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For immediate release

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Notice Concerning Leasing of Domestic Real Estate (22 Roadside Properties)

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that, in regard to the "22 Roadside Properties" held by HRR (for details, please refer to "2. Overview of the Lease", and hereinafter referred to as the "Properties"), Hoshino Resort Asset Management Co., Ltd. (hereinafter the "Asset Management Company"), to which HRR entrusts its asset management, has made a decision to lease the Properties to Greens Co., Ltd. (hereinafter "Greens") on and from May 2, 2024, and that HRR and Greens have executed an agreement agreeing to the same.

1. Reason for and Outline of the Lease

Regarding the Properties, each of the fixed-term building lease agreements with conditions precedent concluded between HRR and SHR Roadside Inn Co., Ltd. (hereinafter "SHR Roadside Inn"), a member of the Solare Group, will expire on May 1, 2024, so the Asset Management Company has been conducting discussions with multiple businesses to deliberate the selection of a new lessee.

As a result of the deliberation, it has been decided to select Greens as the new lessee and lease the Properties on and after May 2, 2024, on the basis that it will contribute to securing long-term and stable cash flow from the Properties and to expanding HRR's assets. Based on this, HRR and Greens entered into an agreement (hereinafter the "Lease Agreement") agreeing to lease the Properties and the principal terms and conditions of the lease.

The main reasons for selecting Greens are as follows:

Reason for Selection (i) (Securing long-term and stable cash flow from the Properties)

- As a specialized hotel operator, it has 65 years of experience in operating a wide range of hotels, including its mainstay urban station hotels, as well as roadside hotels and operator change projects, so we can expect stable management of this group of Properties.
- By adopting a rent structure of "fixed rent + floating rent (based on facility profit)" we can expect to contribute to maximizing profits over the medium to long term.
- By utilizing the non-refundable security deposit provided by Greens, it is possible to invest in rebranding and avoiding the risk of a drop in dividends due to downtime (period of closure, etc.) associated with rebranding can be expected

Reason for Selection (ii) (Expansion of HRR's assets)

- At the same time as the conclusion of the Lease Agreement, HRR, Greens, and MUFG Bank, Ltd. have, with regard to roadside hotels operated by Greens, entered into an agreement on a partnership aimed at expanding business operations throughout Japan by 2030, which we judged would lead to the acquisition of opportunities to expand HRR's assets.

Please refer to the Exhibits for an overview of the change in lessee and details of the agreement on the future growth strategy.

2. Overview of the Lease

The outline of the lease agreed in the Lease Agreement is as follows: The details of the lease will be defined in the fixed-term building lease agreement to be concluded between HRR and Greens, and may change in the future.

(1) Target properties (planned)

Property number	Property name	Current lessee	New lessee (scheduled)
0-1	Chisun Inn Shiojiri Kita IC	SHR Roadside Inn	Greens
0-2	Chisun Inn Sano Fujioka IC		
0-3	Chisun Inn Suwa IC		
0-4	Chisun Inn Toyokawa IC		
0-5	Chisun Inn Tosu		
0-6	Chisun Inn Chiba Hamano R16		
0-7	Chisun Inn Kumamoto Miyukifueda		
0-8	Chisun Inn Utsunomiya Kanuma		
0-9	Chisun Inn Fukui		
0-10	Chisun Inn Fukushima Nishi IC		
0-11	Chisun Inn Niigata Chuo IC		
0-12	Chisun Inn Omura Nagasaki Airport		
0-13	Chisun Inn Hitachinaka		
0-14	Chisun Inn Tsuchiura Ami		
0-15	Chisun Inn Kofu Isawa		
0-16	Chisun Inn Marugame Zentsuji		
0-17	Chisun Inn Munakata		
0-18	Chisun Inn Iwate Ichinoseki IC		
0-19	Chisun Inn Karuizawa		
0-20	Chisun Inn Himeji Yumesakibashi		
0-21	Chisun Inn Kurashiki Mizushima		
0-30	Chisun Inn Kagoshima Taniyama		

(Note) The name of the Properties is scheduled to change on the start date of the lease of the Properties. As of today, the name is scheduled to change to "Comfort Inn" but this is subject to change.

(2) Details of the lease (scheduled)

Property number	Property name	Leased area (m ²)	Annual rent (Millions of yen) (Note 1)	Security deposit (Millions of yen)	Portion of security deposit that does not need to be returned (Millions of yen)	Period	Lease start date
0-1	Chisun Inn Shiojiri Kita IC	2,100.47	22 + floating rent (based on facility profit)	11	661	10 years	May 2, 2024 (Scheduled) (Note 2)
0-2	Chisun Inn Sano Fujioka IC	1,968.91	21 + floating rent (based on facility profit)	10			
0-3	Chisun Inn Suwa IC	1,944.94	21 + floating rent (based on facility profit)	10			
0-4	Chisun Inn Toyokawa IC	2,040.09	22 + floating rent (based on facility profit)	11			
0-5	Chisun Inn Tosu	1,968.02	21 + floating rent (based on facility profit)	10			
0-6	Chisun Inn Chiba Hamano R16	2,023.29	22 + floating rent (based on facility profit)	11			
0-7	Chisun Inn Kumamoto Miyukifueda	2,094.77	22 + floating rent (based on facility profit)	11			
0-8	Chisun Inn Utsunomiya Kanuma	2,094.16	22 + floating rent (based on facility profit)	11			
0-9	Chisun Inn Fukui	2,094.01	22 + floating rent (based on facility profit)	11			
0-10	Chisun Inn Fukushima Nishi IC	2,094.01	22 + floating rent (based on facility profit)	11			
0-11	Chisun Inn Niigata Chuo IC	2,094.16	22 + floating rent (based on facility profit)	11			
0-12	Chisun Inn Omura Nagasaki Airport	1,968.02	21 + floating rent (based on facility profit)	10			
0-13	Chisun Inn Hitachinaka	1,968.30	21 + floating rent (based on facility profit)	10			
0-14	Chisun Inn Tsuchiura Ami	1,968.03	21 + floating rent (based on facility profit)	10			
0-15	Chisun Inn Kofu Isawa	1,968.47	21 + floating rent (based on facility profit)	10			
0-16	Chisun Inn Marugame Zentsuji	2,094.16	22 + floating rent (based on facility profit)	11			
0-17	Chisun Inn Munakata	2,094.16	22 + floating rent (based on facility profit)	11			
0-18	Chisun Inn Iwate Ichinoseki IC	1,968.02	21 + floating rent (based on facility profit)	10			
0-19	Chisun Inn Karuizawa	1,917.10	20 + floating rent (based on facility profit)	10			
0-20	Chisun Inn Himeji Yumesakibashi	2,406.95	26 + floating rent (based on facility profit)	13			
0-21	Chisun Inn Kurashiki Mizushima	2,094.16	22 + floating rent (based on facility profit)	11			
0-30	Chisun Inn Kagoshima Taniyama	8,066.36	87 + floating rent (based on facility profit)	43			
Total		51,030.56	555 + floating rent (based on facility profit)	277	661	-	-

(Note 1) The Property rent consists of fixed rent and floating rent (based on facility profit). Therefore, in the annual rent column, the annual fixed rent amount is stated along with the floating rent amount (based on facility profit). The Property floating rent (based on facility profit) will be calculated by subtracting the fixed rent from an amount equivalent to 88% of the previous month's GOP (an amount obtained by deducting the cost of sales, SG & A expenses, and head office expenses (personnel costs, outsourcing costs, and other expenses incurred by the lessee in the facility management department, administration department, including human resources, general affairs, accounting, information systems and purchasing and sales department, which are prorated to each hotel operated by the lessee) from the total revenue of the Properties in the previous month). However, in regard to the floating rent for the Properties between November 1, 2023 and April 30, 2024, sales for the 12 months from October 2022 to September 2023 will become the base sales. For Kagoshima-Taniyama, the amount will be equivalent to 1/24 of the amount obtained by subtracting 250 million yen from the base sales, and for the other 21 properties, the amount will be equivalent to 1/12 of the amount obtained by subtracting the fixed rent from the amount obtained by multiplying the base sales by the floating rate (36.5%). There is no guarantee that floating rent (based on facility profit) will be generated as it is rent that is generated when the profit of the subject facility exceeds a certain level.

(Note 2) The lease of each property is subject to conditions precedent such as the completion of the removal of the SHR Roadside Inn, and the lease start date of each property may change depending on the status of the handover of operations.

3. Future Outlook

The lease of the Property is scheduled to commence on or after May 2, 2024, so there is no impact on the forecast of the operating status for the fiscal period ending October 2023 (May 1, 2023 to October 31, 2023). With regard to the forecast of the operating status for the fiscal period ending April 2024 (November 1, 2023 to April 30, 2024), the calculation method of the rent of the Properties for the relevant period is based on the performance before the change in the lessee of the Properties and is not impacted by the change in the lessee of the Properties. Therefore, the impact on the operating results for the relevant period is minimal and there is no change.



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

*** 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.**

Transfer of operations to Greens

The 22 Chisun Inn properties operated by the Solare Group will be rebranded and transferred to Greens as the management entity. The brand under consideration following the rebranding currently is Comfort Inn, one of the Comfort brands owned by Greens. (Note) Greens Co., Ltd. ("Greens") has expanded its business operations through synergy between its Choice Brand, a global brand of more than 7,400 hotel chains in 45 countries, and its Original Brand, which has more than 60 years of hotel management experience.

Highlight

	Before rebranding	After rebranding (after May 2024)
Property name	CHISUN Inn 	Comfort Inn (scheduled) 
Operator	Solare Group	Greens Co., Ltd.
Lessee	SHR Roadside Inn Co., Ltd.	
Total guest rooms	2,205 rooms	2,205 rooms (planned)

Background and Points

- As a specialized hotel operator, it has 65 years of experience in operating a wide range of hotels, including its mainstay urban station hotels, as well as roadside hotels and operator change projects, so we can expect stable management of this group of Properties.
- A rent structure of fixed rent + floating rent (based on facility profit) will be adopted, which is expected to contribute to maximizing profits over the medium to long term.
- By utilizing the non-refundable security deposit provided by Greens, it is possible to invest in rebranding, and we can expect to avoid the risk of a drop in dividends due to downtime (period of closure, etc.) associated with rebranding.
- At the same time as the conclusion of the Lease Agreement, HRR, Greens, and MUFG Bank, Ltd. have, with regard to roadside hotels operated by Greens, entered into an agreement on a partnership aimed at expanding the business throughout Japan by 2030, which we judged would lead to the acquisition of opportunities to expand HRR's assets.

(Note) The change to the Comfort Inn brand is planned at this time, and may become another Comfort brand.



Strengths of the Comfort INN brand

- Hotel brand that meets a variety of needs according to location and travel objectives

Three characteristics



All rooms are non-smoking. Offers a comfortable sleep with original pillows and carefully selected bedding



Serving breakfast that can be enjoyed only at the hotel with a focus on freshly baked bread and a menu of rice made using locally grown rice



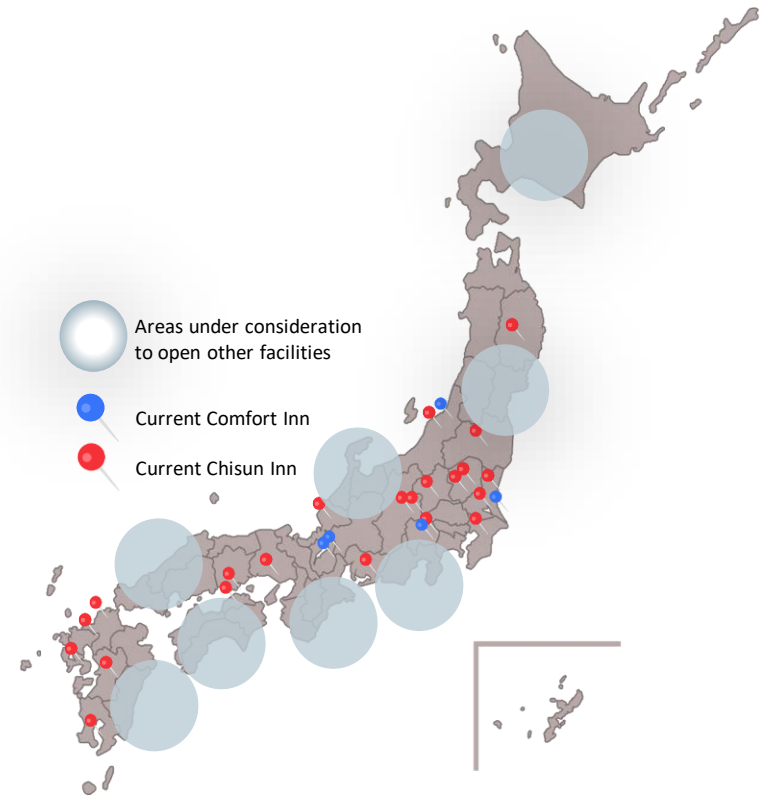
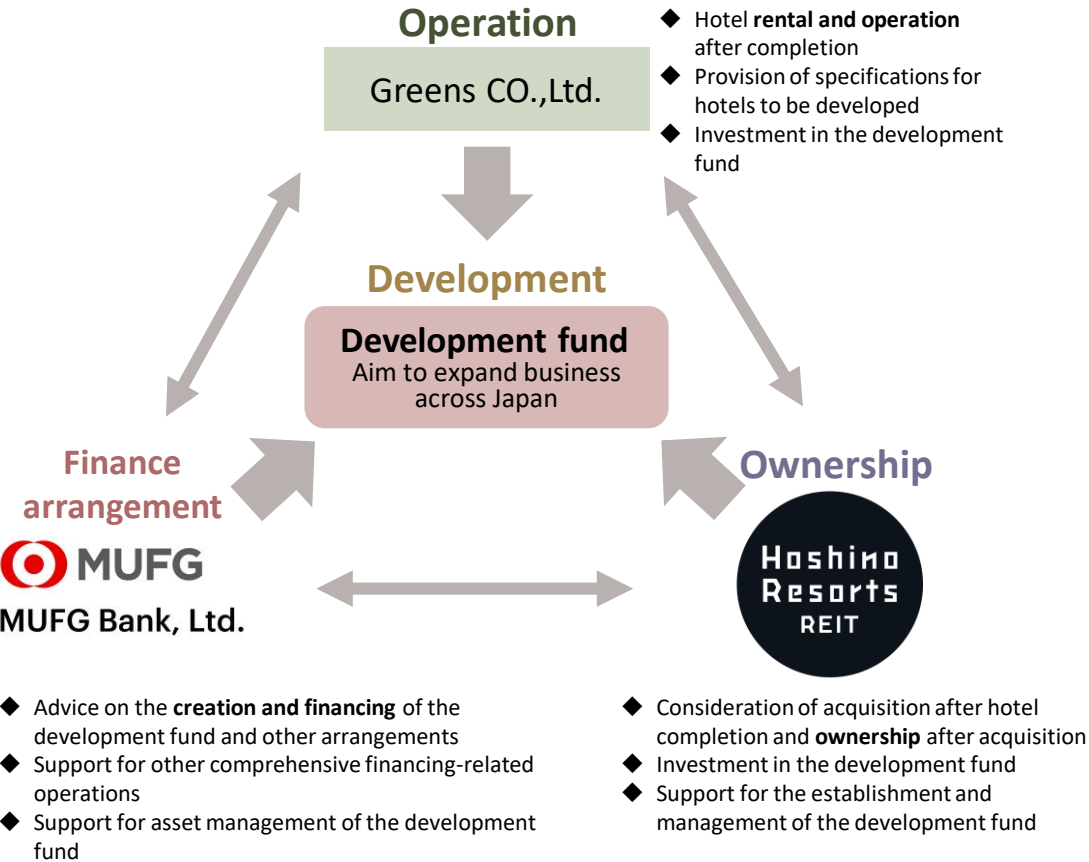
A large parking space is available in a location that is easily accessible by car (excluding some hotels)

Future Growth Strategy for Roadside Hotel Business

HRR, Greens, and MUFG Bank, Ltd. have entered into a basic agreement to exclusively begin considering a partnership to expand the business of roadside hotels operated by Greens. Through the partnership between the three companies, we will establish a development fund to develop approximately 20 roadside hotels represented by Comfort Inn by 2030, with the aim of expanding our business across all of Japan.

Partnership between the three companies to expand roadside hotel business (planned)

Image of business expansion



(Note) The information on this page contains content pertaining to the alliance under consideration as of the date of this document and is subject to change without notice.