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For immediate release

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Notice Concerning Leasing of Domestic Real Estate (22 Roadside Properties) (Follow-up Report)

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that, in regard to the leasing of "22 Roadside Properties" (hereinafter the "Properties") disclosed in the Notice Concerning Leasing of Domestic Real Estate (22 Roadside Properties) dated October 24, 2023 (hereinafter the "October 24th Notice"), Hoshino Resort Asset Management Co., Ltd., to which HRR entrusts its asset management, has today made a decision to conclude a lease agreement concerning such leasing with Greens Co., Ltd. (hereinafter "Greens").

1. Background and Outline of Leasing

As disclosed in the October 24th Notice, on October 24, 2024, HRR made a written agreement to lease the Properties and to agree to the main terms and conditions of the leasing with Greens. Following execution of the written agreement, HRR and Greens had further discussions concerning details of the agreement, and reached a consensus. Accordingly, HRR and Greens have today entered into a fix-term building lease agreement (hereinafter the "AGREEMENT") with conditions precedent for the Properties.

By concluding the AGREEMENT, following termination of the fixed-term building lease agreements with conditions precedent that had been concluded with SHR Roadside Inn Co., Ltd. (hereinafter "SHR Roadside Inn") (hereinafter the "Previous Agreement"), the AGREEMENT with Greens is set to take effect sequentially on and from May 2, 2024 and leasing will start as of that date. The properties are scheduled to start operations following completion of the related renovation periods.

In order to facilitate the smooth implementation of the termination of the Previous Agreement and the commencement of the AGREEMENT, HRR has agreed with SHR Roadside Inn and Greens that the termination date of the Previous Agreement shall partly be postponed and that accordingly, the lease start date for this AGREEMENT shall be the day following the termination date of the postponed Previous Agreement. To that end, the lease start date of the Properties will change depending on each property (For details, please see "2. Overview of the Lease" below.). However, hotel operations in all of the Properties by Greens are scheduled to start on November 1, 2024.

In the AGREEMENT, rent shall not be charged during the period from the lease start date up until the start of operations.

2. Overview of the Lease

Property number	Property name (Note 1)		Leased area (m ²)	Annual rent (Millions of yen) (Note 2)	Security deposit (Millions of yen)	Security deposit scheduled to be amortized (Millions of yen)	Period	Lease start date (Note 3)	Operation start date (Note 4)
	Old name	New name (tentative)							
0-1	Chisun Inn Shiojiri Kita IC	Comfort Inn Shiojiri Kita IC	2,100.47	22 + floating rent (based on facility profit)	11	27	10 years	May 2, 2024	July 10, 2024
0-19	Chisun Inn Karuizawa	Comfort Inn Karuizawa	1,917.10	20 + floating rent (based on facility profit)	10	27			
0-2	Chisun Inn Sano Fujioka IC	Comfort Inn Sano Fujioka IC	1,968.91	21 + floating rent (based on facility profit)	10	27			
0-4	Chisun Inn Toyokawa IC	Comfort Inn Toyokawa IC	2,040.09	22 + floating rent (based on facility profit)	11	28			
0-5	Chisun Inn Tosu	Comfort Inn Tosu	1,968.02	21 + floating rent (based on facility profit)	10	27			
0-7	Chisun Inn Kumamoto Miyukifueda	Comfort Inn Kumamoto Miyukifueda	2,094.77	22 + floating rent (based on facility profit)	11	29			
0-8	Chisun Inn Utsunomiya Kanuma	Comfort Inn Utsunomiya Kanuma	2,094.16	22 + floating rent (based on facility profit)	11	29			
0-10	Chisun Inn Fukushima Nishi IC	Comfort Inn Fukushima Nishi IC	2,094.01	22 + floating rent (based on facility profit)	11	29			
0-11	Chisun Inn Niigata Chuo IC	Comfort Inn Niigata Chuo IC	2,094.16	22 + floating rent (based on facility profit)	11	29			
0-13	Chisun Inn Hitachinaka	Comfort Inn Hitachinaka	1,968.30	21 + floating rent (based on facility profit)	10	27			July 15, 2024
0-15	Chisun Inn Kofu Isawa	Comfort Inn Kofu Isawa	1,968.47	21 + floating rent (based on facility profit)	10	27			
0-16	Chisun Inn Marugame Zentsuji	Comfort Inn Marugame Zentsuji	2,094.16	22 + floating rent (based on facility profit)	11	29			
0-18	Chisun Inn Iwate Ichinoseki IC	Comfort Inn Iwate Ichinoseki IC	1,968.02	21 + floating rent (based on facility profit)	10	27			
0-20	Chisun Inn Himeji Yumesakibashi	Comfort Inn Himeji Yumesakibashi	2,406.95	26 + floating rent (based on facility profit)	13	29			
0-21	Chisun Inn Kurashiki Mizushima	Comfort Inn Kurashiki Mizushima	2,094.16	22 + floating rent (based on facility profit)	11	29			
0-12	Chisun Inn Omura Nagasaki Airport	Comfort Inn Omura Nagasaki Airport	1,968.02	21 + floating rent (based on facility profit)	10	27			
0-17	Chisun Inn Munakata	Comfort Inn Munakata	2,094.16	22 + floating rent (based on facility profit)	11	29			
0-3	Chisun Inn Suwa IC	Comfort Inn Suwa IC	1,944.94	21 + floating rent (based on facility profit)	10	27	June 1, 2024	August 13, 2024	
0-9	Chisun Inn Fukui	Comfort Inn Fukui	2,094.01	22 + floating rent (based on facility profit)	11	29		August 15, 2024	
0-14	Chisun Inn Tsuchiura Ami	Comfort Inn Tsuchiura Ami	1,968.03	21 + floating rent (based on facility profit)	10	27			
0-30	Chisun Inn Kagoshima Taniyama	Comfort Inn Kagoshima Taniyama	8,066.36	87 + floating rent (based on facility profit)	43	65	August 17, 2024	November 1, 2024	
0-6	Chisun Inn Chiba Hamano R16	Comfort Inn Chiba Hamano R16	2,023.29	22 + floating rent (based on facility profit)	11	28			
Total			51,030.56	555 + floating rent (based on facility profit)	277	661	-	-	-

(Note 1) The names of the Properties are scheduled to be changed on the lease start date of each property, and, as of today, the new name following the change is scheduled to be the "Comfort Inn" brand. Each of the new names above is a tentative name and may be changed in the future.

(Note 2) The rent of the Properties 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 departments, which are prorated to each hotel operated by the lessee) from the total revenue of the Properties in the previous month). There is no guarantee that floating rent (based on facility profit) will be generated as floating rent (based on facility profit) is rent that is generated when the profit of the subject facility exceeds a certain level.

(Note 3) Because the lease of each property is subject to conditions precedent, such as the completion of the removal of the SHR Roadside Inn, if the conditions precedent are not fulfilled, the lease start date will be changed to the completion date of the conditions precedent.

(Note 4) The operation start date is at this point in time an estimated date and is subject to change. Furthermore, the contract is such that the date from which rent will be charged is the operation start date, and that no rent shall be charged during the period from the lease start date up to the start of operations.

3. Future Outlook

As for the operating forecasts for the fiscal period ending April 2024 (November 1, 2023 to April 30, 2024), the Previous Agreement does not terminate during the current period, and impact on the operating results for the relevant period is minimal and there is no change.

In addition, operating forecasts for the fiscal period ending October 2024 (May 1, 2024 to October 31, 2024) have already been made in accordance with the terms of the AGREEMENT and impact on operating results for the relevant period is minimal and there is no change.

[Reference]

“Notice Concerning Leasing of Domestic Real Estate (22 Roadside Properties)” announced on October 24, 2023
<https://ssl4.eir-parts.net/doc/3287/tdnet/2366249/00.pdf>

* 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.**