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For immediate release

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Notice Concerning Change of Hotel Operator (Hyatt Regency Osaka)

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that the hotel operator of "Hyatt Regency Osaka," a property it owns, is to be changed to SEIBU PRINCE HOTELS WORLDWIDE INC. (hereinafter, it may be referred to as "SEIBU PRINCE HOTELS") from July 1, 2023 and that the hotel will be operated under the hotel brand "Grand Prince Hotel" of SEIBU PRINCE HOTELS (hereinafter "the Change").

1. Summary of the Change

	Before change (current)	After change
Scheduled date of change	July 1, 2023	
Property name	Hyatt Regency Osaka	To be determined ("Grand Prince Hotel" brand)
Operator	Hyatt International-Asia Pacific, Limited	SEIBU PRINCE HOTELS WORLDWIDE INC.
Lessee	K.K. Horizon Hotels (unchanged)	

(Note 1) "RISONARE Osaka (in Hyatt Regency Osaka)" (hereinafter "RISONARE Osaka") was opened in "Hyatt Regency Osaka" in December 2022 by the Hoshino Resorts Group (Hoshino Resorts Inc., its parent company and subsidiaries are collectively referred to as the Hoshino Resorts Group; the same hereinafter) and will continue to operate according to the current situation even after the Change. For details of the opening of RISONARE Osaka, please refer to the press release dated September 14, 2022 entitled "Notice Concerning Opening of RISONARE Osaka (in Hyatt Regency Osaka)."

(Note 2) The Change does not result in a change of the lessee. Therefore, there will be no changes to the lease agreement entered into between HRR and the lessee, except for minor amendments.

2. Background and reason for the Change

As of the date hereof, the said property held is operated as Hyatt Regency Osaka under the operations outsourcing agreement (the hotel management agreement) concluded between the lessee, a corporation belonging to the Hoshino Resorts Group, and Hyatt International-Asia Pacific, Limited (hereinafter "Hyatt").

The Hoshino Resorts Group, Hyatt and Hoshino Resort Asset Management Co., Ltd., the asset management company to which HRR entrusts the management of its assets (hereinafter the "Asset Management Company"), have been discussing the possibility of renewing the operations outsourcing agreement as it expires on June 30, 2023. On this occasion, the three parties have agreed to terminate the operations by Hyatt on the above expiration date. "Hyatt Regency Osaka" has been in business for approximately 30 years since its opening in 1994. However, when all parties involved looked ahead to the next phase based on experiences gained from the COVID-19 pandemic, recent trends in the Osaka market and so on, they have come to conclusion that management by a new hotel operator would be the best way for the hotel to make further leaps forward.

Since the Change does not result in a change of the lessee., there will be no changes to the lease agreement entered into between HRR and the lessee, except for minor amendments.

Upon the conclusion of discussions, the lessee held discussions with several operators with a view to selecting a new hotel operator and decided today to select SEIBU PRINCE HOTELS, the hotel operator of the Seibu Group, as the new operator from July 1, 2023 and to enter into an operations outsourcing agreement. Accordingly, the Asset Management Company has accepted the selection and execution of the agreement as of today.

Main reasons for the selection of SEIBU PRINCE HOTELS are as follows:

- As a member of the Seibu Group, one of the largest corporate groups in Japan, it operates a total of more than 80 hotels of various types in Japan and overseas, and is considered to have a wealth of hotel management know-how.
- SEIBU PRINCE HOTELS will open as the first full-service hotel and member of the Grand Prince Hotel brand in Osaka City, which serves as a base for both business and tourism in the Kansai region. In the banquet division, we expect to capture potential demand in the Osaka area through the company's proposal and sales capabilities, utilizing its extensive MICE network throughout the country as SEIBU PRINCE HOTELS, and in the accommodation division, we expect to capture stable demand by leveraging their customer base and strong relationships with travel agencies through their long years of hotel operation.
- They have a wealth of experience in managing venues related to international events held in Japan, and we can expect that their high operational capabilities will be demonstrated at the "Expo 2025" World Exposition (Osaka, Kansai, Japan).
- It can be expected to capture demand from inbound tourists to Japan through cooperation with their overseas sales bases (a total of eight bases, including New York, Shanghai and London).
- SEIBU PRINCE HOTELS and the Hoshino Resorts Group have mutually agreed that RISONARE Osaka, which the Hoshino Resorts Group opened in the hotel in December 2022, will continue to operate in accordance with the current situation after July 1, 2023, and that they will work together to enhance the performance of the entire hotel as a collaboration hotel (Note).

The hotel is in a favorable location, situated close to Yumeshima (Konohana-ku, Osaka), where Expo 2025 Osaka, Kansai, Japan will be held, and integrated resort (IR) facilities are expected to be built. Also, because it is very close to "INTEX Osaka", which will become venue for many MICE events, HRR believes that the hotel can expect to capture more leisure and business demand than before the COVID-19 pandemic. In addition, HRR believes that it is possible to strengthen the competitiveness and profitability of the hotel as a whole over the medium to long term by capturing a wide range of demand by leveraging the strong hotel management capabilities of SEIBU PRINCE HOTELS and the comprehensive strength of the Seibu Group, as well as by acquiring new customer bases through RISONARE Osaka, which is operated by the Hoshino Resorts Group based on the concept of infant education.

Although there are no current plans to carry out major renovations resulting from the Change, HRR recognizes the need for a certain amount of renovation investment because the property in question has been in operation for approximately 30 years since the opening of the hotel. Therefore, in order to maximize hotel revenue, we will consult with SEIBU PRINCE HOTELS and consider investing in renovations after a certain period of time has passed following the Change.

For more information regarding this matter, including the background of SEIBU PRINCE HOTELS opening the first

hotel under the "Grand Prince Hotel" brand in Osaka City, please refer to the following URL (SEIBU PRINCE HOTELS website).

SEIBU PRINCE HOTELS Press Release: <https://www.princehotels.com/press-release/>

(Note) A "collaboration hotel" is a hotel where guests can experience multiple brands in one building. For details, please refer to the press release dated September 14, 2022 entitled "Notice Concerning Opening of RISONARE Osaka (in Hyatt Regency Osaka)".

3. Future outlook

The Change is scheduled for July 1, 2023 and has no impact on the forecasts of operational status for the fiscal period ending April 2023 (from November 1, 2022 to April 30, 2023).

In addition, the impact on operational status for the fiscal period ending October 2023 (from May 1, 2023 to October 31, 2023) is minimal, and there are no changes from the "(REIT) Financial Report for Fiscal Period Ended October 2022 " released on December 15, 2022.

* 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.***