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For immediate release

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Notice Concerning Grant of Preferential Negotiation Right for Lease (Hotel Nikko Kochi Asahi Royal)

Hoshino Resorts REIT, Inc. (hereinafter referred to as “HRR”) announces that it has granted a preferential negotiation right (hereinafter the “Preferential Negotiation Right”) for the lease of the property it owns, Hotel Nikko Kochi Asahi Royal (hereinafter “the Property”), to Hoshino Resorts Inc. as of today. Please see below for details.

1. Background to the Grant of the Preferential Negotiation Right

As announced in the “Notice Concerning Scheduled Change of Tenant (Termination of Lease) (Hotel Nikko Kochi Asahi Royal)” dated September 30, 2022, based on the receipt of the notice of termination from the tenant, the tenant is scheduled to move out of the Property on March 31, 2023, and Hoshino Resorts Group is scheduled to take over the hotel business related to the Property from the tenant on April 1, 2023.

Accordingly, HRR has continued discussions with Hoshino Resorts Group regarding the lease of the Property after the tenant has vacated the premises, and has just received a written move-in application from Hoshino Resorts Inc., which states that Hoshino Resorts Group will lease the Property and operate it as “OMO7 Kochi by Hoshino Resorts”. On this occasion today, HRR has granted Hoshino Resorts Inc. the Preferential Negotiation Right for the lease of the Property.

The grant of the Preferential Negotiation Right is in line with HRR's investment policy, which aims to maintain the competitiveness of assets under management and achieve stable management by making the most of Hoshino Resorts Group's high level of expertise in facility management. Details such as the lease terms and conditions of the Property have not yet been determined as of today and will be announced as soon as they are determined. Further, HRR will not receive any consideration for granting the Preferential Negotiation Right, and neither HRR nor Hoshino Resorts Inc. will be obligated to enter into a lease for the Property.

2. Future Outlook

The Preferential Negotiation Right relates to a lease that will take effect on or after April 1, 2023, and there will be no impact on the operating outlook for the fiscal period ending October 2022 (from May 1, 2022 to October 31, 2022).

In addition, the grant of the Preferential Negotiation Right does not stipulate the lease of the Property and its terms and conditions, and there will be no impact on the outlook of the operating status for the fiscal period ending April 2023 (from November 1, 2022 to April 30, 2023).

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