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November 7, 2023

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Notice Concerning Acquisition and Lease of New Asset (Hotel JAL City Kannai Yokohama)

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 property below (hereinafter called the “Asset for Anticipated Acquisition”) today on behalf of JHR.

The lessee falls under the category of interested parties under the Act on Investment Trusts and Investment Corporations (Act No. 198 of June 4, 1951. as amended. Hereinafter called the “Investment Trust Act.”). For this reason, the consent of JHR, based on the approval of the JHR’s board of directors, has been obtained for the conclusion of the lease contract in accordance with the Investment Trust Act and the code of sponsor-related party transactions stipulated by the Asset Management Company (For details, please refer to “9. Transactions with interested parties” below.).

1. Summary of the Asset for Anticipated Acquisition

| Name of the Asset for Anticipated Acquisition | Asset type (*1) | Rent type | Anticipated acquisition price (*2) | Anticipated acquisition date | Collateral |
|---|-----------------------|------------------------------|------------------------------------|------------------------------|------------|
| Hotel JAL City Kannai Yokohama | Limited-service hotel | Fixed rent and Variable rent | JPY4,000,000 thousand | December 22, 2023 | Unsecured |

(*1) JHR categorizes hotels into three types, “limited-service hotel” (hotels specializing 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 resort areas, which are areas with rich natural environment or tourist attractions such as hot springs and scenic spots, or areas surrounding famous leisure facilities and leisure facilities with high ability to attract customers, etc.) according to the manner of operation provided. The same shall apply below.

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

(*3) Please refer to “6. Summary of the Seller” below for information on the seller.

2. Rationale for Acquisition

JHR aims to provide investors with attractive investment opportunities in hotel assets that can realize both stability and upside potential. The Asset Management Company has determined to acquire the Asset for Anticipated Acquisition based on the judgment that the Asset for Anticipated Acquisition meets the directionality of JHR above for the following reasons.

Hotel JAL City Kannai Yokohama, the Asset for Anticipated Acquisition, is located in the Kannai area of Yokohama, which can capture demand for both business and leisure. The hotel is steadily capturing demand for accommodation in the current hotel market. JHR believes that the hotel will continue to attract growing demand for accommodation.

The Asset for Anticipated Acquisition is scheduled to be leased to K.K. Yokohama Yamashita-cho Operations. (hereinafter called “HMJ subsidiary”), which is 100% owned by Hotel Management Japan Co., Ltd. (hereinafter called “HMJ”), a strategic partner of JHR. The rent structure stipulated in the lease agreement ensures stability for JHR through fixed rents, while upside can be expected through variable rents. JHR believes that the acquisition of the Asset for Anticipated Acquisition will improve the quality of its portfolio.

JHR’s selection criteria for hotel lessees is a comprehensive evaluation of creditworthiness and hotel management ability. JHR believes that the lessee of the Asset for Anticipated Acquisition meets the tenant selection criteria stated in the “Report on the Management Structure of Issuers of Real Estate Investment Trust Securities, etc.” released by JHR on March 31, 2023.

3. Features of the Asset for Anticipated Acquisition

(1) Yokohama Hotel Market

The Kannai area, which is located in the center of Yokohama and has convenient transportation, is surrounded by administrative institutions such as Kanagawa Prefectural Office and Yokohama City Hall, as well as major tourist spots such as Minato Mirai, Yokohama Chinatown, and Yamashita Park. The Kannai area is a market that can capture business demand on weekdays, leisure demand on weekends, and demand for events held in Yokohama Stadium, Pacifico Yokohama, etc. As the hotel market recovers from the COVID-19 pandemic and heads toward growth, domestic and international business and leisure demand is expected to continue expanding. Based on these factors, JHR believes that the Kannai area of Yokohama is a hotel market that can be expected to grow further.

(2) Features of the Asset for Anticipated Acquisition

a. Superiority in location

The Asset for Anticipated Acquisition boasts excellent accessibility, with Nihon-Odori Station just around a 2-minute walk away and Kannai Station around a 10-minute walk away. It is located in a bustling area with many offices and major tourist attractions.

b. Superiority in infrastructure

The Asset for Anticipated Acquisition is a 170-room limited-service hotel completed in 2006. Since the hotel mainly consists of twin rooms, all rooms can accommodate two or more people. Thus, JHR believes that this hotel is suitable for capturing both business and leisure demand.

c. Superiority in operations

JHR, together with the HMJ subsidiary, a potential lessee, aims to grow through an active asset management strategy using the HMJ platform.

The operation of the Asset for Anticipated Acquisition will continue to be entrusted to Okura Nikko Hotel Management Co., Ltd., the current operator of the Asset for Anticipated Acquisition. JHR already owns Hotel Nikko Alivila and Hotel Nikko Nara, operated by Okura Nikko Hotel Management Co., Ltd., and believes that further upside can be pursued through collaboration with the company.

4. Details of the Asset for Anticipated Acquisition

| | | | | | |
|---|---|---|--------------------------------|----------------------|----------------------|
| Property No. | 60 | Property Name | Hotel JAL City Kannai Yokohama | | |
| 1. Asset summary (*1) | | | | | |
| Asset category | Real estate beneficial interest in trust | | | | |
| Anticipated acquisition date | December 22, 2023 | | | | |
| Anticipated acquisition price | JPY4,000,000 thousand | | | | |
| Appraisal value | JPY4,310,000 thousand (Please refer to “13. 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. | 72-2,72-3 Yamashita-cho, Naka-ku, Yokohama-shi, Kanagawa | | | |
| | Address | 72 Yamashita-cho, Naka-ku, Yokohama-shi, Kanagawa | | | |
| | Acreage | 903.63 m ² | | | |
| | Zoning, etc. | Commercial district, Fire prevention district | | | |
| | Building-to-land ratio | 100% | | | |
| | Floor area ratio | 600% | | | |
| Building | Structure and stories | RC with flat roof, ten floors above ground and one basement floor | | | |
| | Intended use | Hotels, parking lots | | | |
| | Completion | November 2006 | | | |
| | Total floor space (*3) | 5,770.18 m ² | | | |
| | Designer | Mitsubishi Jisho Design Inc. | | | |
| | Constructor | SHIMIZU CORPORATION | | | |
| | Institute that confirmed the building | URBAN HOUSING EVALUATION CENTER | | | |
| Present owner | Undisclosed | | | | |
| 3. Transportation (*4) | | | | | |
| Approximately 2-minute walk from Nihon-odori Station on the Minatomirai Line | | | | | |
| Approximately 10-minutes-walk from Kannai Station on the JR Keihin Tohoku/Negishi Line | | | | | |
| 4. Lease status | | | | | |
| Total number of tenants | 1 | | | | |
| Leasable area (*5) | 5,770.18 m ² | | | | |
| Leased area (*5) | 5,770.18 m ² | | | | |
| Lease category | Fixed term lease contract (Fixed-term building lease contract as stipulated in Article 38 of the Act on Land and Building Leases) | | | | |
| Contracted rent | Fixed rent | JPY11,250 thousand/month | | | |
| | Variable rent | If the annual AGOP exceeds the base amount (150,000 thousand yen), the excess amount multiplied by 95%. | | | |
| Terms of lease | December 22, 2023 to December 31, 2033 | | | | |
| Deposit and guarantee money (*6) | 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 | K.K.Yokohama Yamashita-cho Operations | | | | |
| Operation support company | Okura Nikko Hotel Management Co., Ltd. | | | | |
| Property manager | Sun Frontier Fudousan Co., Ltd. | | | | |
| 6. Hotel website (*7) | | | | | |
| https://www.okura-nikko.com/japan/yokohama/hotel-jal-city-kannai-yokohama/ | | | | | |
| 7. Summary of the building inspection report | | | | | |
| Investigation company | DAIWA REAL ESTATE APPRAISAL CO., LTD. | | | | |
| Investigation date | September 6, 2023 | | | | |
| Repair expenses | Urgently required | JPY0 | | | |
| | Required within one year | JPY0 | | | |
| | Total amount for another 12 years | JPY235,992 thousand | | | |
| Earthquake PML value (*8) | 7.9% | | | | |

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|--------------------------|
| 8. Special remark |
| Not applicable |

- (*1) Asset summary
 Asset category indicates the category of real estate beneficial interest in trust as a 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 PSA 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 the 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 operator.
- (*5) Leasable area and Leased area
 It is a total contracted area (including car parking space) based on the building lease agreements with hotel lessees, retail space lessees and office lessees.
- (*6) Deposit and guarantee money
 The amount is based on the fixed-term building lease agreement with the hotel lessee.
- (*7) Hotel website
 Stated the website address currently operated by the hotel operator.
- (*8) 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 on-site inspection, assessment of building condition, confirmation of the consistency with the design document, ground investigation, local factors, and structural investigation.
- (*9) All monetary amounts are rounded down to the nearest JPY1,000.

5. Impact on JHR's finances if the Forward Commitment, etc.* Is Not Fulfilled.

The PSA related to the Asset for Anticipated Acquisition falls under forward commitments, etc.*. Under the PSA, if JHR or the seller breaches the PSA, the other party may cancel the agreement and demand an amount equivalent to 10% of the purchase price as a penalty. Considering the size of JHR's assets and cash flow level, we believe that the level of the penalty will not excessively impact JHR's overall portfolio and is unlikely to have a material impact on JHR's finances, dividend payments, etc.

(*) Forward commitment, etc.* is defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. by Financial Services Agency as "a postdated real estate transaction contract where there is an agreement to either make a financial settlement or close on a property sale after a period of one month or more following the conclusion of the contract, or any other similar contracts."

6. Summary of the Seller

Not disclosed because the approval of the seller (a Japanese corporation) has not been obtained. No capital, human, or business relationships are to be specifically noted between JHR or the Asset Management Company and the seller.

7. Status of Previous Owner, etc.

This is not an acquisition from a party with any special interest relationship with JHR or the Asset Management Company.

8. Summary of Broker

No brokers were involved in the transaction for the Asset for Anticipated Acquisition.

9. Transaction with Interested Party

HMJ owns 100% of the shares of the lessee, K.K. Yokohama Yamashita-cho Operations. HMJ falls under the category of an interested party, etc., as defined in Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended). Therefore, the above lessee, in which HMJ holds shares, will also fall under an interested party, etc. Thus, in concluding a fixed-term building lease contract with K.K. Yokohama Yamashita-cho Operations, the Asset Management Company has followed the appropriate procedures stipulated in the Rules on Transactions with Sponsor-related parties, internal code of the Asset Management Company, including approval at the meetings of the Compliance Committee attended by outside experts and JHR's Board of Directors.

10. Settlement Method

JHR plans to pay the transaction amounts by loans and using cash on hand.

11. Schedule of Settlement Dates

| | |
|---|--------------------------|
| Resolution for the acquisition | November 7, 2023 |
| Conclusion of purchase and sale agreement | November 7, 2023 |
| Date of settlement and delivery | December 22, 2023 (Plan) |

12. Future Prospects

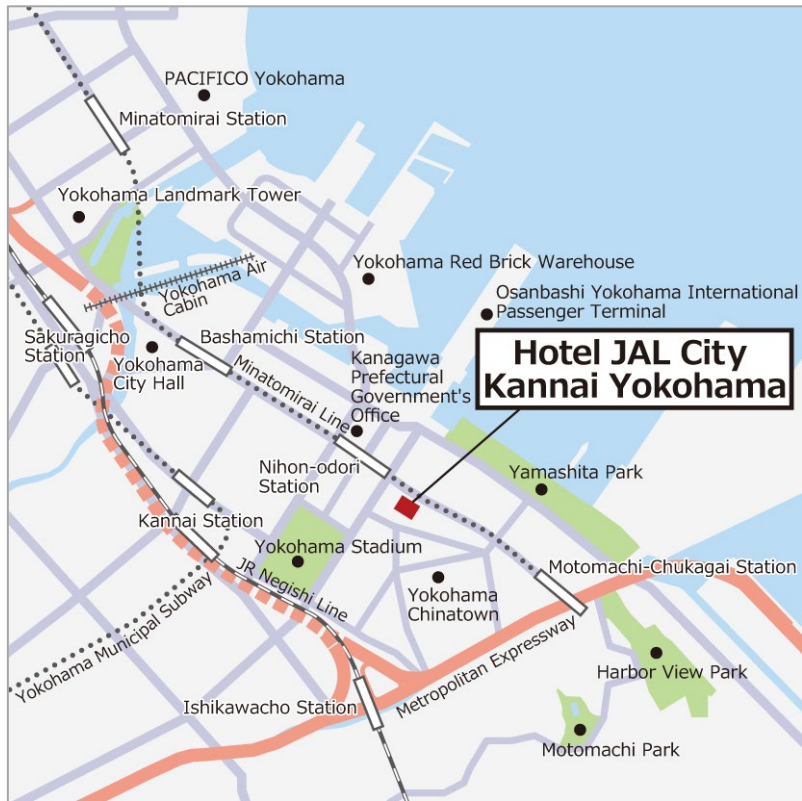
The impact on the operating forecast for the fiscal year 2023 (from January 1, 2023, to December 31, 2023) is negligible and will remain unchanged.

13. Real Estate Appraisal Report Summary

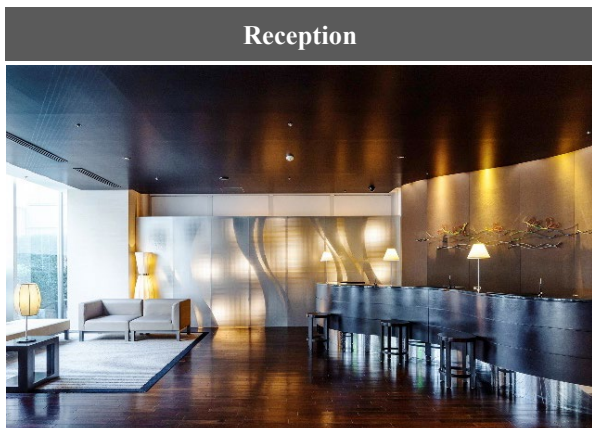
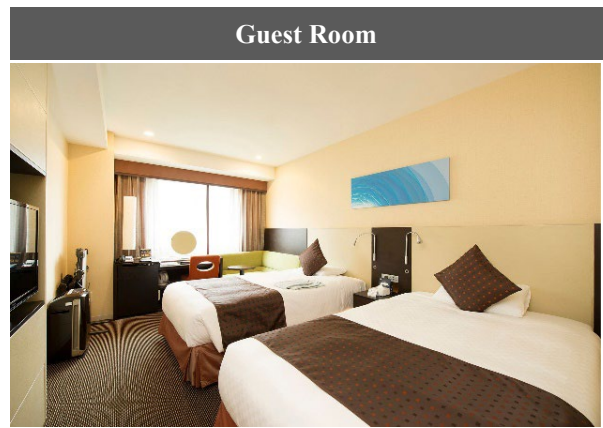
| Real Estate Appraisal Report Summary | | |
|---|--|---|
| Property name | Hotel JAL City Kannai Yokohama | |
| Appraisal value | JPY4,310,000 thousand | |
| Name of appraiser | Japan Real Estate Institute | |
| Date of appraisal | September 30, 2023 | |
| Item | Details (JPY thousand) | Summary, etc. |
| Indicated value by income approach | 4,310,000 | |
| Value by direct capitalization method | 4,410,000 | |
| Operating income | 231,418 | |
| Potential gross income | 231,418 | |
| Potential rent income | 231,418 | |
| Utilities income | 0 | |
| Parking lots income | 0 | |
| Other income | 0 | |
| Vacancy loss, etc. | 0 | |
| Operating expenses | 25,044 | |
| Maintenance and management expenses | 0 | |
| Utilities cost | 0 | |
| Repair expenses | 5,900 | |
| Property management fee | 1,800 | |
| Tenant leasing cost, etc. | 0 | |
| Tax and public dues | 16,243 | |
| Non-life insurance premium | 601 | |
| Other expenses | 500 | |
| Net operating income | 206,374 | |
| Gain on management of deposits | 0 | |
| Capital expenditures | 14,024 | 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 |
| FF&E Reserve | 11,498 | |
| Net cash flow | 180,852 | |
| Cap rate | 4.1% | |
| Value by DCF method | 4,210,000 | |
| Discount rate | 3.9% | |
| Terminal cap rate | 4.3% | |
| Indicated value by cost approach | 3,830,000 | |
| Land ratio | 67.9% | Land/building ratio prorated for certain incidental expenses |
| Building ratio | 32.1% | |
| Other matters noted in appraisal by appraiser | The appraiser considered that indicated value by an income approach, which reliably reproduced the price formation process from an 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. | |

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

<Attachment 1> Map around the Asset for Anticipated Acquisition



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



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

| Property No. | Property Name | Type | Grade | No. of Guest Rooms (*1) | Area (*2) | Building Completion | Acquisition Price (*3) (JPY MM) | Investment Ratio (*4) |
|--------------|--|-----------------|--------------|-------------------------|----------------------------|---|---------------------------------|-----------------------|
| 1 | Kobe Meriken Park Oriental Hotel | Full-service | Upper-middle | 323 | Kansai (excluding Osaka) | July 1995 | 10,900 | 2.7% |
| 2 | Oriental Hotel Tokyo Bay | Full-service | Mid-price | 511 | Kanto (excluding Tokyo) | May 1995 | 19,900 | 5.0% |
| 3 | Namba Oriental Hotel | Limited-service | Mid-price | 258 | Osaka | March 1996 | 15,000 | 3.8% |
| 4 | Hotel Nikko Alivila | Resort | Luxury | 397 | Okinawa | April 1994 | 18,900 | 4.8% |
| 5 | Oriental Hotel Hiroshima | Full-service | Upper-middle | 227 | Chugoku | September 1993 Extended in September 2006 | 4,100 | 1.0% |
| 8 | The Beach Tower Okinawa | Resort | Mid-price | 280 | Okinawa | March 2004 Extended in June 2005 Extended in May 2006 | 7,610 | 1.9% |
| 9 | Hakone Setsugetsuka | Resort | Mid-price | 158 | Kanto (excluding Tokyo) | October 2006 | 4,070 | 1.0% |
| 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 EXPRESS 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 | 0.5% |
| 15 | Nara Washington Hotel Plaza | Limited-service | Mid-price | 204 | Kansai (excluding Osaka) | March 2000 | 2,050 | 0.5% |
| 16 | R&B Hotel Ueno-hirokoji | Limited-service | Economy | 176 | Tokyo | April 2002 | 1,720 | 0.4% |
| 18 | Comfort Hotel Tokyo Higashi Nihombashi | Limited-service | Economy | 259 | Tokyo | January 2008 | 3,746 | 0.9% |
| 22 | Smile Hotel Nihombashi Mitsukoshimae | Limited-service | Economy | 164 | Tokyo | March 1997 | 2,108 | 0.5% |
| 24 | Toyoko Inn Hakata-guchi Ekimae | Limited-service | Economy | 256 | Kyushu (excluding Okinawa) | Main building and annex both in September 2001 | 1,652 | 0.4% |
| 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 | 1.7% |
| 31 | Hilton Tokyo Bay | Resort | Luxury | 828 | Kanto (excluding Tokyo) | June 1988 | 26,050 | 6.6% |
| 32 | ibis Styles Kyoto Station | Limited-service | Mid-price | 215 | Kansai (excluding Osaka) | March 2009 | 6,600 | 1.7% |
| 33 | ibis Styles Sapporo | Limited-service | Mid-price | 278 | Hokkaido | July 2010 | 6,797 | 1.7% |
| 34 | Mercure Sapporo | Limited-service | Mid-price | 285 | Hokkaido | April 2009 | 6,000 | 1.5% |
| 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 | 1.6% |
| 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 | 0.4% |

| Property No. | Property Name | Type | Grade | No. of Guest Rooms (*1) | Area (*2) | Building Completion | Acquisition Price (*3) (JPY MM) | Investment Ratio (*4) |
|--------------|---|-----------------|--------------|-------------------------|----------------------------|---|---------------------------------|-----------------------|
| 43 | Oriental Hotel Okinawa Resort & Spa | Resort | Upper-middle | 361 | Okinawa | February 2005 Extended in December 2006 | 14,950 | 3.8% |
| 44 | ACTIVE-INTER CITY HIROSHIMA (*5) (Sheraton Grand Hiroshima Hotel) | Full-service | Luxury | 238 | Chugoku | August 2010 | 17,320 | 4.4% |
| 45 | CANDEO HOTELS UENO-KOEN | Limited-service | Mid-price | 268 | Tokyo | December 2009 | 6,705 | 1.7% |
| 46 | Oriental Hotel Fukuoka Hakata Station | Full-service | Upper-middle | 221 | Kyushu (excluding Okinawa) | July 1985 | 7,197 | 1.8% |
| 47 | Holiday Inn Osaka Namba | Limited-service | Mid-price | 314 | Osaka | August 2008 | 27,000 | 6.8% |
| 48 | Hotel Oriental Express Fukuoka Tenjin | Limited-service | Mid-price | 263 | Kyushu (excluding Okinawa) | April 1999 | 5,248 | 1.3% |
| 49 | Hilton Nagoya | Full-service | Luxury | 460 | Chubu | February 1989 | 15,250 | 3.8% |
| 50 | Hilton Tokyo Narita Airport | Full-service | Upper-middle | 548 | Kanto (excluding Tokyo) | August 1993 | 13,175 | 3.3% |
| 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) | February 1998 | 10,373 | 2.6% |
| 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 | 15.7% |
| 55 | UAN kanazawa | Limited-service | Upper-middle | 47 | Chubu | September 2017 | 2,050 | 0.5% |
| 56 | Sotetsu Fresa Inn Shimbashi-Karasumoriguchi | Limited-service | Mid-price | 220 | Tokyo | March 2008 | 8,400 | 2.1% |
| 57 | La'gent Stay Sapporo Odori | Limited-service | Mid-price | 219 | Hokkaido | June 2016 | 10,020 | 2.5% |
| 58 | Oriental Hotel Kyoto Rokujo | Limited-service | Mid-price | 166 | Kansai (excluding Osaka) | September 2019 | 4,446 | 1.1% |
| 59 | Hotel Oriental Express Fukuoka Nakasu Kawabata | Limited-service | Mid-price | 183 | Kyushu (excluding Okinawa) | April 2021 | 4,460 | 1.1% |
| 60 | Hotel JAL City Kannai Yokohama | Limited-service | Mid-price | 170 | Kanto (excluding Tokyo) | November 2006 | 4,000 | 1.0% |
| | Total | - | - | 12,272 | - | - | 396,918 | 100.0% |

(*1) Number of rooms available to sell as of today.

(*2) Tokyo means Tokyo metropolitan area. Kanto (excluding Tokyo) means Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi, and Yamaguchi 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, and Okinawa means Okinawa prefecture.

(*3) The acquisition prices stated on the PSA and other related agreements are indicated (consumption taxes, local consumption taxes, and acquisition expenses such as brokerage fees are not included). The acceptance prices are indicated for the assets accepted through the merger. The anticipated acquisition price is indicated for the Asset for Anticipated Acquisition.

(*4) The percentage of each acquisition price or anticipated acquisition price to the total acquisition price (including 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.