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For immediate release

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Notice Concerning Change (Merger) of Tenants of Assets under Management, Etc.

Hoshino Resorts REIT, Inc. (hereinafter referred to as "HRR") announces that tenants of the following properties held by HRR have decided to implement a merger as of October 1, 2022 (hereinafter referred to as "Tenant Merger"), and through this the tenants are expected to change.

The Tenant Merger will be carried out between corporations belonging to Hoshino Resorts Group (collectively referring to Hoshino Resorts Inc., its parent company and its subsidiaries; the same shall apply hereinafter), which are the tenants of the properties owned by HRR. As a result, the lessees will be consolidated into one surviving company after the merger, and there will be no change in rent or other details of the lease agreement entered into between HRR and the tenants.

1. Background to the Tenant Merger

On August 25, 2022, HRR received a notice from K.K. Horizon Hotels, HRO Inc., and KK IHB, which are tenants of the properties listed in "2. Subject property" below held by HRR, stating to the effect that they decided to implement a merger on October 1, 2022, with K.K. Horizon Hotels as the surviving company and HRO Inc. and KK IHB as the absorbed companies, mainly for the purpose of strengthening the financial position and streamlining management.

All of K.K. Horizon Hotels, HRO Inc. and KK IHB are entities belonging to Hoshino Resorts Group.

2. Subject property

As of today, the properties leased by the three parties to the Tenant Merger are as follows:

Current tenant name	Type of business	Property name	Expiration date of the contract	Annual rent (Note 1)		Leased area	
				(Millions of yen)	Ratio (%) (Note 2)	(m ²) (Note 3)	Ratio (%) (Note 4)
K.K. Horizon Hotels	Hotel	RISONARE Yatsugatake	July 15, 2033	525	5.1	33,853.45	6.5
		RISONARE Atami	November 1, 2035	223	2.2	23,385.18	4.5
		ANA Crowne Plaza Hiroshima	November 1, 2035	606	5.9	32,332.00	6.2
		ANA Crowne Plaza Kanazawa	November 1, 2035	546	5.3	23,835.00	4.6
		ANA Crowne Plaza Toyama	November 1, 2035	240	2.3	21,600.11	4.2
		Total		2,140	20.8	135,005.74	26.0
HRO Inc.	Hotel	Hyatt Regency Osaka	October 31, 2036	-	-	80,197.60	15.5
		Total		-	-	80,197.60	15.5
KK IHB	Hotel	the b akasaka	October 31, 2037	135	1.3	4,027.00	0.8
		the b sangenjaya	October 31, 2037	117	1.1	2,672.20	0.5
		the b nagoya	October 31, 2037	99	1.0	8,058.64	1.6
		the b kobe	October 31, 2037	180	1.7	9,647.11	1.9
		Total		531	5.2	24,404.95	4.7

(Note 1) For properties other than "Hyatt Regency Osaka", the figures are annualized amounts calculated by multiplying the fixed rent (monthly) stipulated in the lease agreement in effect as of today by 12. For "Hyatt Regency Osaka", the rent is comprised of variable rent only. Due to the impact of the spread of COVID-19, etc., no rent has been generated as of today, and therefore a dash "-" is indicated.

(Note 2) The ratio of the annual rent of each property to the total annual rent of the entire portfolio is shown.

(Note 3) The above are based on the lease agreement effective as of today.

(Note 4) The ratio of the leased area of each property to the total leased area of the entire portfolio is shown.

3. Date of change

October 1, 2022 (scheduled)

4. Details of the lease agreement after the Tenant Merger

As a result of the merger between corporations belonging to Hoshino Resorts Group, which are the tenants of the properties owned by HRR, the lessees will be consolidated into one surviving company after the merger, and there will be no change in rent or other details of the lease agreement entered into between HRR and the tenants.

Furthermore, there will be no change in the ratio of Hoshino Resorts Group's tenants to the assets held by HRR due to the Tenant Merger.

5. Future outlook

The impact of the Tenant Merger on business results will be minor, and there will be no change to the forecast of the asset management status for the fiscal periods ending October 2022 (May 1, 2022 to October 31, 2022) and April 2023 (November 1, 2022 to April 30, 2023).

* The HRR website address: <https://www.hoshinoresorts-reit.com/en/>