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Notice Concerning Sale of Domestic Real Estate Beneficial Interests in Trust
(Washington Hotel Plaza Hakata, Nakasu)

Japan Hotel REIT Advisors Co., Ltd. (hereinafter called “JHRA”), the asset management company of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”), announces that it resolved today to sell the domestic real estate beneficial interests in trust (hereinafter called the “Asset to be Sold”) as outlined below on behalf of JHR.

1. Summary of Sale

Name of Asset to be Sold	Washington Hotel Plaza Hakata, Nakasu
Type of Asset to be Sold	Real estate beneficial interest in trust
Acquisition date	April 1, 2012
Asset type	Hotel
Hotel type (*1)	Limited-service hotel
Grade (*2)	Mid-price
Sale price (*3)	JPY4,610MM
Book value (*4)	JPY2,088MM
Gain on sale (forecast) (*5)	JPY2,348MM
Appraisal value (*6)	JPY4,610MM
Contract date	December 20, 2024
Closing date	January 30, 2025
Buyer	RISA Partners, Inc.
Brokerage	Involved (*7)

(*1) JHR categorizes its hotels into “limited-service hotel,” “full-service hotel” and “resort hotel” in accordance with their types of operations. The same shall apply hereinafter.

(*2) Based on ADR, etc., JHR classifies its hotels into four grade categories: “luxury,” “upper-middle,” “mid-price” and “economy.” The same shall apply hereinafter.

(*3) Excludes settlement amount of fixed asset tax and city planning tax, etc., as well as selling expenses, consumption tax and local consumption tax.

(*4) The expected book value as of December 31, 2024 is rounded off to the nearest million yen.

(*5) The expected gain on sale of the Asset to be Sold is calculated based on the sale price, book value (forecast) as of December 31, 2024, and expenses related to the sale (forecast). Also, the amount is rounded down to the nearest JPY1MM.

(*6) Appraisal value as of June 30, 2024 is stated.

(*7) The broker does not fall under the category of interested parties as defined in the Act on Investment Trust and Investment

Corporation (Act No. 198 of 1951, as amended; hereinafter called the “Investment Trust Act”), nor does it qualify as an interested party under the Code for Transactions with Interested Parties stipulated by JHRA.

2. Rationale for Sale

JHR adopts a policy of enhancing the quality of its portfolio by comprehensively considering market trends, profitability outlook, and the specific characteristics of individual properties, such as contract types, and by conducting asset replacements or property sales as necessary.

The Asset to be Sold has a stable income-generating capacity; however, the potential for rent increases is limited since it is under a Japanese lease contract with fixed rent only. Additionally, selling the property at its appraised value enables the realization of gains on the sale. Considering these factors, as well as the position of the Asset to be Sold within JHR’s portfolio, a comprehensive decision has been made to proceed with the sale (hereinafter called the “Sale”).

3. Use of Proceeds from Sale and Allocation of Profit

The Sale is expected to generate approximately 2,348 million yen in real estate gains. Since the Asset to be Sold has been held for over 10 years, part of the gains will be retained as a reserve for tax purpose reduction entry. By retaining these gains internally, JHR aims to enhance liquidity and consider utilizing the funds for future purposes, such as acquiring new properties or funding capital expenditures, including guest room renovations.

4. Summary of the Asset to be Sold

Name of the Asset to be Sold		Washington Hotel Plaza Hakata, Nakasu
Asset category		Real estate beneficial interest in trust
Address (Lot number)		2-119-1, Nakasu, Hakata-ku, Fukuoka city, Fukuoka
Location		2-8-28, Nakasu, Hakata-ku, Fukuoka city, Fukuoka
Intended use		Hotel
Area	Land	1,128.46 m ²
	Building	5,692.24 m ² (*1)
Ownership	Land	Ownership
	Building	Ownership
Building structure		S/12 stories above ground
Completion		March 1995
Acquisition price		JPY2,130MM
Appraisal value		JPY4,610MM Date of appraisal: June 30, 2024 Appraiser: Japan Real Estate Institute
Trustee		Sumitomo Mitsui Trust Bank, Limited
Maturity date of trust		March 31, 2027
No. of tenants		1
Rentable area		5,602.04 m ² (*2)
Rented area		5,602.04 m ² (*2)
Rent		JPY20MM/month (*3)

Deposit and guarantee money	N/A
Occupancy rate (based on rented area)	100%
Collateral	N/A

(*1) Including an annex building of 90.20 m².

(*2) Excluding an annex building of 90.20 m².

(*3) As consent from the hotel lessee to disclose rent amounts in units of thousands of yen was not obtained, the figures are rounded down to the nearest million yen.

5. Summary of Buyer

Name	RISA Partners, Inc.
Headquarters	2-15-3 Konan, Minato-ku, Tokyo
Representative	Koji Ishidate, President
Capital	JPY100MM
Establishment	July 2, 1998
Net asset	JPY47,594MM (as of December 31, 2023)
Total asset	JPY121,615MM (as of December 31, 2023)
Major stakeholder and shareholding ratio	NEC Capital Solutions Limited (99.9%)
Major business	• Investments and loans in companies, businesses, real estate, etc. • Various advisory services
Capital relationship Human relationship Business relationship	There are no capital, human or business relationships to be specifically noted between JHR or JHRA and the seller. Moreover, the affiliated parties and companies of JHR and JHRA do not have any capital, human and business relationships with the affiliated parties and companies of the seller that should be specifically reported.
Related parties	The seller does not fall under the category of related parties of JHR and JHRA. Affiliated parties and companies of the seller do not fall under the category of related parties of JHR and JHRA.

6. Summary of Broker

The broker does not fall under the category of interested parties, etc. as stipulated in the Investment Trust Act, nor sponsor-related parties stipulated by JHRA.

7. Payment Method

A lump-sum payment at the time of transfer

8. Schedule of Sale

Date of resolution for the sale	December 20, 2024
Date of conclusion of purchase and sale agreement	December 20, 2024
Settlement and transfer	January 30, 2025 (scheduled)

9. Future prospects

The scheduled sale date is expected to be in January 2025. Accordingly, the forecast for the operational performance of JHR for the fiscal period ending December 2024 (25th period) remains unchanged.

The forecast for operational performance and dividends for the fiscal period ending December 2025 (26th period) is currently under review. Further details will be announced once the policy is finalized.

10. Appraisal report summary

Property name	Washington Hotel Plaza Hakata, Nakasu	
Appraisal value	JPY4,610,000 thousands	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	June 30, 2024	
Item	Details	Summary, etc.
Indicated value by income approach	JPY4,610,000 thousand	
Value by direct capitalization method	JPY4,640,000 thousand	
Operating income	JPY240,843 thousand	
Potential gross income	JPY240,843 thousand	
Potential rent income	JPY240,183 thousand	
Common service fee income	JPY0	
Utilities income	JPY0	
Parking lots income	JPY0	
Other income	JPY660 thousand	
Vacancy loss, etc.	JPY0	
Operating expenses	JPY23,282 thousand	
Maintenance and management expenses	JPY0	
Utilities cost	JPY0	
Repair cost	JPY7,717 thousand	
Property management fee	JPY1,800 thousand	
Tenant leasing cost, etc.	JPY0	
Tax and public dues	JPY13,158 thousand	
Casualty insurance premium	JPY607 thousand	
Other expenses	JPY0	
Net operating income	JPY217,561 thousand	
Gain on management of deposits	JPY0	
Capital expenditures	JPY18,007 thousand	Assessed considering the level of capital expenditure for similar properties, the building age, the average value of annual repair and renewal expenses on the engineering report and renewal costs for furniture, fixtures and equipment.
Net cash flow	JPY199,554 thousand	
Cap rate	4.3%	
Value by DCF method	JPY4,570,000 thousand	
Discount rate	4.1%	
Terminal cap rate	4.4%	
Indicated value by cost approach	JPY4,280,000 thousand	
Land ratio	86.8%	
Building ratio	13.2%	
Other matters noted in appraisal by appraiser	The appraiser judged that the indicated value by income approach, which faithfully replicates the price formation process from the profit aspect, was more persuasive, and adopted the indicated value by income approach. The indicated value by cost approach was limited to reference only, and the indicated value by income approach was used.	

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

(Reference) Portfolio list after the Sale of the Asset to be Sold

Property No.	Property name	Type	Grade	Total number of guest rooms (*1)	Area (*2)	Building completion	Acquisition price (*3) (JPY MM)	Investment ratio (*4)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Kansai (excluding Osaka)	Jul. 1995	10,900	2.4%
2	Oriental Hotel Tokyo Bay	Full-service	Upper-middle	511	Kanto (excluding Tokyo)	May 1995	19,900	4.4%
3	Namba Oriental Hotel	Limited-service	Mid-price	258	Osaka	Mar. 1996	15,000	3.3%
4	Hotel Nikko Alivila	Resort	Luxury	397	Okinawa	Apr. 1994	18,900	4.2%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Chugoku	Sep. 1993 Extended in Sep. 2006	4,100	0.9%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	Mar. 2004 Extended in Jun. 2005 Extended in May 2006	7,610	1.7%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (excluding Tokyo)	Oct. 2006	4,070	0.9%
10	dormy inn Kumamoto	Limited-service	Mid-price	291	Kyushu (excluding Okinawa)	Jan. 2008	2,334	0.5%
12	the b suidobashi	Limited-service	Mid-price	99	Tokyo	Aug. 1986 Extended in Sep. 1989	1,120	0.2%
13	dormy inn EXPRESS Asakusa	Limited-service	Economy	75	Tokyo	Mar. 1997	999	0.2%
15	Washington Hotel Plaza Nara	Limited-service	Mid-price	203	Kansai (excluding Osaka)	Mar. 2000	2,050	0.5%
16	R&B Hotel Ueno-hirokoji	Limited-service	Economy	176	Tokyo	Apr. 2002	1,720	0.4%
18	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	Jan. 2008	3,746	0.8%
22	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	Mar. 1997	2,108	0.5%
24	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	256	Kyushu (excluding Okinawa)	Sep. 2001 for both main building and annex	1,652	0.4%
25	Chisun Hotel Kamata	Limited-service	Economy	105	Tokyo	Jan. 1992	1,512	0.3%
26	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	Apr. 2003	823	0.2%
29	Oriental Hotel Universal City	Resort	Upper-middle	330	Osaka	Jun. 2001	6,753	1.5%
31	Hilton Tokyo Bay	Resort	Luxury	828	Kanto (excluding Tokyo)	Jun. 1988	26,050	5.8%
32	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kansai (excluding Osaka)	Mar. 2009	6,600	1.5%
33	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	Jul. 2010	6,797	1.5%
34	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	Apr. 2009	6,000	1.3%
35	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	Aug. 2009	3,000	0.7%
37	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	Jun. 1982	6,520	1.4%
39	the b hachioji	Limited-service	Mid-price	196	Tokyo	Aug. 1986 Extended in Apr. 1987	2,610	0.6%
40	the b hakata	Limited-service	Mid-price	175	Kyushu (excluding Okinawa)	Sep. 1997	2,300	0.5%

Property No.	Property name	Type	Grade	Total number of guest rooms (*1)	Area (*2)	Building completion	Acquisition price (*3) (JPY MM)	Investment ratio (*4)
41	Hotel Francs	Full-service	Mid-price	222	Kanto (excluding Tokyo)	Aug. 1991	3,105	0.7%
42	Mercure Yokosuka	Full-service	Upper-middle	160	Kanto (excluding Tokyo)	Nov. 1993	1,650	0.4%
43	Oriental Hotel Okinawa Resort & Spa	Resort	Upper-middle	361	Okinawa	Feb. 2005 Extended in Dec. 2006	14,950	3.3%
44	ACTIVE-INTER CITY HIROSHIMA (*5) (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Chugoku	Aug. 2010	17,320	3.8%
45	CANDEO HOTELS Ueno Koen	Limited-service	Mid-price	268	Tokyo	Dec. 2009	6,705	1.5%
46	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Kyushu (excluding Okinawa)	Jul. 1985	7,197	1.6%
47	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	Aug. 2008	27,000	6.0%
48	Hotel Oriental Express Fukuoka Tenjin	Limited-service	Mid-price	263	Kyushu (excluding Okinawa)	Apr. 1999	5,248	1.2%
49	Hilton Nagoya	Full-service	Luxury	460	Chubu	Feb. 1989	15,250	3.4%
50	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Kanto (excluding Tokyo)	Aug. 1993	13,175	2.9%
51	International Garden Hotel Narita	Full-service	Mid-price	463	Kanto (excluding Tokyo)	May 1996	9,125	2.0%
52	Hotel Nikko Nara	Full-service	Upper-middle	330	Kansai (excluding Osaka)	Feb. 1998	10,373	2.3%
53	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	Jan. 2018	2,738	0.6%
54	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	Jan. 1996	62,400	13.8%
55	UAN kanazawa	Limited-service	Upper-middle	47	Chubu	Sep. 2017	2,050	0.5%
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Limited-service	Mid-price	220	Tokyo	Mar. 2008	8,400	1.9%
57	La'gent Stay Sapporo Odori	Limited-service	Mid-price	219	Hokkaido	Jun. 2016	10,020	2.2%
58	Oriental Hotel Kyoto Rokujo	Limited-service	Mid-price	166	Kansai (excluding Osaka)	Sep. 2019	4,446	1.0%
59	Hotel Oriental Express Fukuoka Nakasukawabata	Limited-service	Mid-price	183	Kyushu (excluding Okinawa)	Apr. 2021	4,460	1.0%
60	Hotel JAL City Kannai Yokohama	Limited-service	Mid-price	170	Kanto (excluding Tokyo)	Nov. 2006	4,000	0.9%
61	MIMARU Tokyo Shinjuku West	Limited-service	Upper-middle	76	Tokyo	Feb. 2020	9,645	2.1%
62	HOTEL AMANEK Shinjuku-Kabukicho.	Limited-service	Mid-price	169	Tokyo	Mar. 2023	8,845	2.0%
63	OKINAWA HARBORVIEW HOTEL	Full-service	Mid-price	352	Okinawa	Main building: Apr. 1975 South building: Sep. 1983	21,562	4.8%
64	Southern Beach Hotel & Resort OKINAWA	Resort	Mid-price	448	Okinawa	Apr. 2009	16,200	3.6%
	Total	-	-	13,069	-	-	451,041	100.0%

(*1) Total number of guest rooms column refers to the number of guest rooms available for sale as of December 20, 2024 (excluding rooms for our own long-term use).

(*2) "Tokyo" means Tokyo metropolitan area. "Kanto (excluding Tokyo)" means Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures. "Chubu" means Aichi, Mie, Shizuoka, Nagano, Gifu, Niigata, Toyama, Ishikawa and Fukui prefectures. "Osaka" means Osaka prefecture. "Kansai (excluding Osaka)" means Kyoto, Shiga, Hyogo, Nara and Wakayama prefectures. "Chugoku" means Hiroshima, Okayama, Tottori, Yamaguchi and Shimane prefectures. "Kyushu (excluding Okinawa)" means Fukuoka, Nagasaki, Miyazaki, Kumamoto, Saga, Oita and Kagoshima prefectures. "Okinawa" means Okinawa prefecture.

(*3) The acquisition prices stated on the purchase and sale agreement for beneficial interest in trust and other agreements are indicated (consumption tax, local consumption tax and the acquisition expense such as brokerage fee are not included). The indicated prices are indicated for the assets that have been accepted through the merger.

(*4) The percentage of each acquisition price to the total of acquisition price is indicated and the numbers are rounded off to one decimal place. Therefore, the sum of

investment ratio may not match the total.

(*5) Type, grade and total number of guest rooms of ACTIVE-INTER CITY HIROSHIMA are those of the main facility, Sheraton Grand Hiroshima Hotel.

(*6) Property numbers for the assets having been disposed of are excluded from the table above.