

April 18, 2025

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 Acquisition and Lease of Domestic Real Estate, and Asset Replacement through Transfer of Domestic Real Estate

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that Hoshino Resorts Asset Management Co., Ltd. (hereinafter "Asset Management Company"), to which HRR entrusts its asset management, decided today to acquire (hereinafter "Acquisition") and lease domestic real estate (Hereinafter referred to as the "Assets to be Acquired".) and to transfer (hereinafter "Transfer") domestic real estate (hereinafter "Assets to be Transferred") (The Acquisition and the Transfer are hereinafter collectively referred to as the "Asset Replacement") as one in a series of initiatives aimed at the internal growth and enhancement of the unitholder value of HRR, 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 and the "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.)" separately published today, as follows.

For details of the series of initiatives and measures based on the internal growth and enhancement of unitholder value of HRR, please refer to the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" and the "Supplementary Explanatory Material concerning the Press Release dated March 18, 2025" published on March 18, 2025 as well as the "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.)" and the "Supplementary Explanatory Material concerning the Press Release dated April 18, 2025" separately published today.

1. Overview of Asset Replacement

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

Property name	Planned transfer price / Planned acquisition price (million yen)	Real estate appraisal value (million yen)
(i) Assets to be Transferred "KAI Aso"	774	774
(ii) Assets to be Acquired "Comfort Inn Niigata Kameda"	422	475
Difference ((2)-(1))	(351)	(299)

Note: For details of each item, please refer to "(2) Overview of Acquisition" and "(3) Overview of Transfer" later 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 outside operators	Other	O-53	Comfort Inn Niigata Kameda	Niigata-shi, Niigata	422	Greens 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 brand of investment target assets of HRR. The same shall apply hereinafter.

Note 2: "Property No." indicates 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 sales 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 "5. Overview of Seller and Buyer of Asset Replacement" 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: Payment in full upon delivery (plan)
- ⑥ Collateral: None
- ⑦ Intermediary: Yes

(3) Overview of Transfer

Category		Property No.	Property name	Location	Planned transfer price (million yen) (Note)	Buyer:
Properties operated by the Hoshino Resorts Group	KAI	K- 5	KAI Aso	Kusu-gun, Oita	774	NBI Regional Revitalization Investment 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 sales 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 "5. Overview of Seller and Buyer of Asset Replacement" later in this document.
- ④ Assumed book value: 614 million yen (as of planned transfer date) (Note 1)
- ⑤ Difference between planned transfer price and assumed book value: 159 million yen (Note 2)
- ⑥ Method of settlement: Receipt in full 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 is 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.

2. Overview of Leasing

Property No.	Property name	Lessee
O-53	Comfort Inn Niigata Kameda	Greens Co., Ltd.

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

(2) For details of leasing including the terms and conditions, please refer to "Overview of leasing" in "4. Contents of Assets to be Acquired, Transferred and Leased in Relation to the Asset Replacement, (1) Contents of Asset to be Acquired" later in this document.

3. Reason for Asset Replacement and Leasing of Asset to be Acquired

HRR makes focused investments in facilities that are likely to secure steady cash flow over a long-term period. With regard to hotels, ryokans and ancillary facilities (Note) operated by the Hoshino Resorts Group (collectively referring to Hoshino Resorts Inc. and its parent company and subsidiaries; the same shall apply hereinafter) (hereinafter the "properties operated by the Hoshino Resorts Group"), HRR regards the properties under the four core brands of "HOSHINOYA," "KAI," "Hoshino Resorts RISONARE," and "OMO by Hoshino Resorts" operated by the Hoshino Resorts Group as the facilities that are especially able to secure steady cash flow over a long-term period.

Moreover, HRR's policy is to achieve external growth while ensuring earning stability by making proactive investments in facilities among hotels, ryokans, and ancillary facilities (Note) not operated by the Hoshino Resorts Group (hereinafter "properties operated by outside operators") where such facilities are expected to see stable usage and are likely to secure steady cash flow over the long-term period.

Based on this policy, the Asset Replacement is an initiative intended to maximize unitholder value through the realization of gains from the sale of properties and external growth through selective investment. Note that the acquisition of "Comfort Inn Niigata Kameda" was realized based on an agreement concluded among HRR, Greens Co., Ltd., and MUFG Bank, Ltd. concerning a business alliance with regard to a roadside hotel operated by Greens Co., Ltd., the content of which includes the aim to expand the business throughout Japan by 2030. For details of the agreement, please refer to "Notice Concerning Leasing of Domestic Real Estate (22 Roadside Properties)" published on October 24, 2023. Additionally, "KAI Aso," the asset to be transferred, is a small property among the properties under the "KAI" brand, one of Hoshino Resorts' major brands. Therefore, while the efficiency of capital expenditures is an issue in maintaining competitiveness, HRR decided on the Transfer because it will enable returns to unitholders through the realization of gains on the Transfer.

For details of the Asset Replacement scheme and expected investment effects as well as other information please see the "Supplementary Explanatory Material for the Press Release Dated April 18, 2025" separately published today.

Note: "Hotel" refers to accommodation facilities mainly with western-style structures and facilities, "ryokan" to accommodation facilities mainly with Japanese-style structures and facilities and "ancillary facilities" to large facilities such as ski resorts, golf courses, pools, and retail stores attached to hotels and ryokans. The same shall apply hereinafter.

4. Contents of Assets to be Acquired, Transferred and Leased in Relation to the Asset Replacement

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

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

a. Explanation on "Overview of specified asset"

- For "Use," accommodation facilities mainly with western-style structures and facilities are indicated as "hotel", and those mainly with Japanese-style structures and facilities are indicated as "ryokan" based on the current conditions of the property. Since the description in "Use" is a category 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 sales 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 Valuers Co., Ltd. or the real estate appraisal report for the Asset to be Transferred obtained from JLL Morii Valuation & Advisory K.K.
- “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 Valuers Co., Ltd. or the real estate appraisal report for the Asset to be Transferred obtained from JLL Morii Valuation & Advisory K.K.
- 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 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.
- “Notes” are matters that are considered to be important in terms of the rights and use of each asset at the time of transfer as well as matters that are considered to be important in consideration of the impact on the appraised value, profitability, and disposability of each asset.

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 Assets to be Acquired.

(1) Contents of Asset to be Acquired

Comfort Inn Niigata Kameda			Category	Properties operated by outside operators (Other)		
			Use	Hotel		
Overview of specified asset						
Planned acquisition date		May 1, 2025	Type of specified asset		Real Estate	
Planned acquisition price		422,280,000 yen	Appraisal value (Appraisal date)		475,000,000 yen (April 1, 2025)	
Location (Indication of residential address)		2-1 11 Higashihayadori, Konan-ku, Niigata-shi, Niigata				
Transportation		Approx. 2 km from Kameda Station on the JR Shinetsu Main Line				
Land	Lot number	2-2439-1 Higashihayadori, Konan-ku, Niigata-shi, Niigata		Building	Completion date	August 2002
	Building coverage ratio	60%			Structure / floors	Five-story steel-framed building with alloy plated steel sheet roof
	Floor-area ratio	200%			Total floor area	1,873.23m ²
	Use district	Semi-industrial district			Building engineer	Takahashi Structural Planning and Design
	Site area	1,630.30m ²			Constructors	SATOKOU Co., Ltd.
	Type of ownership	Ownership			Type of ownership	Ownership

Hoshino Resorts REIT, Inc.

Leasable floor area	1,873.23m ²	Occupancy rate	100%
Main tenant	Greens Co., Ltd.	No. of tenants	1
No. of guest rooms	71	No. of sublease tenants	0

Overview of leasing	
Lessee	Greens Co., Ltd.
Type of contract	Fixed term building lease agreement
Contract period	From May 1, 2025 (However, if the conditions precedent set forth in the lease agreement are fulfilled on or after the same date, the date of fulfillment of the conditions precedent.) to August 31, 2034
Leased floor area	1,873.23m ²
Rent	<p>Annual fixed rent: 20,399,472 yen</p> <p>Floating rent: Floating rent accrues on the following basis: The method of calculating the monthly floating rent shall be the amount obtained by deducting the fixed rent from the amount equivalent to 88% of the floating rent calculation period GOP of the previous month (with the lower limit set to 0 yen).</p> <p>Note: "Floating rent calculation period GOP" refers to the amount obtained by deducting the cost of sales, selling, general and administrative expenses, and head office expenses (personnel expenses, outsourcing expenses, and other expenses incurred by the lessee in the facility management division, personnel/general affairs/accounting/information systems/purchasing management division, and sales division that are allocated to each hotel operated by the lessee according to the number of rooms in each hotel) from the total amount of sales of this facility for each month.</p>
Security deposit and guarantee deposit	Security deposit: 10,199,736 yen
Renewal at the end of contract period	The contract will end at the end of the contract period with no renewal.
Rent revision	The lessor and lessee agree that the rent may not be revised during the lease period and that Article 32 of the Land and Building Lease Act shall not apply to the lease agreement.
Midterm cancellation	Except as otherwise provided in the lease agreement, neither the lessor nor the lessee may terminate the lease agreement during the lease period without the prior written consent of the other party.
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 date that the lease period expires 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.

(2) Contents of Asset to be Transferred

KAI Aso		Category		Properties operated by the Hoshino Resorts Group (KAI)			
		Use		Ryokan			
Overview of specified asset							
Planned transfer date		May 1, 2025		Planned transfer price		774,000,000 yen	
Acquisition date		May 2, 2014		Type of specified asset		Real Estate	
Acquisition price		575,000,000 yen		Appraisal value (Appraisal date)		774,000,000 yen (October 31, 2024)	
Location (Indication of residential address)		628-6 Aza-Senomoto, Oaza-Yutsubo, Kokonoe-machi, Kusu-gun, Oita					
Transportation		Approx. 25 km from Miyaji Station on the JR Hohi Line					
Land	Lot number	628-6 Aza-Senomoto, Oaza-Yutsubo, Kokonoe-machi, Kusu-gun, Oita		Building	Completion date	April 2006	
	Building coverage ratio	Not specified			Structure / floors	Two-story reinforced concrete with wooden alloy plated steel roof	
	Floor-area ratio	Not specified			Total floor area	1,554.50m ²	
	Use district	Not specified			Building engineer	Hashimoto Kensetsu Co., Ltd., Class 1 Architectural Office	
	Site area	26,754.67m ²			Constructors	Hashimoto Kensetsu Co., Ltd.	
	Type of ownership	Ownership			Type of ownership	Ownership	
Leasable floor area		1,545.26m ²		Occupancy rate		100%	
Main tenant		Hoshino Resort Management Co., Ltd.		No. of tenants		1	
No. of guest rooms		12		No. of sublease tenants		0	
Notes:							
<ul style="list-style-type: none">Although no boundary witness or written boundary confirmation was made with respect to the boundary between the land and the adjacent land, as of the end of the current fiscal year, there were no disputes, etc. with the owner of such adjacent land.The property consists of 1 main building and 12 attached buildings. Part of the 1 main building and part of the 12 attached buildings are wooden buildings.The property is located in a national park as defined by the Natural Parks Act. The approval of the Minister of the Environment is required in order to operate an accommodation business. Additionally, in cases of changing the matters in the application, etc. submitted for approval, such as cases of an extension or reconstruction of a building, it is necessary to obtain the approval of the Minister of the Environment. Note that HRR has obtained the necessary approval to conduct the accommodation business at the property.The property is equipped with a kitchen facility that falls under the specified facilities stipulated in the Water Pollution Prevention Act.							

5. Overview of Seller and Buyer of Asset Replacement

(1) Overview of Seller

O-53 Comfort Inn Niigata Kameda

Company name	Greens Co., Ltd.	
Head office location	5-3 Hamadacho, Yokkaichi-shi, Mie	
Name and title of representative	Yuya Muraki, President & CEO	
Amount of capital	100 million yen (as of April 8, 2025)	
Date of incorporation	January 8, 1964	
Net assets	11,169 million yen (as of December 31, 2024)	
Total assets	29,962 million yen (as of December 31, 2024)	
Major shareholder and shareholding ratio (as of December 31, 2024)	<ul style="list-style-type: none"> • Shinryoku Corporation (18.02%) • TM Company Limited (12.25%) • Yuya Muraki (7.64%) • Custody Bank of Japan, Ltd. (Trust Account) (4.64%) • MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.) (4.02%) • BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.) (3.33%) • BNP PARIBAS SINGAPORE/2S/JASDEC/MBBCLIENT ASSETS 2 (Standing proxy: The Hong Kong and Shanghai Banking Corporation, Tokyo Branch) (3.23%) • Toshio Muraki (2.52%) • GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.) (2.48%) • JP JPMSE LUX RE NOMURA INT PLC1 EQ CO (Standing proxy: MUFG Bank, Ltd.) (1.68%) 	
Main business	Management of hotels and restaurants and other incidental business	
Relationship with HRR/Asset Management Company	Capital relationship	There is no capital relationship required to be stated between HRR/the Asset Management Company and the seller.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the seller.
	Business relationship	There is no business relationship required to be stated between HRR/the Asset Management Company and the seller.
	Status of classification as related party	The buyer does not fall under the related party of HRR/the Asset Management Company.

(2) Overview of Buyer

K-5 KAI Aso

Company name	NBI Regional Revitalization Investment Co., Ltd.	
Head office location	Hibiya Central Building 5th Floor, 1-2-9 Nishi-Shimbashi, Minato-ku, Tokyo	
Name and title of representative	Masanori Nakatsu, Representative Director	
Amount of capital	3 million yen (as of April 8, 2025)	
Date of incorporation	February 25, 2025	
Net assets	3 million yen (as of February 25, 2025)	
Total assets	3 million yen (as of February 25, 2025)	
Major shareholder and shareholding ratio (as of February 25, 2025)	NBI Holdings, Inc. (75%)	
Main business	Real estate investment business, financial services business, and regional revitalization business	
Relationship with HRR/Asset Management Company	Capital relationship	There is no capital relationship required to be stated between HRR/the Asset Management Company and the buyer.
	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 buyer does not fall under the related party of HRR/the Asset Management Company.

6. Transaction with Interested Party, etc.

Not applicable regarding the buyer or lessee of the Asset to be Acquired, or the buyer of the Asset to be Transferred.

7. Status of Owners, etc. of Property

The Acquisition is not an acquisition from any entity having a special interest in HRR or the Asset Management Company.

8. Future Outlook

The delivery and settlement date of the Asset to be Acquired and Asset to be Transferred pertaining to the Asset Replacement and the starting date of the lease of the Asset to be Acquired is to be May 1, 2025 (plan). Therefore, the Asset Replacement and the lease of the Asset to be Acquired will have no impact on the forecast operating status of HRR for the fiscal period ending April 2025 (November 1, 2024 to April 30, 2025). For details of the impact on and the outlook of Asset Replacement and the leasing of the Assets to be Acquired on the operating 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 published today.

9. Appraisal Report

O-53 Comfort Inn Niigata Kameda

Appraisal Report		
Appraiser	Japan Valuers Co., Ltd.	
Appraisal value	475,000,000 yen	
Appraisal date	April 1, 2025	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue (①-②-③)	40,157,040 yen	
①Total potential revenue	40,157,040 yen	Based on actual agreement (Floating rent portion is calculated based on tenant income and expenditure related materials)
②Vacancy loss	0 yen	
③Bad debt loss	0 yen	Not recorded as secured by security deposits, etc.
(2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪)	2,326,368 yen	
④Maintenance	0 yen	Not recorded due to being assumed by tenants
⑤Repair costs	0 yen	Not recorded due to being assumed by tenants
⑥PM fee	0 yen	Not incurred under agreement
⑦Tax and public dues Land	791,384 yen	Assessed based on actual results for FY 2024
⑧Tax and public dues Buildings	1,098,600 yen	Assessed based on actual results for FY 2024
⑨Depreciable assets subject to tax and public dues	247,200 yen	Assessed based on the tax base amount for FY 2025
⑩Insurance premiums	189,184 yen	Amount stated in materials adopted
(3) Net operating income ((1)-(2))	37,830,672 yen	
(4) Interests on security deposits, etc.	101,997 yen	
(5) Capital expenditures and reserves for FF&E	10,753,407 yen	
(6) Net cash flow ((3) +(4)-(5)-(6))	27,179,262 yen	
(7) Cap rate	5.70%	
Direct capitalization value	477,000,000 yen	
Discounted cash flow value	472,000,000 yen	
Discount rate	5.5%	
Terminal cap rate	5.9%	
Integrated value by using cost method	275,000,000 yen	
Land	164,000,000 yen	
Buildings (including movables)	111,000,000 yen	
Other matters appraiser noted upon valuation	None	

Hoshino Resorts REIT, Inc.

K-5 KAI Aso

Appraisal Report		
Appraiser	JLL Morii Valuation & Advisory K.K.	
Appraisal value	774,000,000 yen	
Appraisal date	October 31, 2024	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue (①-②-③)	54,090,000 yen	
①Gross potential revenue (rent income, common area fees income, other income, etc.)	54,090,000 yen	Based on actual agreement (Floating rent portion is calculated based on tenant income and expenditure related materials)
②Vacancy loss	0 yen	Not recorded due to assumption of leasing over long term according to terms of agreement
③Bad debt loss	0 yen	Not recorded as secured by deposits, etc.
(2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+ ⑪+⑫+⑬)	3,778,000 yen	
①Maintenance	0 yen	Not recorded due to being assumed by tenants
②Utilities	0 yen	Not recorded due to being assumed by tenants
③Repair costs	1,672,000 yen	Recording of 30% of leveled amount having determined that ER estimate is appropriate
④Property management fees	0 yen	Not recorded due to being assumed by tenants
⑤Advertisement for leasing, etc.	0 yen	
⑥Tax and public dues on land	830,000 yen	Based on actual amount and considering rate of change
⑦Tax and public dues on buildings	894,000 yen	Assessed taking into account depreciation over time
⑧Tax and public dues on depreciable assets	277,000 yen	Assessed based on actual results and taking into account depreciation over time
⑨Insurance	105,000 yen	Actual amount recorded
⑩Other expenses	0 yen	
(3) Net operating income ((1)-(2))	50,312,000 yen	
(4) Interests on security deposits, etc.	210,000 yen	
(5) Capital expenditures	3,902,000 yen	
(6) Reserve for FF&E	0 yen	
(7) Net cash flow ((3) +(4)-(5)-(6))	46,620,000 yen	
(8) Cap rate	6.0%	
Direct capitalization value	777,000,000 yen	
Discounted cash flow value	770,000,000 yen	
Discount rate	5.8%	
Terminal cap rate	6.2%	
Integrated value by using cost method	284,000,000 yen	
Ratio of land	38.7%	
Ratio of building	61.3%	
Other matters appraiser noted upon valuation	None	

* 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 (thousand yen) (Note 2) (Note 3)	Long-term repair expenses (annual average) (thousand yen) (Note 1) (Note 3)
O-53	Comfort Inn Niigata Kameda	Tokio Marine dR Co., Ltd.	February 2025	—	11,424

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 based on the engineering report prepared by the investigator after their investigation, converted by HRR to annual averages and rounded to the nearest thousand yen.

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-53	Comfort Inn Niigata Kameda	Tokio Marine dR Co., Ltd.	April 2024	9.3