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For immediate release

REIT Securities Issuer
Hoshino Resorts REIT, Inc.
Representative: Kenji Akimoto, Executive Director
(Code: 3287)

Asset Management Company
Hoshino Resort Asset Management Co., Ltd.
Representative: Kenji Akimoto, President & CEO
Contact: Takahiro Kabuki, Director & CSO
TEL: +81-3-5159-6338

Notice Concerning Asset Replacement Due to Acquisition of Domestic Real Estate and Transfer of Domestic Real Estate, and Changes to Domestic Real Estate Lease Agreements

(Measures for Co-existence and Co-prosperity with Sponsor, etc.)

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that following the measures published in the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" dated March 18, 2025, Hoshino Resort Asset Management Co., Ltd. (hereinafter the "Asset Management Company"), an asset management company to which HRR entrusts its asset management, has decided, as one of its series of initiatives aimed at achieving HRR's internal growth and enhancing unitholder value, to implement coexistence and co-prosperity measures with its sponsor, Hoshino Resorts Group (collectively refers to Hoshino Resorts Inc., its parent company, and its subsidiaries; the same applies hereinafter.) namely, the acquisition (hereinafter "Acquisition;" property to be acquired through the Acquisition is referred to as "Asset to be Acquired") of and lease transactions for domestic real estate (Hotel WBF Grande Asahikawa) with the Hoshino Resorts Group and the transfer (hereinafter "Transfer;" property to be transferred through the Transfer is referred to as the "Asset to be Transferred") of "OMO7 Asahikawa," a property owned by HRR, to the Hoshino Resorts Group, and to change existing lease agreement with Hoshino Resorts Group for "OMO7 Kochi", a property owned by HRR (hereinafter "OMO7 Kochi Lease Agreement Changes") (The Acquisition, the Transfer, and the OMO7 Kochi Lease Agreement Changes are collectively referred to as the "Asset Replacement, etc."), Simultaneously, HRR announces that it has decided to change the existing lease agreement for "the b akasaka, " "the b sangenjaya," "the b nagoya," "the b kobe," and "the b asakusa," which are properties owned by HRR (hereinafter "the 5 b Property Lease Agreement Changes, etc.;" referred to together with the Asset Replacement, etc., as the "Measures"), as follows.

The counterparty to the Acquisition and the Transfer, the counterparty to the lease change agreement for "OMO7 Kochi," and the counterparty for the lease change agreement for the 5 b Property Lease Agreement Changes, etc. all fall under interested parties, etc. under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments; hereinafter the "Investment Trust Act"), as well as interested parties, etc. under the "Interested Party Transactions Rules" which are internal rules of the Asset Management Company. Therefore, pursuant to the "Interested Party Transactions Rules," the Asset Management Company has obtained the consent of HRR for each transaction based on the approval of HRR's Board of Directors' Meeting held on April 18, 2025.

1. Overview of Measures

(1) About the Initiatives

In order to achieve internal growth of HRR's assets and enhance its unitholder value, the Asset Management Company is considering implementing a series of initiatives (hereinafter the "Initiatives") that will include proactively revising rent for properties where rent increase revision is possible in exchange for additional investment or other conditions and also considering asset replacement for properties where rent increase revision is difficult. Accordingly, continuing from the measures published in the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" dated March 18, 2025, HRR decided to implement the Measures as one of the Initiatives. For details of the Initiatives and the Measures, please refer to the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" published on March 18, 2025 and the "Supplementary Explanatory Material concerning the Press Release dated March 18, 2025" published today as well as the "Notice Concerning Acquisition and Lease of Domestic Real Estate, and Asset Replacement through Transfer of Domestic Real Estate" and the "Supplementary Explanatory Material concerning the Press Release dated April 18, 2025" separately published today.

(2) Reasons for Asset Replacement, etc.

For "OMO7 Asahikawa," the Asset to Be Transferred, there was an agreement in the lease agreement for the property regarding premium fixed rent applicable only for a certain period after the commencement of the lease. However, such premium fixed rent period has ended as of the end of October 2024. In light of the current operating results, HRR believes that it is difficult to expect an increase in value in the short term through a revision of the rent increase, etc. Given that, based on the Initiatives, HRR decided to conduct the Transfer for the Asset to Be Transferred as well as to utilize the funds to be acquired through the Transfer to make the OMO7 Kochi Lease Agreement Changes that resolve issues with the acquisition of the Asset to be Transferred, which has favorable operating performance, and with the refund of the security deposit, as described in detail below. The series of Asset Replacement, etc. will be conducted as a single transaction that unifies the in order to reduce the financial burden on both HRR and the Hoshino Resorts Group. Through this, HRR aims to improve the distribution per unit of HRR and the profitability of its entire portfolio.

"Hotel WBF Grande Asahikawa," the Asset to Be Acquired, is a highly convenient hotel approx. four minutes on foot from "Asahikawa Station" on the JR Hakodate Main Line and other lines. It has five types of guest rooms, making it capable of meeting a wide range of both business and leisure needs. Also, adjacent to the hotel is a natural hot spring facility, a rarity in the Asahikawa Station area. This is an effort to differentiate the property from other hotels. In addition to the characteristics of the location and facilities mentioned above, the hotel's performance in the immediate term is also favorable, with a guest room occupancy rate of 84.9% and ADR of 12,923 yen in 2024. Given this, HRR expects stable operation over the medium to long term. Additionally, the planned acquisition price of the Asset to Be Acquired is 84.7% as the ratio to the real estate appraisal value (Note 1), and the NOI yield after depreciation is 6.2% assuming the planned acquisition price (Note 2). Therefore, HRR believes that it will be able to acquire a high-yield property at a relatively low price.

Note 1: "Ratio to the real estate appraisal value" is calculated by dividing the sale price of the Asset to be Acquired stated in the sale and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as sales commissions) (hereinafter "Acquisition Price" in (2)) by the real estate appraisal value stated in the real estate appraisal report for the Asset to Be Acquired with April 1, 2025 as the appraisal date (hereinafter "Appraisal Report" in (2)), rounded to one decimal place.

Note 2: "NOI yield after depreciation" is calculated by the Asset Management Company by dividing the value obtained by deducting the expected amount of depreciation expenses as of today from net operating income obtained by deducting operating expenses from operating income stated in the Appraisal Report by the anticipated acquisition price, rounded to one decimal place. For the estimated amount depreciation expense as of today, the estimated amount calculated by the Asset Management Company by multiplying the planned acquisition price, acquisition cost, etc. by the straight-line depreciation rate based on the useful life, taking into consideration information obtained by the Asset Management Company such as the building condition assessment report, etc. for assets to be acquired, is used.

Additionally, "OMO7 Kochi" is undergoing renovation work in line with the rebrand of "OMO7 Kochi." The security deposit stipulated in the lease agreement for "OMO7 Kochi" is the amount including the amount equivalent to the investment in the renewal work (hereinafter "Renovation Work Deposit") that the lessee deposited as a condition for the execution of the renovation work by HRR. With respect to the Renovation Work Deposit, it has been agreed upon that a certain amount shall be amortized every month until May 31, 2049; that in the event that the lease agreement is terminated due to the reasons of the lessor, the remaining amount of the Renovation Work Deposit at the time of termination of the lease agreement shall be returned to the lessee in accordance with the provisions of the lease agreement; and that in the event that the lease agreement is terminated due to reasons other than those of the lessor, the remaining amount of the Renovation Work Deposit shall be amortized and need not to be returned to the lessee. With regard to "OMO7 Kochi," in light of the provision for profit-linked rent in the lease agreement of the property, it is believed that the receipt of the upside of rent income that can be expected from the current business results is anticipated to be delayed more than expected. Therefore, in exchange for returning the security deposit to the lessee ahead of the time specified in the lease agreement, HRR aims to increase the fixed rent for a certain period in place of the setting of profit-linked rent, thereby substantially increasing the rent compared to the profit-linked rent that can be expected from the current business results.

Taking into comprehensive consideration the current operational performance of "OMO7 Asahikawa," the Asset to Be Transferred; the expected future profitability of "Hotel WBF Grande Asahikawa," the Asset to Be Acquired; the establishment of the abovementioned fixed rent increase period due to the OMO7 Kochi Lease Agreement Changes; and other factors, HRR believes that the Asset Replacement, etc. will contribute to the improvement of stability of earnings and growth potential in the medium to long term in addition to the improvement of the distribution in the immediate term.

- (3) Co-existence and Co-prosperity with the Hoshino Resorts Group in the Asset Replacement, etc.
Osaka Semba Hotel Management Co., Ltd., the transferee of "OMO7 Asahikawa;" Hoshino Resort Management Co., Ltd., the buyer of Hotel WBF Grande Asahikawa; and Kochi Hotel Management Co., Ltd., the counterparty to the lease change agreement for "OMO7 Kochi," are all corporations belonging to the Hoshino Resort Group. The Asset Replacement, etc. have made it possible to realize a win-win for both HRR and the Hoshino Resorts Group, with the cooperation of Hoshino Resorts Inc., HRR's sponsor. HRR believes that this is a concrete embodiment of the close, mutually beneficial relationship built among the members of Hoshino Resorts Group including HRR and its sponsor.
- (4) 5 b Property Lease Agreement Changes, etc.
As part of the Initiatives, for "the b akasaka," "the b sangenjaya," "the b nagoya," and "the b kobe," with the cooperation of the Hoshino Resorts Group, HRR will enter into full change agreements for the leases of each of those properties. Regarding floating rent for each month, the provision that floating rent for each month should be calculated based on past performance will be changed so that floating rent for each month should be calculated based on the performance in the relevant month. Through this, HRR believes that by reflecting business performance in floating rent in a timely manner, HRR can gain room to benefit from the upside of profit-linked rent resulting from the recovery of business performance from the COVID-19 pandemic at an earlier stage. Note that in the future, upon completion of the incorporation-type company split related to the hotel operation business by K.K. Horizon Hotels (hereinafter "Horizon Hotels"), the status of the lessee under the lease agreements for each property will be succeeded to the new company incorporated under such incorporation-type company split. Additionally, Horizon Hotels plans to enter into a share transfer agreement with Ishin Hotels Group Co., Ltd. that includes the transfer of all shares held by the new company incorporated under the incorporation-type company split, whereby the effective leasehold rights for each property in question will be transferred to Ishin Hotels Group, Inc.

Also, with respect to "the b asakusa," HRR has recently entered into an agreement to change the lease agreement in order to advance the timing of the increase in the floating rent rate as well as to raise the upper limit of the annual AGOP (defined in "3. Overview of 5 b Property Lease Agreement Changes, etc. (2) Overview of Transactions Related to the b asakusa"), for which a higher rate is applied to the floating rent. As a result, HRR believes that it will be able to benefit from the upside of profit-linked rent of "the b asakusa," which is performing well due to the increase in inbound traffic in the immediate term.

2. Overview of Asset Replacement, etc.

(1) Change in real estate appraisal value due to the Asset Replacement, etc. (Note)

Property name	Planned transfer price, planned acquisition price, or security deposit planned for refund (million yen)	Real estate appraisal value (million yen)
① Asset to Be Transferred "OMO7 Asahikawa"	4,785	4,610
② Asset to Be Acquired "Hotel WBF Grande Asahikawa"	3,000	3,540
③ OMO7 Kochi Lease Agreement Changes "OMO7 Kochi"	1,923	—
Difference (②+③ — ①)	138	(1,070)

Note: For details of each item, please refer to "(2) Overview of Acquisition" and "(3) Overview of Transfer" later in this document and "1. Overview of the Measures (2) Reasons for Asset Replacement, etc." earlier in this document. Amounts presented in each item are rounded down to the nearest million yen.

(2) Overview of Acquisition

Category (Note 1)		Property No. (Note 2)	Property name	Location	Planned acquisition price (million yen) (Note 3)	Seller:
Properties operated by the Hoshino Resorts Group	Other	O-52	Hotel WBF Grande Asahikawa	Asahikawa-shi, Hokkaido	3,000	Hoshino Resort Management Co., Ltd.

Note 1: "Category" indicates either Properties operated by Hoshino Resorts Group ("HOSHINOYA," "RISONARE," "KAI," "OMO" and "Other") or Properties operated by outside operators ("Urban tourism" and "Other") in accordance with the classification of investment target assets of HRR. The same shall apply hereinafter.

Note 2: "Property No." is the number of properties for investment target assets of HRR classified under the four categories of "HOSHINOYA," "RISONARE," "KAI," and "Other" (includes OMO) in accordance with the brand of investment target assets of HRR. The same shall apply hereinafter.

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

① Date of execution of sales and purchase agreement: April 18, 2025

② Planned acquisition date: May 1, 2025 (delivery and settlement date)

③ Seller: Please refer to "4. Overview of Asset Replacement, etc." later in this document.

④ Funds for acquisition: Payment to be received for the transfer of the Asset to be Transferred (plan)

⑤ Method of settlement: Lump-sum payment upon delivery (plan)

⑥ Collateral: None

⑦ Intermediary: None

(3) Overview of Transfer

Category		Property No.	Property name	Location	Planned transfer price (million yen) (Note)	Buyer:
Properties operated by the Hoshino Resorts Group	OMO	O-35	OMO7 Asahikawa	Asahikawa-shi, Hokkaido	4,785	Osaka Semba Hotel Management Co., Ltd.

Note: "Planned transfer price" is the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions), each rounded down to the nearest million yen.

- ① Date of execution of sales and purchase agreement: April 18, 2025
- ② Planned transfer date: May 1, 2025 (delivery and settlement date)
- ③ Buyer: Please refer to "4. Overview of Asset Replacement, etc." later in this document.
- ④ Assumed book value 4,757 million yen (as of planned transfer date) (Note 1)
- ⑤ Difference between planned transfer price and assumed book value: 27 million yen (Note 2)
- ⑥ Method of settlement: Lump-sum payment upon delivery (plan)
- ⑦ Intermediary None

Note 1: The assumed book value at the planned transfer date as calculated by the Asset Management Company based on the book value amount as of February 28, 2025, planned capital expenditure up to the planned delivery date, and expected depreciation expense, presented rounded down to the nearest million yen.

Note 2: The difference between the planned transfer price and the assumed book value on the planned delivery date is presented rounded down to the nearest million yen. The amount is for reference only, and differs from the actual gain (loss) on sale.

(4) Overview of Asset Replacement, etc.

(a) Overview of Seller

Company name	Hoshino Resort Management Co., Ltd.	
Head office location	1955 Aza Taketomi, Taketomi-cho, Yaeyama-gun, Okinawa	
Name and title of representative	Takeo Matoba, Representative Director	
Amount of capital	10 million yen (as of April 8, 2025)	
Date of incorporation	September 19, 2008	
Net assets	5,510 million yen (as of November 30, 2024)	
Total assets	17,582 million yen (as of November 30, 2024)	
Major shareholder and shareholding ratio	Hoshino Resorts Inc. (99.1%) (as of January 31, 2025)	
Main business	Management of hot spring inns and restaurants, etc.	
Relationship with HRR/Asset Management Company	Capital relationship	It is a subsidiary of the parent company of the Asset Management Company.
	Personnel relationship	25 of the employees of the Asset Management Company are seconded from such company.
	Business relationship	As of today, has rented "HOSHINOYA Taketomi Island," "KAI Matsumoto," "KAI Enshu," "KAI Tamatsukuri," "KAI Ito," "KAI Hakone," "KAI Aso," "OMO7 Asahikawa," and "Iriomote Hotel" from HRR, and has leased the site of "Hoshinoya Taketomijima" (main building) to HRR.
	Status of classification as related party	The seller is a company with the same parent company as the Asset Management Company and falls under a related party.

(b) Overview of Buyer

Company name	Osaka Semba Hotel Management Co., Ltd.	
Head office location	2-7-20 Motomachi, Naniwa-ku, Osaka-shi	
Name and title of representative	Fumihiko Sato, Representative Director	
Amount of capital	1 yen (as of April 7, 2025)	
Date of incorporation	March 5, 2021	
Net assets	(299) million yen (as of November 30, 2024)	
Total assets	28 million yen (as of November 30, 2024)	
Major shareholder and shareholding ratio	Hoshino Resorts Inc. (100%) (as of January 31, 2025)	
Main business	Management of hot spring inns and restaurants, etc.	
Relationship with HRR/Asset Management Company	Capital relationship	It is a subsidiary of the parent company of the Asset Management Company.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the buyer.
	Business relationship	There is no business relationship required to be stated between HRR/the Asset Management Company and the buyer.
	Status of classification as related party	The seller is a company with the same parent company as the Asset Management Company and falls under a related party.

(5) Overview of Transaction Related to "OMO7 Kochi"

(a) Changes to the Fixed-Term Building Lease Agreement and Property Management Agreement

HRR entered into a change agreement including changes to the items, etc. stated below with Kochi Hotel Management Co., Ltd., the lessee of "OMO7 Kochi," the Asset Management Company, and Hoshino Resorts Inc. regarding the existing fixed-term building lease agreement and property management agreement for "OMO7 Kochi," effective May 1, 2025, in exchange for the return of the security deposit including the Renovation Work Deposit, as follows. The changes are underlined.

	Existing agreement	Changed agreement
Rent	<p>Annual fixed rent: 83,976,000 yen</p> <p>Floating rent: Floating rent accrues on the following basis: The method for calculating monthly floating rent is as follows: from May to October every year, EBITDA calculated from rent for the 12 months from December of the year before last to November of the previous year shall be the EBITDA for the floating rent calculation period; from November every year to April of the following year, EBITDA calculated from rent for the 12 months from June of the previous year to May of the current year shall be the EBITDA for the floating rent calculation period, and the amount equivalent to 1/12 of the total amount (the lower limit is 0 yen) calculated based on the following formula is the floating rent.</p> <p><Calculation> (i) From May 2024 to April 2025 A. An amount equivalent to 95% of the</p>	<p>Annual fixed rent: 83,976,000 yen <u>(However, this figure is 337,344,000 yen from May 2025 to the termination date of the premium fixed rent period)</u></p> <p>Floating rent: Floating rent accrues on the following basis: The method for calculating monthly floating rent is as follows: from May to October every year, EBITDA calculated from rent for the 12 months from December of the year before last to November of the previous year shall be the EBITDA for the floating rent calculation period; from November every year to April of the following year, EBITDA calculated from rent for the 12 months from June of the previous year to May of the current year shall be the EBITDA for the floating rent calculation period, and the amount equivalent to 1/12 of the total amount (the lower limit is 0 yen) calculated based on the following formula is the floating rent.</p> <p><Calculation> (i) From May 2024 to April 2025 A. An amount equivalent to 95% of the</p>

	<p>portion of floating rent calculation period EBITDA that exceeds 88,395,789 yen (excluding, however, the portion exceeding 100,000,000 yen).</p> <p>B. An amount equivalent to 5% of the portion of EBITDA for floating rent calculation period exceeding 100,000,000 yen</p> <p>(ii) From May 2025 onward</p> <p>A. An amount equivalent to <u>70%</u> of the portion of floating rent calculation period EBITDA that exceeds 119,965,714 yen (excluding, however, the portion exceeding 220,000,000 yen).</p> <p>B. An amount equivalent to 28% of the portion of EBITDA for floating rent calculation period exceeding 220,000,000 yen</p> <p>Note 1: "EBITDA" refers to the amount obtained by subtracting sales cost, selling, general and administrative expenses, chain service fees, and costs under GOP from the total sale proceeds of the property during a certain period of time.</p> <p>Note 2: The sales cost, selling, general and administrative expenses, chain service fees, and costs under GOP are limited to those that are paid in direct connection to operations at the property. Other expenses (including but not limited to expenditures in relation to other facilities operated by the lessee), are not included.</p>	<p>portion of floating rent calculation period EBITDA that exceeds 88,395,789 yen (excluding, however, the portion exceeding 100,000,000 yen).</p> <p>B. An amount equivalent to 5% of the portion of EBITDA for floating rent calculation period exceeding 100,000,000 yen</p> <p>(ii) From May 2025 <u>to the termination date of the premium fixed rent period: None</u></p> <p>(iii) <u>On and after the day following the termination date of the premium fixed rent period:</u></p> <p>A. An amount equivalent to <u>88%</u> of the portion of floating rent calculation period EBITDA that exceeds <u>90,476,000</u> yen (excluding, however, the portion exceeding <u>374,819,000</u> yen).</p> <p>B. An amount equivalent to <u>50%</u> of the portion of EBITDA for floating rent calculation period exceeding <u>374,819,000</u> yen</p> <p>Note 1: "EBITDA" refers to the amount obtained by subtracting sales cost, selling, general and administrative expenses, chain service fees, and costs under GOP from the total sale proceeds of the property during a certain period of time.</p> <p>Note 2: The sales cost, selling, general and administrative expenses, chain service fees, and costs under GOP are limited to those that are paid in direct connection to operations at the property. Other expenses (including but not limited to expenditures in relation to other facilities operated by the lessee), are not included.</p> <p>Note 3: <u>The termination date of the premium fixed rent period will be April 30, 2030. Provided, however, that by giving written notice to the lessee at least one month in advance, the lessor may change the termination date of the premium fixed rent period to either April 30 or October 31 that arrives immediately following such notice (However, that date must be on or prior to October 31, 2029.).</u></p>
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(b) Overview of leasing

Property No.	Property name	Lessee
O-44	OMO7 Kochi	Kochi Hotel Management Co., Ltd

(i) Date of execution of lease agreement: April 18, 2025

(ii) For the lease terms and other details, please refer to "(a) Changes to the Fixed-Term Building Lease Agreement and Property Management Agreement" earlier in this document.

(c) Overview of lessee

Company name	Kochi Hotel Management Co., Ltd	
Head office location	9-15 Kutanda, Kochi-shi	
Name and title of representative	Takeo Matoba, Representative Director	
Amount of capital	1 million yen (as of April 8, 2025)	
Date of incorporation	September 30, 2022	
Net assets	(594) million yen (as of November 30, 2024)	
Total assets	2,597 million yen (as of November 30, 2024)	
Major shareholder and shareholding ratio	Hoshino Resorts Inc. (100%) (as of January 31, 2025)	
Main business	Management of ryokans and restaurants, etc.	
Relationship with HRR/Asset Management Company	Capital relationship	It is a subsidiary of the parent company of the Asset Management Company.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the seller.
	Business relationship	It is renting "OMO7 Kochi" from HRR as of today.
	Status of classification as related party	The lessee is a company with the same parent company as the Asset Management Company and falls under a related party.

(6) Contents of Assets to be Acquired and Transferred and Leasing of Asset to be Acquired in Relation to the Asset Replacement, etc.

The tables below present an overview of the Assets to be Acquired and Transferred as well as the leasing of the Asset to be Acquired in relation to the Asset Replacement, etc.

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

a. Explanation on "Overview of specified asset"

- "Use" is described as "hotel" for accommodation facilities with a mainly western-style structures and facilities in accordance with the current condition of the property. Since the description in "Use" is a classification to grasp the overall characteristics of each facility in accordance with the investment policy of HRR, such may differ from use of individual buildings comprising the facility stated in the real estate registry.
- "Planned acquisition date" is the planned acquisition date for the Asset to be Acquired but may be changed under a mutual agreement between HRR and the current owner.
- "Planned transfer date" is the planned transfer date for the Asset to be Transferred but may be changed under a mutual agreement between HRR and the buyer.
- "Type of specified asset" is the type of real estate and other assets as specified assets.
- "Planned acquisition price" is the sales/purchase price of the Asset to be Acquired stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions).
- "Planned transfer price" is the sales/purchase price of the Asset to be Transferred stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as sales commissions).
- "Appraisal value (Appraisal date)" is the real estate appraisal value and appraisal date stated in the real estate appraisal report for the Asset to be Acquired obtained from Japan Real Estate Institute or the real estate appraisal report for the Asset to be Transferred obtained from K.K. Richi Hyouka Kenkyujo.
- "Acquisition date" is the initial date of acquisition of the Asset to be Transferred.

- "Acquisition price" is the sales/purchase price stated in the sales and purchase agreement at the time that the Asset to be Acquired is acquired (excluding consumption taxes, local consumption taxes and expenses such as sales commissions).
- "Location (Indication of residential address)," in principle, is the indication of residential address. In cases where there is no indication of residential address, it is the building location (if several, one of the locations) in the real estate registry.
- "Transportation" is stated based on the real estate appraisal report for the Asset to be Acquired obtained from Japan Real Estate Institute or the real estate appraisal report for the Asset to be Transferred obtained from K.K. Richi Hyouka Kenkyujo.
- "Lot number" of Land is the building location (if several, one of the locations) in the registry.
- "Building coverage ratio" of land is, in principle, determined by the Building Standards Act (Act No. 201 of 1950). "Building coverage ratio" of Land is, in principle, the ratio of building area to area of the building site as stipulated in Article 53 of the Building Standards Act (Act No. 201 of 1950, including amendments thereto) (hereinafter the "Building Standards Act") and indicates the upper limit of the building coverage ratio stipulated by city planning according to type of use district, etc. (designated building coverage ratio) (if several, all of them). Designated building coverage ratio may be relaxed, raised or reduced due to reasons such as the existence of fireproof structures in a fire prevention district, and thus may differ from a building coverage ratio that actually applies.
- "Floor-area ratio" of Land is the ratio of total floor area of the building to site area as stipulated in Article 52 of the Building Standards Act and indicates the upper limit of the floor-area ratio stipulated by city planning according to type of use district, etc. (designated floor-area ratio) (if several, all of them). Designated floor-area ratio may be relaxed, raised or reduced due to reasons such as width of roads connected to the site, and thus may differ from a floor-area ratio that actually applies.
- "Use district" of Land is the type of use district classified (if several, all of them) in accordance with Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, including amendments thereto).
- "Site area" of Land is based on the description in the registry (It includes the leased area, if there is any leased land. The leased area is based on the description in the lease agreement.) and may differ from the present state.
- "Type of ownership" of Land and Building is the type of rights held by the trustee for real estate in trust, and those held by HRR for real estate.
- "Completion date" of Building is the inspection date of construction completion stated in the certificate of inspection under the Building Standards Act for the main building.
- "Structure / floors" of Building is based on the description in the registry for the main building.
- "Total floor area" of Building is based on the description in the registry, including floor area of annex buildings.
- "Building engineer" and "Constructors" of Building indicate the company names at the time of building engineering and construction of the main building.
- "Leasable floor area" is the area equivalent to the area owned or to be acquired by HRR out of leasable area and indicates the figure stated in the lease agreement to be concluded/concluded between HRR and the tenant or in the building drawing of the property.
- "Occupancy rate" is the planned occupancy rate (ratio of the total leased floor area to the total leasable floor area) as of the planned acquisition date or planned transfer date, rounded to the first decimal place.
- "Main tenant" is the tenant with the largest leased area out of those leasing (subleasing) the property from HRR in accordance with the lease agreement effective as of acquisition or transfer by HRR.
- "No. of tenants" is the number of those leasing (subleasing) the property from HRR in accordance with the lease agreement effective as of acquisition or transfer by HRR. However, this excludes those leasing (subleasing) or planning to lease (sublease) part of the site or the building for the purpose of parking or installing antennas.

- "No. of guest rooms" is the number of guest rooms available for accommodation at that property.
- "No. of sublease tenants" is the number of those planning to lease (sublease) the property from those leasing (subleasing) the property from HRR in accordance with the lease agreement effective as of acquisition or transfer by HRR. However, this excludes those planning to lease (sublease) part of the site or the building for the purpose of parking or installing antennas.

b. Explanation on "Overview of leasing"

- "Overview of leasing" is the content of the lease agreement with the tenant who is to lease the hotel in relation to the Asset to be Acquired and the 5 b Property Lease Agreement Changes, etc.

(a) Details of the Asset to Be Acquired:

Hotel WBF Grande Asahikawa			Category	Properties operated by the Hoshino Resorts Group		
			Use	Hotel		
Overview of specified asset						
Planned acquisition date		May 1, 2025		Type of specified asset	Real Estate	
Planned acquisition price		3,000,000,000 yen		Appraisal value (Appraisal date)	3,540,000,000 yen (April 1, 2025)	
Location (Indication of residential address)		10-3-3 Miyashitadori, Asahikawa-shi, Hokkaido				
Transportation		4 minutes on foot from Asahikawa Station on the JR Hakodate Main Line and other lines				
Land	Lot number	10-4-2 Miyashitadori, Asahikawa-shi		Building	Completion date	July 2015
	Building coverage ratio	80%			Structure / floors	Seven-story reinforced concrete building with flat roof
	Floor-area ratio	400%			Total floor area	5,865.72m ²
	Use district	Commercial district			Building engineer	Kyouritsu Kenchiku Sekkei Co., Ltd.
	Site area	3,761.39m ²			Constructors	Taniwaki Co., Ltd.
	Type of ownership	Ownership			Type of ownership	Ownership
Leasable floor area		5,865.72m ²		Occupancy rate		100%
Main tenant		Hoshino Resort Management Co., Ltd.		No. of tenants		1
No. of guest rooms		120		No. of sublease tenants		0

Overview of leasing	
Lessee	Hoshino Resort Management Co., Ltd.
Type of contract	Fixed term building lease agreement
Contract period	20 years from May 1, 2025 or the date this lease agreement is terminated due to cancellation or otherwise, whichever comes earlier
Leased floor area	5,865.72m ²
Rent	<p>Annual fixed rent: 96,000,000 yen</p> <p>Floating rent: Floating rent accrues on the following basis: The method for calculating monthly floating rent is as follows: (i) from May to October every year, the floating rent calculation GOP calculated from rent for the 12 months from April of the previous year to March of the current year shall be the GOP for the floating rent calculation period, and (ii) from November every year to April of the following year, the floating rent calculation GOP calculated from rent for the 12 months from October of the previous year to September of the current year shall be the GOP for the floating rent calculation period, and the amount equivalent to 1/12 of the total amount (the lower limit is 0 yen) calculated based on the following formula is the floating rent. However, the floating rent for a period of less than one month shall be the amount calculated on a per diem basis based on the actual number of days in the month in question.</p> <p><Calculation> (i) The amount obtained by deducting the annual fixed rent amount from the amount equivalent to 92% of the portion of GOP for floating rent calculation period up to 305,241,967 yen (ii) An amount equivalent to 87% of the portion of GOP for floating rent calculation period exceeding 305,241,967 yen</p> <p>Note: "GOP for floating rent calculation period" refers to the total sales revenue of the property for a certain period less the cost of sales, selling, general and administrative expenses, and chain service charges (expenses borne by the lessee in its head office functions that are directly related to the operation of the property).</p>
Security deposit and guarantee deposit	Security deposit: 0 yen
Renewal at the end of contract period	The contract will end at the end of the contract period with no renewal.
Rent revision	Rent may not be revised for full 10 years from the start date of the lease. The revision of the rent shall be discussed every 5 years thereafter. In the event of fluctuations in economic conditions, an increase in taxes and dues or other burden on the land or building, or other unavoidable circumstances, the rent may be revised with the agreement of both parties.
Midterm cancellation	The lessee may not terminate the lease agreement during the lease period without the prior written consent of the lessor.
Penalty	When the lease agreement is cancelled or when the lease is cancelled due to intention of the lessee agreed to by the lessor, the lessee will pay penalty in either (i) the amount equivalent to the rent from the date of dissolution or cancellation to the day on which 10 years have passed from the start date of the lease agreement or (ii) the amount equivalent to 12 months' rent, whichever is higher (The average monthly rent for the past 12 months with the first month being the month preceding the month which includes the end date of the lease agreement is used for the calculation of such rent. However, if the lease period is less than 12 months, the average monthly rent during that period will be applied.) to the lessor. However, this does not preclude the lessor from making a separate claim for damages against the lessee in the event that the lessor incurs damages exceeding such penalty.
Method for re-contract	The contract will end at the end of the contract period without renewal; however, re-contract is possible through discussion between the concerned parties.

(b) Contents of Asset to be Transferred

OMO7 Asahikawa			Category		Properties operated by the Hoshino Resorts Group (OMO)		
			Use		Hotel		
Overview of specified asset							
Planned transfer date		May 1, 2025		Planned transfer price		4,785,000,000 yen	
Acquisition date		March 31, 2016		Type of specified asset		Real Estate	
Acquisition price		4,619,000,000 yen		Appraisal value (Appraisal date)		4,610,000,000 yen (October 31, 2024)	
Location (Indication of residential address)		9-45-1 Rokujodori, Asahikawa-shi, Hokkaido					
Transportation		Approx. 1.0 km from "Asahikawa Station" on the JR Hakodate Main Line, Soya Main Line, and Furano Line					
Land	Lot number	9-45-1 Rokujodori, Asahikawa-shi, Hokkaido		Building	Completion date	March 1994	
	Building coverage ratio	80%			Structure / floors	Eighteen-floor steel-framed building with flat roof and two underground floors One-story steel-frame building with stainless steel plated roof	
	Floor-area ratio	600%			Total floor area	25,715.20m ²	
	Use district	Commercial district			Building engineer	NIHON SEKKEI, INC.	
	Site area	4,278.02m ²			Constructors	Shimizu, Arai, Hirono, Kitano, Takahata, Kawashima, Shintani, national policy consortium	
	Type of ownership	Ownership			Type of ownership	Ownership	
Leasable floor area		25,715.20m ²		Occupancy rate		100%	
Main tenant		Hoshino Resort Management Co., Ltd.		No. of tenants		1	
No. of guest rooms		237		No. of sublease tenants		2	

3. Overview of 5 b Property Lease Agreement Changes, etc.

- (1) Overview of transactions related to "the b akasaka," "the b sangenjaya," "the b nagoya," and "the b kobe"
- With respect to properties "the b akasaka," "the b sangenjaya," "the b nagoya," and "the b kobe" HRR has executed full change agreements with the lessee Horizon Hotels, the Asset Management Company, Ishin Hotels Group Co., Ltd., and Hoshino Resorts Inc. regarding the existing fixed-term building lease agreement and property management agreement, and has changed the stipulations concerning rent as follows (There are no significant changes to stipulations other than those for rent.). As a result, the provision establishing that floating rent for each month should be calculated based on the past performance will be changed so that floating rent for each month should be calculated based on the performance of the month in question.

	Existing agreement	Changed agreement
Calculation method for floating rent	<p>From May to October every year, rent calculation EBITDA for the period of 12 months from December in the second preceding year to November in the preceding year is set as the floating rent calculation period EBITDA; for November to next April every year, rent calculation EBITDA of the period of 12 months from June in the preceding year to May in the current year is set as the floating rent calculation period EBITDA. Amount equivalent to the amount obtained by multiplying the floating rent calculation period EBITDA by the rate stated in each property column below.</p> <p>Note: EBITDA refers to the value determined by the following formula. Total Sales Revenue - Cost of Sales - Unallocated Expenses - Management Fees - Costs under GOP The sales cost and the non-allocatable cost, management fee, and costs under GOP are limited to those that are paid in direct connection to this hotel, etc. business. Other expenses (including but not limited to expenditures in relation to other facilities operated by the lessee), are not included.</p>	<p><u>The amount obtained by deducting the annual fixed rent from any of the amounts in (1) or (2) stated in each property column below corresponding to the annual AGOP amount of the business conducted at each facility and the business incidental thereto as the floating rent for each business year (for one year from January 1 to December 31 each year) (with a lower limit of 0 yen)</u></p> <p>Note: AGOP refers to the value determined by the following formula. <u>Total Sales Revenue - Cost of Goods Sold - selling, general and administrative Expenses - Head Office Costs - Leasing Fees - Insurance Premiums</u> <u>Head office expenses refers to personnel expenses, outsourcing expenses, and other expenses incurred by the lessee in the facility management division, management division including personnel/general affairs/accounting/information systems/purchasing, and sales division that are allocated to each hotel operated by the lessee.</u></p>
(a) the b akasaka	<p>Annual fixed rent: 135,000,000 yen</p> <p>Floating rent: 1/12 of the amount obtained by multiplying floating rent calculation period EBITDA by 99% less annual fixed rent</p>	<p>Annual fixed rent: 135,000,000 yen</p> <p><u>Floating rent:</u> <u>(i) When the annual AGOP amount is 392,026,608 yen or less:</u> <u>For the AGOP, the amount equivalent to 92% of AGOP</u> <u>(ii) When the annual AGOP amount exceeds 392,026,608 yen:</u> <u>(1) For the portion of AGOP that is 392,026,608 yen or less, the amount equivalent to 92% of AGOP</u> <u>(1) For the portion of AGOP that exceeds 392,026,608 yen, the amount equivalent to 87% of AGOP</u></p>
(b) the b sangenjaya	<p>Annual fixed rent: 117,000,000 yen</p> <p>Floating rent: 1/12 of the amount obtained by multiplying floating rent calculation period EBITDA by 99% less annual fixed rent</p>	<p>Annual fixed rent: 117,000,000 yen</p> <p><u>Floating rent:</u> <u>(i) When the annual AGOP amount is 345,137,234 yen or less:</u> <u>For the AGOP, the amount equivalent to 92% of AGOP</u> <u>(ii) When the annual AGOP amount exceeds 345,137,234 yen:</u> <u>(1) For the portion of AGOP that is 345,137,234 yen or less, the amount equivalent to 92% of AGOP</u> <u>(1) For the portion of AGOP that exceeds 345,137,234 yen, the amount equivalent to 87% of AGOP</u></p>

(c) the b nagoya	Annual fixed rent: 99,000,000 yen Floating rent: 1/12 of the amount obtained by multiplying floating rent calculation period EBITDA by 99% less annual fixed rent	Annual fixed rent: 99,000,000 yen <u>Floating rent:</u> <u>(i) When the annual AGOP amount is 278,081,135 yen or less:</u> <u>For the AGOP, the amount equivalent to 92% of AGOP</u> <u>(ii) When the annual AGOP amount exceeds 278,081,135 yen:</u> <u>(1) For the portion of AGOP that is 278,081,135 yen or less, the amount equivalent to 92% of AGOP</u> <u>(1) For the portion of AGOP that exceeds 278,081,135 yen, the amount equivalent to 87% of AGOP</u>
(d) the b kobe	Annual fixed rent: 180,000,000 yen Floating rent: 1/12 of the amount obtained by multiplying floating rent calculation period EBITDA by 99% less annual fixed rent	Annual fixed rent: 180,000,000 yen <u>Floating rent:</u> <u>(i) When the annual AGOP amount is 353,520,475 yen or less:</u> <u>For the AGOP, the amount equivalent to 92% of AGOP</u> <u>(ii) When the annual AGOP amount exceeds 353,520,475 yen:</u> <u>(1) For the portion of AGOP that is 353,520,475 yen or less, the amount equivalent to 92% of AGOP</u> <u>(1) For the portion of AGOP that exceeds 353,520,475 yen, the amount equivalent to 87% of AGOP</u>

(2) Overview of transactions related to "the b asakusa"

With respect to "the b asakusa," for which HRR holds trust beneficial interests, Mitsubishi UFJ Trust and Banking Corporation, the trustee; Ishin Asakusa Operations Co., Ltd., the lessee of the "the b asakusa"; the Asset Management Company, and Ishin Hotels Group Co., Ltd. have executed agreements to amend the existing fixed-term building lease agreement and property management agreement as follows. As a result, the timing of the increase in the floating rent rate will be moved forward by two years from January 1, 2027 to January 1, 2025, and the maximum amount of annual AGOP applicable to a higher floating rent rate will be raised.

	Existing agreement	Changed agreement
Rent	Annual fixed rent: 132,000,000 yen (However, this amount will be 93,600,000 annually from July 1, 2023 to December 31, 2026) Floating rent: The amount obtained by deducting the annual fixed rent from any of the amounts below corresponding to the annual AGOP amount of the business conducted at the facility and the business incidental thereto as the floating rent for each business year (for one year from January 1 to December 31 each year) (with a lower limit of 0 yen) (i) Until December 31, 2026 A. When the annual AGOP amount is 300,000,000 yen or less: Amount equivalent to 90% of AGOP B. When the annual AGOP amount exceeds 300,000,000 yen: Amount obtained by adding 75% of the portion of AGOP that exceeds 300,000,000 yen to the amount	Annual fixed rent: 132,000,000 yen (However, this amount will be 93,600,000 annually from July 1, 2023 to December 31, 2026) Floating rent: The amount obtained by deducting the annual fixed rent from any of the amounts below corresponding to the annual AGOP amount of the business conducted at the facility and the business incidental thereto as the floating rent for each business year (for one year from January 1 to December 31 each year) (with a lower limit of 0 yen) (i) Until December 31, <u>2024</u> A. When the annual AGOP amount is 300,000,000 yen or less: Amount equivalent to 90% of AGOP B. When the annual AGOP amount exceeds 300,000,000 yen: Amount obtained by adding 75% of the portion of AGOP that exceeds 300,000,000 yen to the amount

<p>equivalent to 90% of the portion of AGOP that is 300,000,000 yen or less</p> <p>(ii) From January 1, 2027 onwards</p> <p>A. When the annual AGOP amount is 300,000,000 yen or less: Amount equivalent to 92% of AGOP</p> <p>B. When the annual AGOP amount exceeds 300,000,000 yen: Amount obtained by adding 87% of the portion of AGOP that exceeds 300,000,000 yen to the amount equivalent to 92% of the portion of AGOP that is 300,000,000 yen or less</p> <p>Note 1: "AGOP" refers to the total sales revenue of the facility for a certain period less the cost of sales, selling, general and administrative expenses (expenses directly incurred in relation to hotel operation at the facility), chain service charges, leasing payments, and insurance premiums.</p> <p>Note 2: In the event that an emergency (including but not limited to natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and wars) occurs and is due to reasons not attributable to the lessee, if the AGOP amount for a certain month falls below the fixed rent amount for such month due to the impact of such emergency, the fixed rent for such month shall be exempted in full and the rent for such month shall be substituted with the amount equivalent to the full AGOP amount (with a lower limit of 0 yen).</p>	<p>equivalent to 90% of the portion of AGOP that is 300,000,000 yen or less</p> <p>(ii) From January 1, 2025 onwards</p> <p>A. When the annual AGOP amount is <u>400,000,000</u> yen or less: Amount equivalent to 92% of AGOP</p> <p>B. When the annual AGOP amount exceeds <u>400,000,000</u> yen: Amount obtained by adding 87% of the portion of AGOP that exceeds <u>400,000,000</u> yen to the amount equivalent to 92% of the portion of AGOP that is <u>400,000,000</u> yen or less</p> <p>Note 1: "AGOP" refers to the total sales revenue of the facility for a certain period less the cost of sales, selling, general and administrative expenses (expenses directly incurred in relation to hotel operation at the facility), chain service charges, leasing payments, and insurance premiums.</p> <p>Note 2: In the event that an emergency (including but not limited to natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and wars) occurs and is due to reasons not attributable to the lessee, if the AGOP amount for a certain month falls below the fixed rent amount for such month due to the impact of such emergency, the fixed rent for such month shall be exempted in full and the rent for such month shall be substituted with the amount equivalent to the full AGOP amount (with a lower limit of 0 yen).</p>
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(3) Overview of lessee

(a) Overview of lessee of "the b akasaka," "the b sangenjaya," "the b nagoya," and "the b kobe"

Company name	K.K. Horizon Hotels	
Head office location	2-3 Otemachi, Toyama-shi	
Name and title of representative	Takashi Togawa, Representative Director	
Amount of capital	10 million yen (as of April 8, 2025)	
Date of incorporation	February 23, 2006	
Net assets	13,147 million yen (as of November 30, 2024)	
Total assets	34,202 million yen (as of November 30, 2024)	
Major shareholder and shareholding ratio	Hoshino Resorts Inc. (100%) (as of January 31, 2025)	
Main business	Buying, selling, leasing, and intermediation of real estate, real estate management business, etc.	
Relationship with HRR/Asset Management Company	Capital relationship	It is a subsidiary of the parent company of the Asset Management Company. Additionally, as of October 31, 2024, it owns 4,732 units out of HRR's investment units.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the seller.
	Business relationship	As of today, it has rented "RISONARE Yatsugatake," "RISONARE Atami," "ANA Crowne Plaza Hiroshima," "ANA Crowne Plaza Kanazawa," "ANA Crowne Plaza Toyama," "Grand Prince Hotel Osaka Bay," "the b akasaka," "the b sangenjaya," "the b nagoya," and "the b kobe" from HRR, and has leased the site of "HOSHINOYA Fuji" to HRR.

	Status of classification as related party	The lessee is a company with the same parent company as the Asset Management Company and falls under a related party.
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(b) Overview of lessee of "the b asakusa"

Company name	Ishin Asakusa Operations Co., Ltd.	
Head office location	3-16-12 Nishiasakusa, Taito-ku, Tokyo	
Name and title of representative	Yasushi Kamei, Representative Director	
Amount of capital	1 million yen (as of April 8, 2025)	
Date of incorporation	February 10, 2016	
Net assets	(23) million yen (as of December 31, 2024)	
Total assets	192 million yen (as of December 31, 2024)	
Major shareholder and shareholding ratio	Ishin Hotels Group Co., Ltd. (100%) (as of January 31, 2025)	
Main business	Management of hotels and ryokans, etc.	
Relationship with HRR/Asset Management Company	Capital relationship	It is an affiliate of the parent company of the Asset Management Company.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the seller.
	Business relationship	It is renting "the b asakuka" from HRR as of today.
	Status of classification as related party	The lessee is a company with the same parent company as the Asset Management Company and falls under a related party.

4. Transaction with Interested Party, etc.

Osaka Semba Hotel Management Co., Ltd., the transferee of "OMO7 Asahikawa;" Hoshino Resort Management Co., Ltd., the buyer of Hotel WBF Grande Asahikawa; Kochi Hotel Management Co., Ltd., the counterparty to the lease change agreement for "OMO7 Kochi," and Horizon Hotels, the counterparty of the lease change agreements for "the b akasaka," "the b sangenjaya," "the b nagoya," and "the b kobe," are all subsidiaries of the parent company of the Asset Management Company. Additionally, Ishin Asakusa Operations Co., Ltd., the counterparty of the lease amendment agreement for "the b asakusa," is a company whose effective management right is held by the parent company of the Asset Management Company. For that reason, all of the above counterparties fall under interested parties, etc. as prescribed 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, including subsequent revisions.), and fall under interested parties, etc. as set forth in the "interested party transaction rules," which are the internal rules of the Asset Management Company. Accordingly, in conducting the various transactions, the Asset Management Company has gone through the approval procedures stipulated in internal rules, and has also obtained HRR's agreement based on the approval made at HRR's Board of Directors' meeting held on April 18, 2025 pursuant to the Investment Trust Act and the "interested party transaction rules."

5. Status of Owners, etc. of Property

The following table presents the company name, the relationship with parties who have special interests, and the background of and reasons for acquisition, etc.

Property name (location): Hotel WBF Grande Asahikawa (10-3-3 Miyashitadori, Asahikawa-shi, Hokkaido)

	Previous owner	Previous-previous owner	Previous-previous-previous owner
Company name	Hoshino Resort Management Co., Ltd.	WBF Hotel Management Co., Ltd.	Parties other than those who have special interests
Relationship with parties who have special interests	Subsidiary of parent company of Asset Management Company	Subsidiary of parent company of Asset Management Company	
Background and reasons for acquisition, etc.	Acquired through an absorption-type merger of WBF Hotel Management Co., Ltd., for the purpose of hotel operation	Acquired for the purpose of hotel operation	
Acquisition (transfer) price	— (Note)	— (Note)	—
Acquisition (transfer) date	May 1, 2023	April 30, 2021	—

Note: Since the previous owner held the property for more than one year, the acquisition price is omitted here.

6. Future Outlook

As the delivery and settlement date for the Assets to be Acquired and the Assets to be Transferred under the Asset Replacement, etc. is scheduled to be May 1, 2025, and the effective date of the amendment agreements for each lease agreement is scheduled to be May 1, 2025, there will be no impact of each transaction on the outlook of management status for the fiscal period ending April 2025 (November 1, 2024 to April 30, 2025).

For details of the impact on and the outlook of HRR's management status for the fiscal period ending October 2025 (May 1, 2025 to October 31, 2025), please refer to "Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2025" separately announced today.

7. Appraisal Report

O-52 Hotel WBF Grande Asahikawa

Appraisal Report		
Appraiser	Japan Real Estate Institute	
Appraisal value	3,540,000,000 yen	
Appraisal date	April 1, 2025	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue (①-②-③)	234,833,000 yen	
(i) Gross potential revenue (rent income, common area fees income, other income, etc.)	234,833,000 yen	
(ii) Loss on vacancies, etc.	0 yen	Regarding building leases for hotels, it is common for the lessor and lessee to execute a contract on the premise of managing the hotel over the long term. As such, it is determined to be appropriate to consider vacancy risk, etc. when tenants leave in the cap rate, and no loss on vacancies, etc. is recorded.
(iii) Bad debt loss	0 yen	Taking into account the situation of the lessee, etc., it was determined that the recording of bad debt loss was unnecessary.
(2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪)	17,797,000 yen	
(iv) Maintenance	0 yen	Maintenance is not recorded because it is to be borne by the lessee under the planned lease agreement.
(v) Utilities	0 yen	Utilities are not posted because they are included in revenue and expenditure for the hotel business.
(vi) Repair costs	0 yen	Repair costs are not recorded because they are to be borne by the lessee under the planned lease agreement.
(vii) Property management fees	0 yen	Property management fees are not recorded because they are to be borne by the lessee under the planned lease agreement.
(viii) Advertisement for leasing, etc.	0 yen	Taking into consideration the nature of the hotel business, the attributes of the lessee, the content of the planned lease agreement, etc., it was determined that the recording of advertisement for leasing, etc. was unnecessary.
(ix) Tax and public dues	17,196,000 yen	
	Land	1,561,000 yen
	Building	15,268,000 yen
	Depreciable assets	367,000 yen
(x) Insurance	601,000 yen	Recorded in consideration of insurance premiums based on insurance agreements, insurance premium rates for buildings similar to the subject buildings, etc.
(xi) Other expenses	0 yen	There are no special expenses to be recorded as other expenses.
(3) Net operating income ((1)-(2))	217,036,000 yen	

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(4) Interests on security deposits, etc.	0 yen	No interests on security deposits, etc. are recorded as there is no temporary deposits based on the planned lease agreement.
(5) Capital expenditures	16,085,000 yen	Renewal expenses required to maintain the functions of a building are actually incurred irregularly. Here, expected future expenses were assessed with the assumption they would be accumulated on an average basis each year, taking into account the level of capital expenditures at similar properties, the age of buildings, the annual average amount of repair and renewal expenses in the engineering report, and other factors.
(6) FF&E reserve	8,258,000 yen	Renewal expenses required to maintain the functions of FF&E are actually incurred irregularly. Here, expected future expenses were assessed with the assumption they would be accumulated on an average basis each year, using the level of FF&E reserve at similar properties as a reference.
(7) Net cash flow ((3) +(4)-(5)-(6))	192,693,000 yen	
(8) Cap rate	5.4%	The cap rate was assessed by adding or subtracting the spread attributable to the location conditions, building conditions, agreement conditions, and other conditions of the subject property to or from the base yield for each district set by the Institute, taking into account future uncertainties, transaction yields for similar properties, and other factors.
Direct capitalization value	3,570,000,000 yen	
Discounted cash flow value	3,500,000,000 yen	
Discount rate	5.2%	
Terminal cap rate	5.6%	
Integrated value by using cost method	2,790,000,000 yen	
Ratio of land	31.1%	
Ratio of building	66.6%	
Ratio of facilities attached to buildings (FF&E)	2.3%	
Other matters appraiser noted upon valuation	None	

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Appraisal Report		
Appraiser	Rich Appraisal Institute Co., Ltd.	
Appraisal value	4,610,000,000 yen	
Appraisal date	October 31, 2024	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue (①-②-③)	400,145,256 yen	
(i) Gross potential revenue (rent income, common area fees income, other income, etc.)	400,145,256 yen	
(ii) Vacancy loss	0 yen	In consideration of the current usage status, agreement content, etc., a vacancy loss is not recorded in this case.
(iii) Bad debt loss	0 yen	Recording of bad debt loss judged unnecessary as secured by temporary deposits.
(2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪)	39,166,052 yen	
(iv) Maintenance	0 yen	Not recorded due to being assumed by tenants.
(v) Utilities	0 yen	Not recorded due to being assumed by tenants.
(vi) Repair costs	0 yen	Not recorded in this case due to agreement content, etc.
(vii) PM fee	1,800,000 yen	Assessed with reference to the fee level of similar properties. 150,000 yen per month
(viii) Advertisement for leasing, etc.	0 yen	Not recorded in this case (Potential exit risk is considered in yields.).
(ix) Tax and public dues	35,915,300 yen	
	Land	2,925,300 yen
	Building	32,369,500 yen
	Depreciable assets	620,500 yen
(x) Insurance	1,450,752 yen	Amount equivalent to the actual amount was recorded with reference to materials presented by the client.
(xi) Other expenses	0 yen	Not recorded in this case.
(3) Net operating income ((1)-(2))	360,979,204 yen	
(4) Interests on security deposits, etc.	1,230,000 yen	Determined the standard number of months of deposits as being six months and assessed with reference to the interest and yield levels of financial assets that have comparatively high liquidity.
(5) Capital expenditures (CAPEX)	78,151,000 yen	Recorded assessed value based on ER, taking into account trends in construction prices, etc.
(6) FF&E	51,400,000 yen	Recorded assessed value with reference to the level at similar real estate, past actual values, etc.
(7) Net cash flow ((3) + (4) - (5) - (6))	232,658,204 yen	
(8) Cap rate	4.8%	
Direct capitalization value	4,850,000,000 yen	
Discounted cash flow value	4,500,000,000 yen	
	Discount rate	4.6%
	Terminal cap rate	5.0%

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Integrated value by using cost method	4,090,000,000 yen	
Ratio of land	30.1%	
Ratio of building	69.9%	
Other matters appraiser noted upon valuation	None	

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* 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.*

<Appendix>

Reference Materials: Summary of Engineering Report and Earthquake Risk Assessment Report of the Asset to be Acquired

1. Overview of Engineering Report of the Asset to be Acquired

Property No.	Property name	Investigator	Engineering report date	Short-term repair expenses (Note 2) (Note 3)	Long-term repair expenses (annual average) (Note 1) (Note 3)
O-52	Hotel WBF Grande Asahikawa	DAIWA REAL ESTATE APPRAISAL CO., LTD.	April 2025	—	22,979 thousand yen

Note 1: "Short-term repair expenses" and "Long-term repair expenses (annual average)" are those based on the engineering report.

Note 2: "Short-term repair expenses" are repair and renewal expenses required when implementing repair and renewal within about one year due to progressed deterioration, excluding expenses for normal repair or interior/facility renewal, based on the engineering report prepared by the investigator after their investigation.

Note 3: "Long-term repair expenses (annual average)" are the amounts of repair and renewal expenses for the next 12 years from the time of the investigation as stated in the engineering report prepared by the investigator after their investigation, converted to annual averages.

2. Overview of Earthquake Risk Assessment Report of the Asset to be Acquired

Property No.	Property name	Investigator	Investigation date	PML value (forecast maximum loss ratio) (%)
O-52	Hotel WBF Grande Asahikawa	DAIWA REAL ESTATE APPRAISAL CO., LTD.	April 2025	2.5