



Hilton Fukuoka Sea Hawk

Japan Hotel REIT Investment Corporation (TSE: 8985)

Supplementary Material for Press Releases dated January 24, 2025

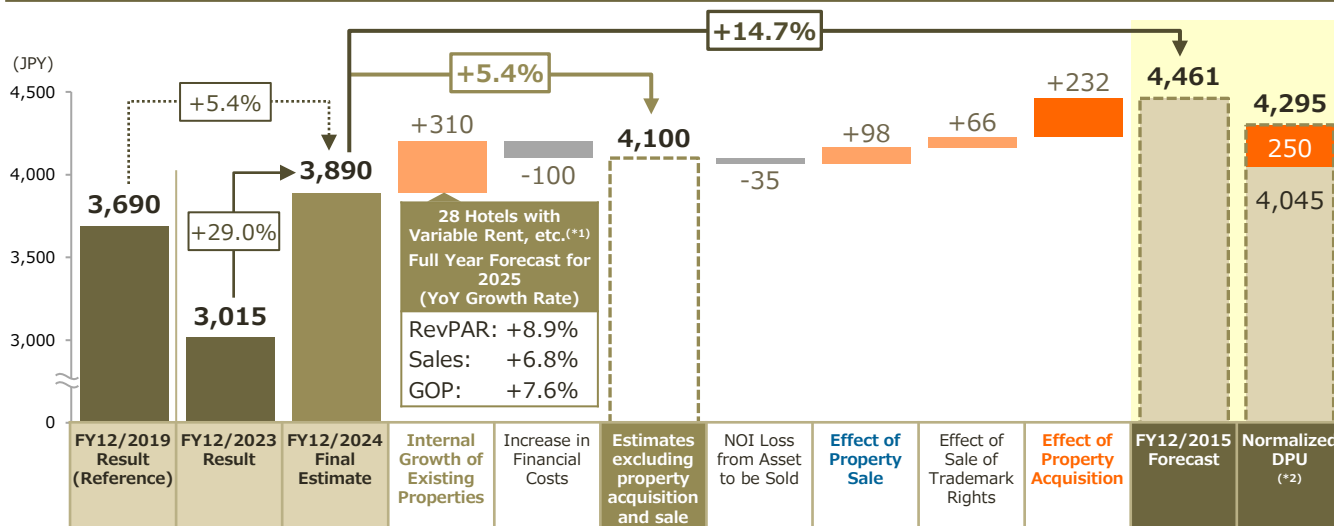
Japan Hotel REIT Investment Corporation
Japan Hotel REIT Advisors Co., Ltd.
<https://www.jhrth.co.jp/en>

January 24, 2025

- DPU growth by acquisition, capital recycling and leverage utilization**
- Leverage management with a maximum market value LTV* of 40%**
- Successive internal growth through active asset management**

* Market value LTV = Total amount of interest-bearing debt / (Total asset + Unrealized gain or loss)

DPU Forecast for FY12/2025 and Factors of Difference from Previous Year



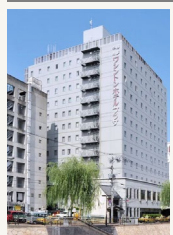
Changes in Portfolio

	FY12/2024 (final estimate)	FY12/2025 (forecast)
No. of Properties	51	51
Total (Anticipated) Acquisition Price	JPY453.1Bn	JPY515.3Bn
Total Appraisal Value ^(*)	JPY623.8Bn	JPY690.9Bn
Unrealized Gain ^(*)	JPY176.1Bn	JPY180.9Bn
NAV per Unit ^(*)	JPY86,178	JPY87,408
Total Asset LTV	41.5%	48.2% ^(*)
Market Value LTV ^(*)	30.6%	36.4% ^(*)

→ Market value LTV will be managed with an upper limit of 40%.

Sale^(*)

Washington Hotel Plaza Hakata, Nakasu (Limited-service)



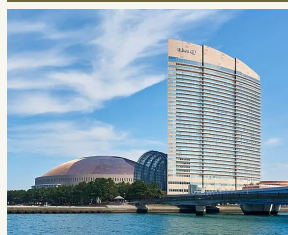
Anticipated Transfer Date	January 30, 2025
Anticipated Sale Price	JPY4.6Bn
Book Value	JPY2.0Bn
Rent Type	Fixed Rent

Gain on Sale: Retained earnings (partial distribution)



Acquisition

Hilton Fukuoka Sea Hawk (Full-service)



Anticipated Acquisition Date	February 21, 2025
Anticipated Acquisition Price	JPY64.35Bn
Appraisal Value	JPY71.7Bn
NOI Yield (2025 Forecast) (annualized)	5.7%
Rent Type	Fixed Rent + Variable Rent

Funding

New Loan

JPY64.35Bn

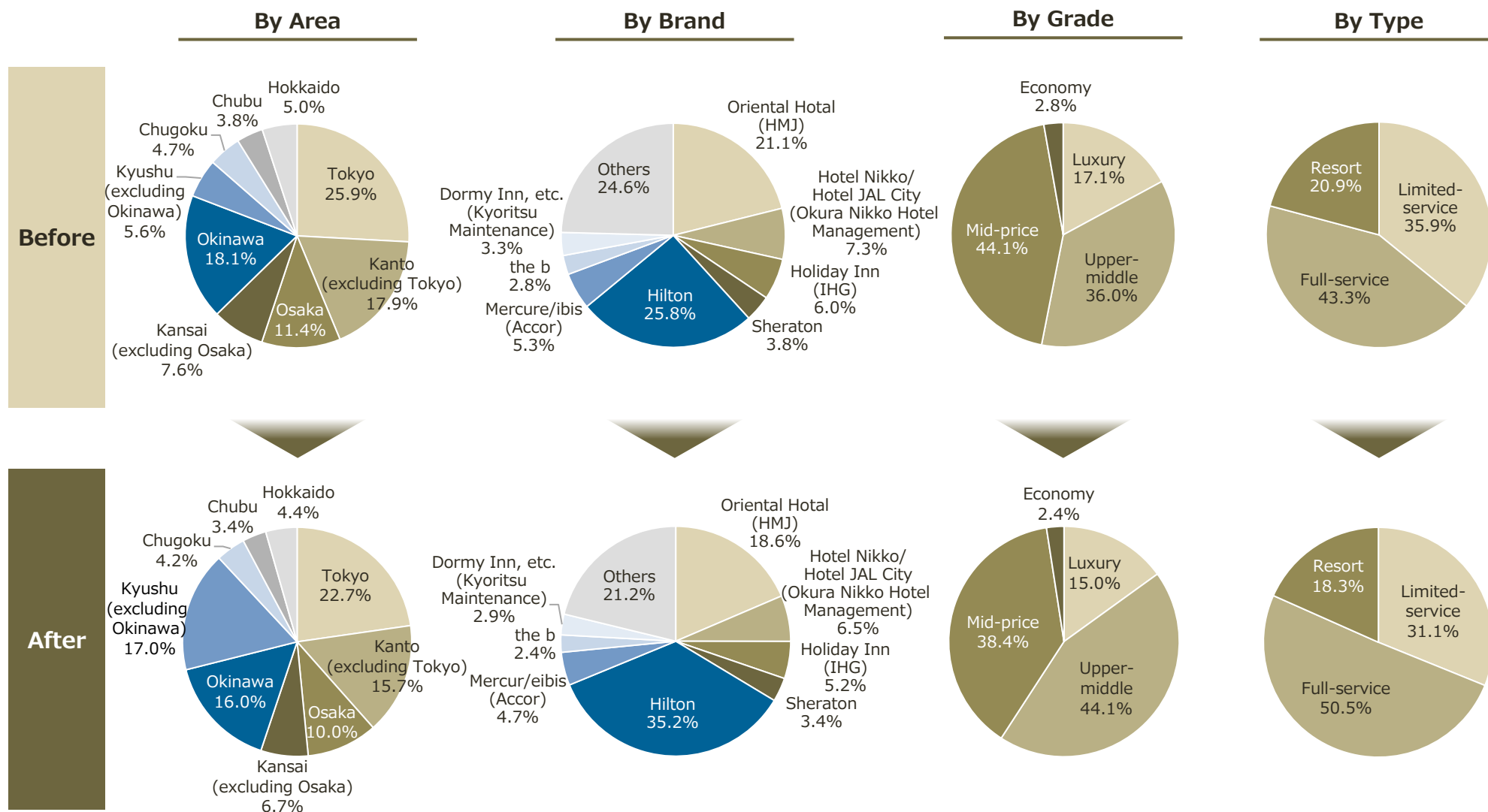


Cash on hand

(*)1 For the definition of "28 Hotels with Variable Rent, etc.," please refer to the press release "Notice Concerning Operating Forecast and Forecast of Dividend" for the Fiscal Year Ending December 2025 (26th Period) dated today.
 (*)2 The normalized DPU refers to an estimated value calculated by excluding the temporary impact of the sales of the trademark rights and Washington Hotel Plaza Hakata, Nakasu from the revenue forecast for the fiscal year ending December 2025. It also assumes that Hilton Fukuoka Sea Hawk is held from the beginning of the period, with the recognition of annualized related fixed taxes and financial costs associated with new borrowings.
 (*)3 The figures are calculated by using the appraisal value at the end of June 2024 for the existing properties and the appraisal value at the time of acquisition for the asset to be acquired. The unrealized gain for the asset to be acquired is the difference between the appraisal value at the time of acquisition and the planned acquisition price.
 (*)4 The figures are the estimates after capital recycling as of February 21, 2025.
 (*)5 For details, please refer to the press release "Notice Concerning Sale of Domestic Real Estate Beneficial Interest in Trust (Washington Hotel Plaza Hakata, Nakasu)" dated December 20, 2024.

Portfolio Diversification

◆ A diversified portfolio well-suited to accurately capture strong inbound demand and realize upside potential

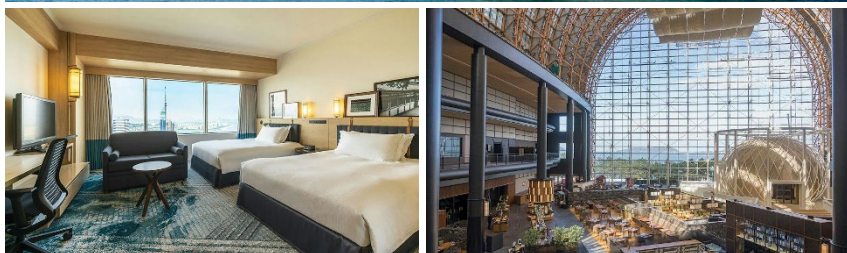
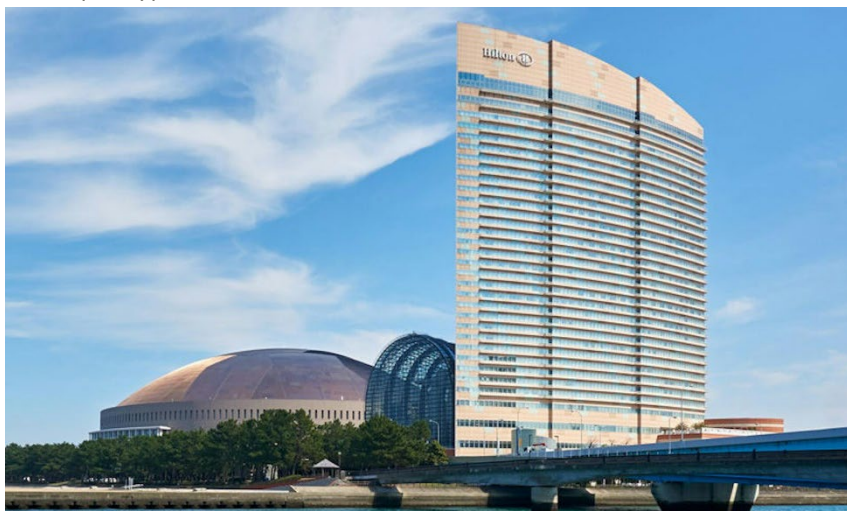


(*) All figures are calculated based on the acquisition price. Percentages are rounded to one decimal place.

Summary of Asset to be Acquired

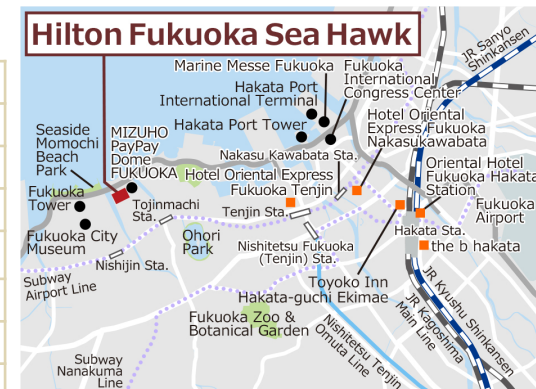
Hilton Fukuoka Sea Hawk

- Large-scale, full-service hotel under international "Hilton" brand in Fukuoka city, the business and tourism center of Kyushu
- Easy access from Fukuoka Airport, only 20 minutes by car. Located next to the dome facility "Mizuho PayPay Dome FUKUOKA" and the entertainment complex "BOSS E·ZO FUKUOKA"
- Designed to resemble a luxury cruise liner, the hotel has 35 floors above ground and 1,052 guest rooms. All rooms have ocean views and appeal to a wide range of customers with a variety of room types and price ranges
- With 30 meeting and banquet rooms, including a large banquet hall with a capacity of 3,500 people, the hotel can meet the demand for large MICE^{(*)1} events such as international conventions, as well as a variety of banquet types



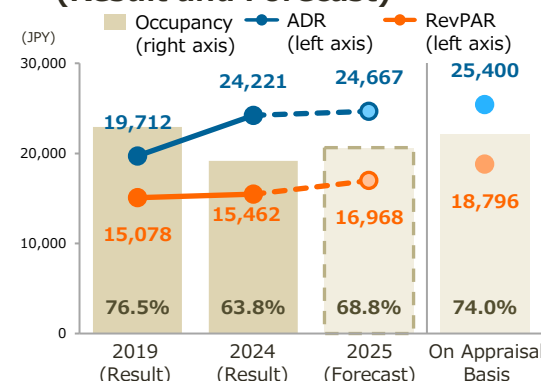
Property Overview

Anticipated Acquisition Price	JPY64,350MM
Appraisal Value	JPY71,700MM
Hotel Type	Full-service
Grade	Upper-middle
Location	2-2-3, Jigyohama, Chuō-ku, Fukuoka city, Fukuoka
Acreage of Land	29,036.35㎡
Total Floor Space ^{(*)2}	140,958.90㎡
Structure and Stories	SRC with flat roof; 35 stories above ground with 2 stories below ground
Completion	March 1995
No. of Guest Rooms	1,052 rooms
Rent Structure	Fixed Rent + Variable Rent ^{(*)3}
Hotel Consulting and Management Company	Hilton Worldwide Manage Ltd.
Hotel Lessee	Hawks Town Corporation (100% subsidiary of HMJ)

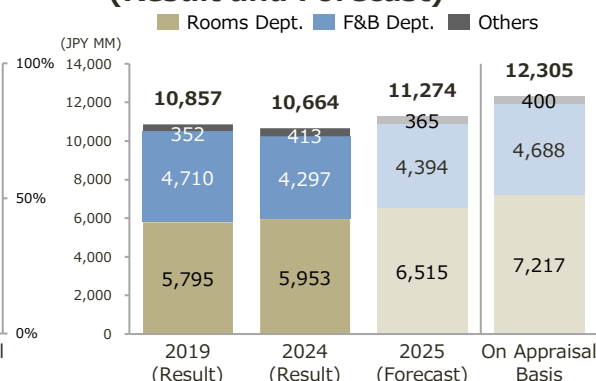


	2025 Forecast (annualized)	On Appraisal Basis
NOI Yield	5.7%	6.0%
NOI Yield after Depreciation	4.4%	4.7%

Changes in KPI (Result and Forecast)



Changes in Sales (Result and Forecast)



(*)1 MICE is an acronym for Meetings (e.g. corporate meetings), Incentive travel (e.g. corporate incentive travel and training trips), Conventions (e.g. international conferences organized by international organizations, groups, academic societies, etc.), and Exhibitions/Events (e.g. exhibitions, trade fairs, and events), and is a general term for business events.

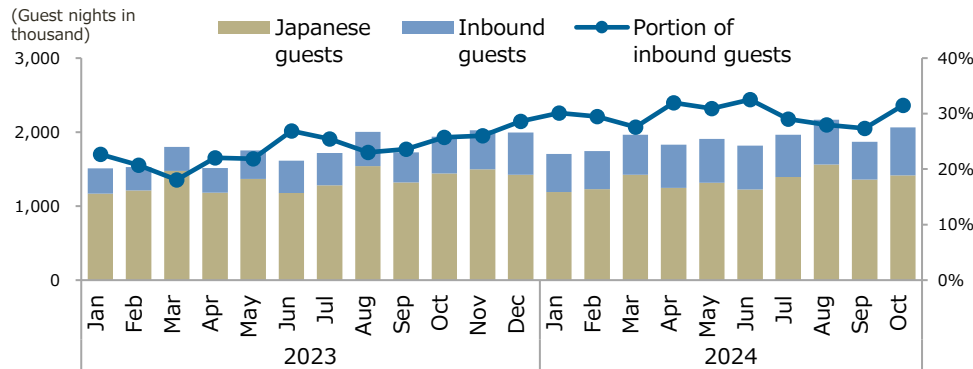
(*)2 It is a total of the exclusive areas of the building and the floor space of attached buildings taken from the certified copy of real estate registry.

(*)3 The annual fixed rent will be JPY2,040 million. The variable rent is calculated as follows: when hotel AGOP exceeds JPY2,100 million, the excess x 95% is paid.

Status of Fukuoka Market

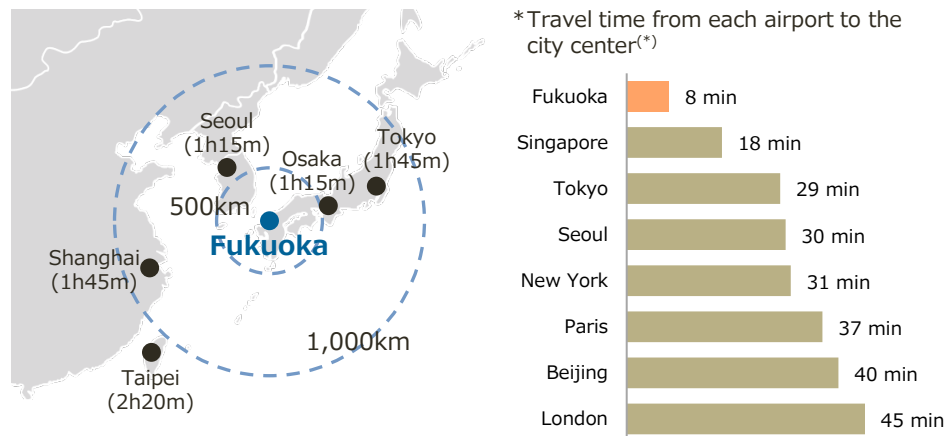
- ◆ Fukuoka is located relatively close to Tokyo, Osaka, and other major Asian cities such as Seoul, Shanghai and Taipei. Fukuoka also has world-class convenient access to the airport, with only 8 minutes by train from the center of Fukuoka city. Inbound demand is strong and further growth is expected
- ◆ Fukuoka Airport currently has only one runway, but a second runway is scheduled to open in March 2025. Passenger numbers are expected to grow as the number of flights and routes expand in the future

Changes in Number of Overnight Guests in Fukuoka



Source: Prepared by JHRA based on the data from "Statistics of Overnight Travel" by Japan Tourism Agency

Flight Time from Fukuoka Airport to Asian Cities nearby



Source: Prepared by JHRA based on the website of Fukuoka Airport, "Domestic Flight Schedule" and "International Flight Schedule"

Source: Prepared by JHRA based on the data from the "Global Power City Index YEARBOOK 2023" by the Institute for Urban Strategies (IUS) at the Mori Memorial Foundation

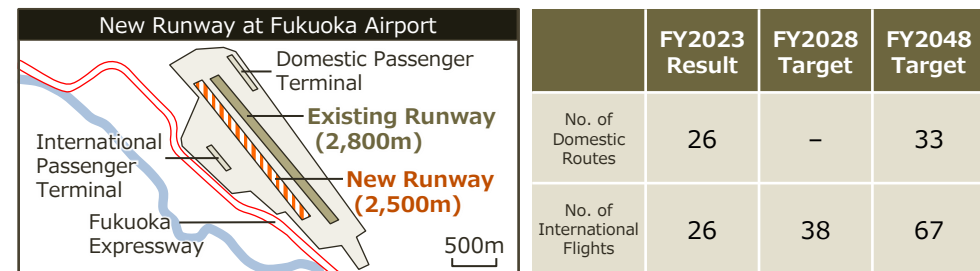
(*) Minimum time required to travel from the target city's airports (with over one million international passengers) to the city center. If more than one airport exists, a weighted average is calculated according to the number of passengers at each airport.

No. of Landings, No. of Runways and Landing/Departure Operating Hours at Domestic Airports for 2023

Rank	Airport	No. of Landings	No. of Runways	Operating Hours
1	Tokyo International (Haneda)	232,455	4	24 hours
2	Narita International	105,480	2	6:00-24:00
3	Fukuoka	91,132	1	7:00-22:00
4	Kansai International	78,586	2	24 hours
5	Naha	77,121	2	24 hours
6	New Chitose	73,768	2	24 hours
7	Osaka International (Itami)	68,998	2	7:00-21:00

Source: Prepared by JHRA based on the data from "Airport Management Status Rankings by Airport, 2023 (Calendar Year & Fiscal Year)" by Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and the rules and regulations for each airport

Runway Expansion and Target Number of Routes at Fukuoka Airport



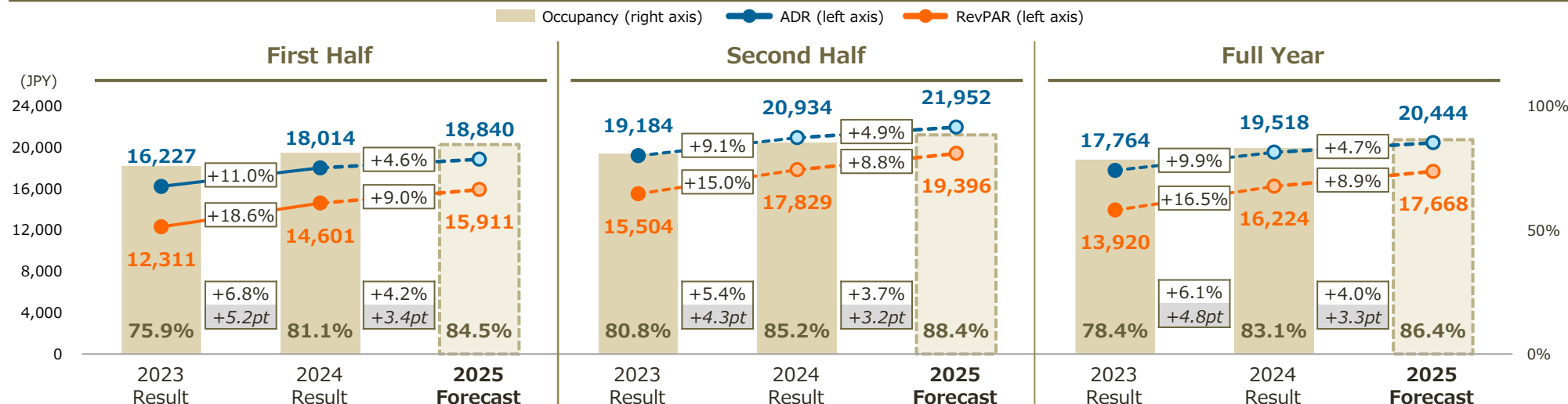
	As of October 2024	March 2025 (after runway expansion)
No. of Flight Slots per Hour	38	40
No. of Flight Slots per Year	176 thousand	188 thousand

Source: Prepared by JHRA based on the data from "Midterm Business Plan (FY2024 to FY2028)" by Fukuoka International Airport Co., Ltd. and "Runway Expansion Plan at Fukuoka Airport" by Kyushu Regional Development Bureau of MLIT

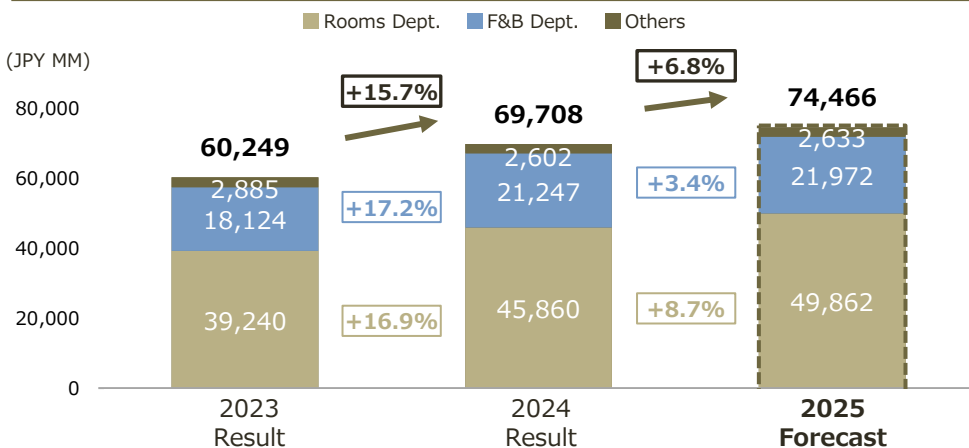
Hotel Performance Forecasts for FY2025 (28 Hotels with Variable Rent, etc.)

- With the continued implementation of effective marketing strategies and precise revenue management, RevPAR is expected to increase by 8.9% year-on-year in FY2025
- The Rooms Department is expected to perform well, while the Food & Beverage Department is anticipated to show steady growth, driven by increased general banquet and restaurant sales. As a result, sales, GOP and GOP margin are projected to reach record highs

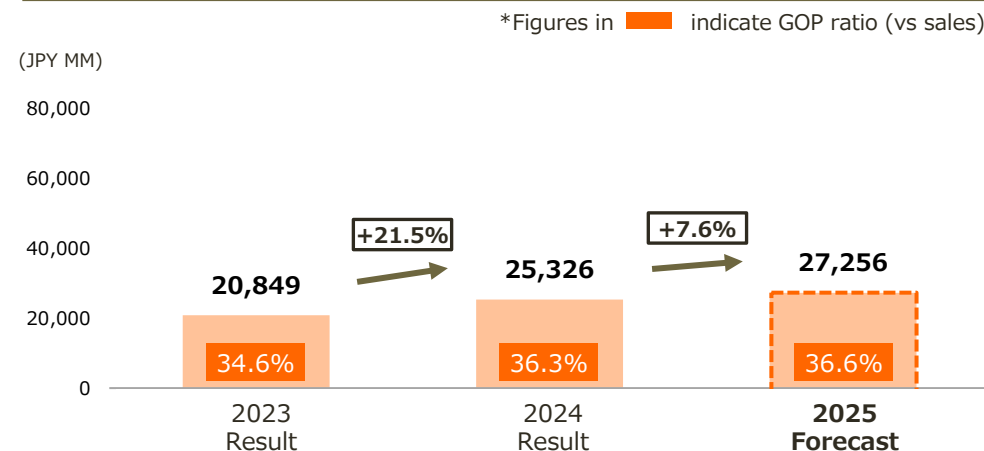
Result and Forecast of Key Performance Indicators (Rooms Dept.)



Sales



GOP



Financial Highlights

Policy for Leverage Management

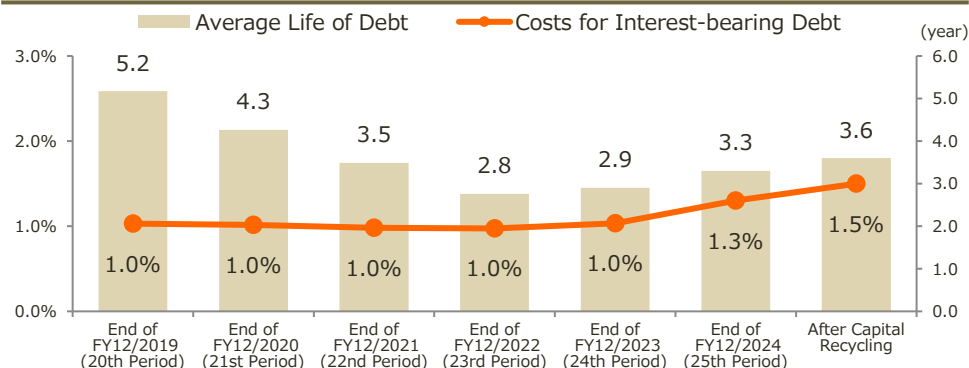
- ◆ Shift in **the leverage control** from total asset LTV to **market value LTV***
- ◆ Leverage management **with a maximum market value LTV of 40%**

$$\text{*Market value LTV} = \frac{\text{Total amount of interest-bearing debt}}{\text{Total asset} + \text{Unrealized gain or loss}}$$

Changes in Main Financial Indicators^(*1)

	FY12/2024 (final estimate)	After Capital Recycling
Total interest-bearing debt	JPY205.2Bn	JPY269.5Bn
Market value LTV	30.6%	36.4%
* Based on the appraisal value as of the end of June 2024		
Fixed interest rate ratio	73.2%	75.7%
Average life of interest-bearing debt ^(*2)	3.3 years	3.6 years
Cost for interest-bearing debt ^(*3)	1.3%	1.5%

Changes in Costs for Interest-bearing Debt and Average Life of Interest-bearing Debt



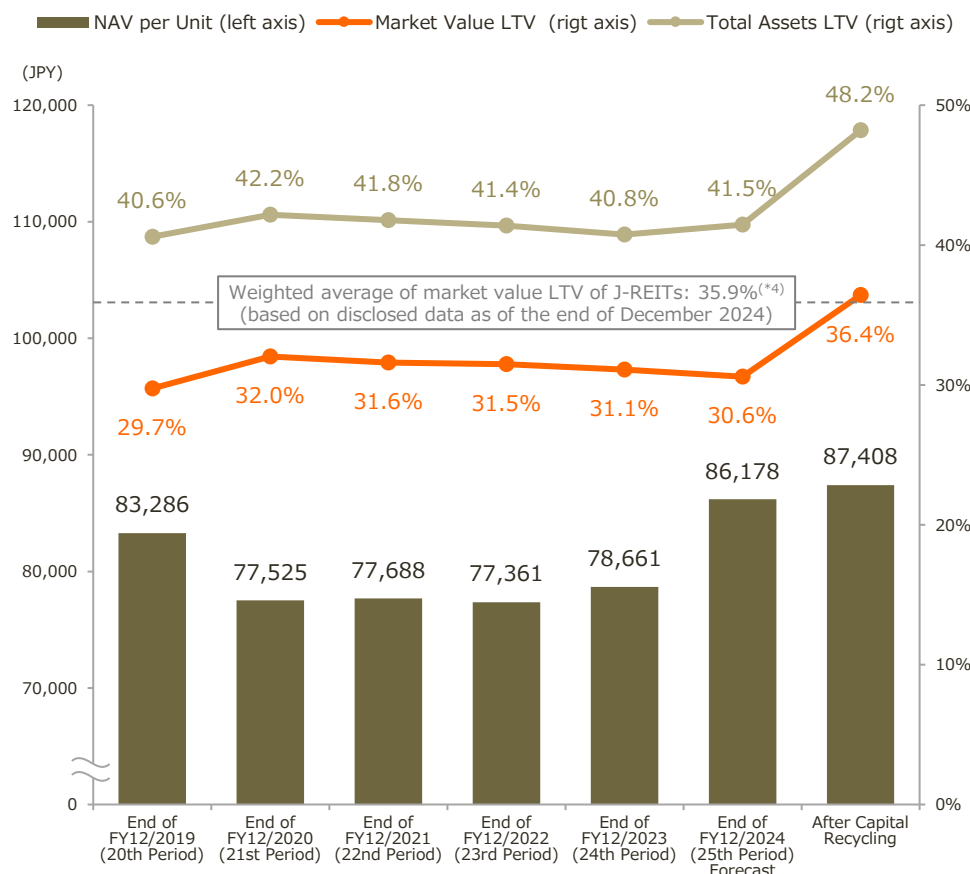
(*1) The figures for the existing properties are calculated by using the appraisal values as of the end of June 2024; for the asset to be acquired, the figures are calculated by the appraisal value at the time of acquisition. The unrealized gain for the asset to be acquired is the difference between the appraisal value at the time of acquisition and the planned acquisition price.

(*2) Average maturity of interest-bearing debt as of the end of each period.

(*3) Weighted-average costs for interest-bearing debt (including up-front fee, etc.) as of the end of each period. Rounded off to one decimal place.

(*4) Weighted-average value of interest-bearing debt of each J-REIT, except JHR, as of the end of the most recent fiscal period disclosed as of the end of December 2024, divided by the amount of total assets plus unrealized gains.

Changes in NAV per Unit and LTV^(*1)



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