Kyushu (excluding Okinawa)	Jul. 1985	7,197	1.8%
47	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	Aug. 2008	27,000	6.9%
48	Hotel Oriental Express Fukuoka Tenjin	Limited-service	Mid-price	263	Kyushu (excluding Okinawa)	Apr. 1999	5,248	1.3%
49	Hilton Nagoya	Full-service	Luxury	460	Chubu	Feb. 1989	15,250	3.9%
50	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Kanto (excluding Tokyo)	Aug. 1993	13,175	3.4%
51	International Garden Hotel Narita	Full-service	Mid-price	463	Kanto (excluding Tokyo)	May 1996	9,125	2.3%
52	Hotel Nikko Nara	Full-service	Upper-middle	330	Kansai (excluding Osaka)	Feb. 1998	10,373	2.6%
53	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	Jan. 2018	2,738	0.7%
54	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	Jan. 1996	62,400	15.9%
55	UAN kanazawa	Limited-service	Upper-middle	47	Chubu	Sep. 2017	2,050	0.5%

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Property No.	Property Name	Type	Grade	Total number of guest rooms (*1)	Area (*2)	Building completion	Purchase price (*3) (JPY MM)	Investment ratio (*4)
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Limited-service	Mid-price	220	Tokyo	Mar. 2008	8,400	2.1%
57	La'gent Stay Sapporo Odori	Limited-service	Mid-price	219	Hokkaido	Jun. 2016	10,020	2.6%
58	Oriental Hotel Kyoto Rokujo	Limited-service	Mid-price	166	Kansai (excluding Osaka)	Sep. 2019	4,446	1.1%
59	Hotel Oriental Express Fukuoka Nakasukawabata	Limited-service	Mid-price	183	Kyushu (excluding Okinawa)	Apr. 2021	4,460	1.1%
	Total	-	-	12,114	-	-	392,918	100.0%

(*1) Number of rooms available for sale as of today.

(*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 Acquisition.

(*4) The percentage of each acquisition price or anticipated acquisition price to the total of acquisition price (including anticipated acquisition price) is indicated and the numbers are rounded off to one decimal place.

(*5) dormy inn · global cabin Asakusa changed its name to dormy inn EXPRESS Asakusa as of April 1, 2023.

(*6) Type, grade and total number of guest rooms of ACTIVE-INTER CITY HIROSHIMA are those of the main facility, Sheraton Grand Hiroshima Hotel.

(*7) Property numbers for the assets having been disposed of are excluded from the table above.

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