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For immediate release

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Notice Concerning Consolidation of the Operating Structure of Domestic Real Estate (Grand Prince Hotel Osaka Bay)
Maximizing portfolio value through consolidation of hotel operations and wedding facilities in anticipation of the opening of Osaka IR

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that Hoshino Resort Asset Management Co., Ltd. (hereinafter the "Asset Management Company"), the asset management company to which HRR entrusts its asset management, has decided today to (i) end the operation of RISONARE Osaka, which the Hoshino Resorts Group (collectively referring to Hoshino Resorts Inc. and its parent company and subsidiaries; the same shall apply hereinafter) operates at Grand Prince Hotel Osaka Bay (hereinafter the "Property"), a property owned by HRR, and transition to a single-operator structure under which Seibu Prince Hotels Worldwide Inc. (hereinafter "Seibu Prince Hotels") operates the entire Property (hereinafter the "Change in Operating Structure"), and (ii) demolish the chapel building Le Salon Blanc (hereinafter the "Building on Leased Land, etc."), located on the leased portion of the Property, in connection with the expiration of the land lease agreement (hereinafter the "Demolition"; the Change in Operating Structure and the Demolition are collectively referred to as the "Initiatives"), as described below.

1. Overview of the Initiatives

HRR will simultaneously implement the following two initiatives—(i) the Change in Operating Structure and (ii) the Demolition—to strengthen the profitability of the Property in anticipation of the opening of Osaka IR (an integrated resort), simplify its operating structure, contractual arrangements and site configuration, and maximize its asset value over the medium to long term. The Initiatives form part of the efforts to improve the profitability of the Property described in the "Presentation Material for the 26th Fiscal Period (ended April 2026)" dated June 15, 2026. An overview of the Initiatives is provided below.

Item	Before Change (Current)	After Change
[1]-1 Change in Operating Structure	Of the 480 rooms in the hotel building, 48 rooms designated for RISONARE Osaka (Note 1) and certain areas on the 26th and 28th floors are operated by the Hoshino Resorts Group, while the remaining guest rooms, banquet facilities, and food and beverage divisions are operated by Seibu Prince Hotels. The hotel operates as a "collaboration hotel" (Note 2) under this arrangement.	Seibu Prince Hotels will operate all 480 guest rooms and ancillary facilities as Grand Prince Hotel Osaka Bay under a single operating structure.
[1]-2 RISONARE Osaka	RISONARE Osaka is currently in operation and opened on December 16, 2022.	Operations are scheduled to end on November 23, 2026.
[2] Building on Leased Land, etc. (chapel building "Le Salon Blanc")	The chapel building is located on land leased under a fixed-term land lease agreement for business purposes with the City of Osaka. Seibu Prince Hotels operates the building as a wedding facility.	Operations are scheduled to end on October 31, 2026. The building is scheduled to be demolished and the leased land is scheduled to be returned in connection with the expiration of the land lease agreement (March 31, 2027).
(Reference) Lease agreement between HRR and the lessee	Fixed-term building lease agreement with K.K. Horizon Hotels (hereinafter "Horizon Hotels") for a period of 20 years commencing November 1, 2016	No change (Note 3)

(Note 1) The number of guest rooms at RISONARE Osaka represents the number of rooms currently in operation as of the date of this notice, reflecting changes in operations since the announcement in connection with its opening that 64 guest rooms would be included in the areas subject to RISONARE Osaka.

(Note 2) A "collaboration hotel" is a hotel where guests can experience multiple brands in one building. For details of the opening of RISONARE Osaka and its subsequent operating structure, please refer to the "Notice Concerning Opening of RISONARE Osaka (in Hyatt Regency Osaka)" dated September 14, 2022, and the "Notice Concerning Change of Hotel Operator (Hyatt Regency Osaka)" dated March 28, 2023.

(Note 3) The Initiatives will not result in any change to the lessee of the Property or the principal terms and conditions of the lease agreement. As the Building on Leased Land, etc. is located on land leased under a fixed-term land lease agreement for business purposes, the lease agreement for the Building on Leased Land, etc. was entered into as a lease of buildings scheduled to be demolished under Article 39 of the Act on Land and Building Leases. The lease agreement will terminate when the Building on Leased Land, etc. is to be demolished.

2. Background of the Initiatives

(1) Business Environment Surrounding the Property and Challenges

Since its acquisition on November 1, 2016, the Property has been operated under a lease agreement with Horizon Hotels, a Hoshino Resorts Group company, as the lessee. The rent consists solely of floating rent equal to 95% of EBITDA (Note 1) for a calculation period specified in the lease agreement. On December 16, 2022, amid a decline in accommodation demand at the Property due to COVID-19, the Hoshino Resorts Group commenced operations of RISONARE Osaka after renovating some of the hotel's guest rooms, with the objective of attracting new customer segments through distinctive offerings based on the concept of early childhood education. Following the change in hotel operator from Hyatt International-Asia Pacific, Limited to Seibu Prince Hotels on July 1, 2023, the Property continued to be jointly operated by the Hoshino Resorts Group and Seibu Prince Hotels as a "collaboration hotel." RISONARE Osaka has contributed to the Property's revenue throughout the recovery in accommodation demand.

Subsequently, during Expo 2025 Osaka, Kansai, Japan, held from April to October 2025, the Property benefited from accommodation demand associated with the large-scale event, given its proximity to the Expo site on Yumeshima in Konohana Ward, Osaka City. In addition, in the Osaka Bay area, where the Property is located, Osaka IR is scheduled to open on Yumeshima around autumn 2030 (Note 2). Accommodation demand in the area is expected to increase following its opening.

Rent from the Property consists solely of floating rent linked to operating performance. The Property's operating performance is therefore directly reflected in HRR's revenue. HRR recognizes the importance of effective measures to capture the additional demand expected after Osaka IR opens and maximize the Property's earning potential. HRR is also considering an asset strategy that accounts for both medium- to long-term holding of the Property and a potential future sale, and has recognized that efforts to enhance the Property's value are necessary regardless of which option is ultimately

chosen.

Based on this recognition, HRR, the Asset Management Company, Seibu Prince Hotels, and the Hoshino Resorts Group discussed the operating structure of the Property in light of the experience gained in operating the Property during Expo 2025. These discussions led the parties to share the view that ending the operations of RISONARE Osaka and transitioning to an operating structure under which a single operator manages the entire Property would be preferable for enhancing the Property's asset value.

(Note 1) "EBITDA" means the amount obtained by deducting cost of sales, undistributed expenses, chain service fees, management fees, and expenses below GOP from the Property's total revenue for a specified period.

(Note 2) As of the date of this notice, the scheduled opening of Osaka IR is based on the "Plan Regarding the Development of Specified Complex Tourist Facilities Area in Yumeshima, Osaka," approved by the Minister of Land, Infrastructure, Transport and Tourism on April 14, 2023, and information published by MGM Osaka Corporation, the developer and operator of Osaka IR (renamed from Osaka IR Co., Ltd. on May 1, 2025). The schedule is subject to change, and Osaka IR may not open. HRR does not guarantee or commit to the opening of Osaka IR.

(2) Business Environment and Challenges Surrounding OMO7 Osaka

The Hoshino Resorts Group operates "OMO7 Osaka by Hoshino Resorts" (436 rooms; hereinafter "OMO7 Osaka"), a hotel in Osaka City that HRR acquired in June 2024. The Osaka accommodation market is currently in a difficult situation due to the drop-off in demand following Expo 2025 Osaka, Kansai, Japan, as well as changes in the composition of inbound tourism demand resulting partly from a decline in visitors from China. However, HRR considers that OMO7 Osaka has performed relatively well compared with the overall Osaka accommodation market through efforts to enhance the hotel and other initiatives.

Although the Osaka accommodation market is expected to recover in 2027, the outlook for external factors, particularly the international situation, remains uncertain. HRR therefore emphasizes the importance of securing demand as the market recovers. RISONARE Osaka and OMO7 Osaka target some of the same customer segments. The Hoshino Resorts Group's management resources, including those devoted to marketing activities, are spread thin across the Osaka area. HRR has identified the need to improve OMO7 Osaka's earnings as a key priority in portfolio management. To secure as much demand as possible during the anticipated market recovery in 2027, HRR considers it effective for the Hoshino Resorts Group to focus its management resources in the Osaka area on OMO7 Osaka ahead of the recovery.

3. Details of the Initiatives

Based on the challenges outlined above, HRR will undertake two initiatives for the Property: consolidation of the operating structure and consolidation of the wedding facilities.

(1) Consolidation of the Operating Structure (the Change in Operating Structure)

The Asset Management Company and the Hoshino Resorts Group have held extensive discussions with Horizon Hotels (the lessee) and Seibu Prince Hotels (the operator). The parties have now agreed to terminate the business outsourcing agreement between Horizon Hotels and Hoshino Resorts Inc. for RISONARE Osaka and end operations of RISONARE Osaka on November 23, 2026. The parties have also agreed to transition to a single-operator structure, with a target date of December 1, 2026. Under this structure, Seibu Prince Hotels will operate the entire Property as Grand Prince Hotel Osaka Bay, including the rooms currently used for RISONARE Osaka. In connection with the Change in Operating Structure, the special provisions for the joint operation of RISONARE Osaka will terminate, while the remainder of the operations outsourcing agreement between Horizon Hotels and Seibu Prince Hotels and the lease agreement between HRR and the lessee will remain in effect. There are no current plans to carry out major renovations resulting from the Change in Operating Structure.

(2) Consolidation of Wedding Facilities (the Demolition)

Wedding services at the Property are currently provided at two facilities: a guesthouse and chapel adjoining the hotel building (located on land owned as part of the Property) and the Building on Leased Land, etc. The Building on Leased Land, etc. stands on land leased by HRR from the City of Osaka under a fixed-term land lease agreement for business purposes. The agreement will expire on March 31, 2027. HRR has held extensive discussions with the City of Osaka regarding the future operation of the Building on Leased Land, etc., including the possibility of entering into a new land lease agreement. Following its review in light of the existing agreement's expiration, the Asset Management Company has determined, for the reasons outlined below, that demolishing the Building on Leased Land, etc., returning the leased land upon expiration of the agreement, and consolidating the Property's wedding

facilities into the facilities on land owned as part of the Property would contribute to maximizing the Property's asset value over the medium to long term.

[1] **Structural Decline in Wedding Demand**

The number of marriages in Japan decreased by approximately 40%, from approximately 798,000 in 2000 to approximately 489,000 in 2025 (Source: Vital Statistics, Ministry of Health, Labour and Welfare). Accordingly, demand for wedding facilities is on a downward trend over the medium to long term. Continued operation of the Property's wedding business is feasible at the guesthouse and chapel on land owned by HRR, and the need to maintain wedding facilities at two separate sites has diminished.

[2] **Elimination of Costs and Restrictions Associated with Leased Land**

The Demolition will eliminate annual rent of 24 million yen, property tax and other related expenses associated with the Building on Leased Land, etc., as well as short-term repair and medium- to long-term construction costs for its maintenance. In addition, the Property's site will consist solely of land owned by HRR, and the restrictions associated with the land lease agreement, including those relating to the lease term and conditions for returning the land, will also be eliminated.

An outline of the Building on Leased Land, etc. and the land lease agreement is as follows.

Item	Details
Name	Chapel building "Le Salon Blanc" (guesthouse and chapel)
Location	1-chome, Nanko-Kita, Suminoe-Ku, Osaka-shi, Osaka (part of the Property's site)
Structure and Floors / Completion Date	Two-story steel-framed building with alloy plated steel sheet roof / July 2012
Total Floor Area	1,874.94 m²
Use	Wedding facility (wedding venue and conference hall)
Land Lessor	City of Osaka
Type of Leasehold Right / Area	Fixed-term land leasehold right for business purposes / 7,054.47 m²
Land Lease Term	Until March 31, 2027
Rent (Monthly)	2,000,000 yen (24,000,000 yen per annum)
Security Deposit / Guarantee Deposit	24,000,000 yen

4. Expected Effects of the Initiatives

The effects HRR expects from the Initiatives are as follows.

(1) The Property: Advancement of Asset Strategy in Anticipation of the Opening of Osaka IR

[1] **Enhancement of Profitability through Maximization of Revenue Opportunities and Elimination of Cost Burdens**

During the COVID-19 pandemic, generating accommodation demand for the Property was essential. The operating structure that allowed two brands to coexist within the hotel, with each brand stimulating demand by enhancing its own offerings, was effective under those circumstances. As the opening of Osaka IR is expected to generate substantial accommodation demand throughout the area, HRR believes that an operating structure under which a single operator manages the sales and operations of all 480 guest rooms in an integrated manner would provide greater opportunities to maximize revenue and improve cost efficiency across room sales, banquet and food and beverage coordination, and in-house services, and would be better suited to maximizing the Property's profitability. In addition, the Demolition will eliminate land rent, property taxes and other related expenses, as well as short-term repair costs and medium- to long-term construction costs associated with maintenance. The management resources of the Property's wedding business will also be consolidated into the facilities on land owned as part of the Property. These changes will make the Property's earnings structure more efficient.

[2] **Simplification of the Operating Structure and Property Rights Arrangements**

As a result of the Initiatives, the Property's operating structure and contractual arrangements will be consolidated under a single operator and a single lease agreement. The site will also consist exclusively of land owned by HRR. In addition to the improvement in profitability

described in [1] above, the simplified structure is expected to make HRR's asset strategy more achievable in both scenarios: continued ownership of the Property over the medium to long term and a potential sale at a later date. In considering a potential sale of the Property, a streamlined structure with a single operator and simplified property rights arrangements would also be desirable in gaining favorable evaluations from a wide range of prospective buyers.

HRR expects the Initiatives to contribute to an increase in the Property's asset value and to HRR's earnings growth, regardless of HRR's decision on continued ownership or sale of the Property.

(2) OMO7 Osaka: Improved Earnings through Concentrated Management Resources

The end of RISONARE Osaka operations is part of the Hoshino Resorts Group's strategy to select and focus its management resources in the Osaka area. The Change in Operating Structure will enable the Hoshino Resorts Group to focus its management resources, including marketing, and its customer acquisition activities in the Osaka area on OMO7 Osaka. This is expected to help OMO7 Osaka reliably capture accommodation demand during the anticipated market recovery and increase its earnings. OMO7 Osaka is a property owned by HRR, and improved earnings from the property would directly contribute to enhancing the value of HRR's overall portfolio.

(3) Maximization of Portfolio Value

As described above, the Initiatives have resulted from the convergence of two strategies: HRR's strategy to maximize revenue opportunities for the Property and ensure its simplicity as an asset in anticipation of the Osaka IR opening, and the Hoshino Resorts Group's strategy to select and focus its management resources in the Osaka area. Through the Initiatives, HRR aims to enhance the respective values of the Property and OMO7 Osaka, its two properties in Osaka City, thereby maximizing its overall portfolio value.

5. Impact of the Initiatives on Profit or Loss and Distributions

(1) Receipt of Consent Fee

In connection with the opening of RISONARE Osaka, HRR carried out renovation work on the designated guest rooms and common areas at the request of the lessee. Given that RISONARE Osaka operations will end before the originally planned operating period expires, HRR held discussions on the premise that it would recover an amount equivalent to the unrecovered portion of its investment in the renovation work. As a result, HRR agreed to receive a consent fee of 260 million yen, equivalent to the unrecovered investment amount (hereinafter the "Consent Fee"), in exchange for accepting Horizon Hotels' request for the early termination of RISONARE Osaka operations. The agreement to receive the Consent Fee eliminated HRR's risk of not recovering its investment and enabled HRR to make an early decision on the Change in Operating Structure. The Consent Fee is scheduled to be recorded as operating revenue in the fiscal period ending April 2027.

(Note) The amount and accounting treatment of the Consent Fee have not yet been finalized. The information presented reflects the plans as of the date of this notice and may differ from the amount actually received and the accounting treatment ultimately applied. HRR also plans to agree with the lessee to exclude the Consent Fee from the lessee's expenses deducted from total sales revenue in the calculation of EBITDA for the period specified in the lease agreement. This EBITDA serves as the basis for calculating the rent payable by the lessee.

(2) Recognition of Losses Associated with the Demolition

In connection with the Demolition, HRR plans to record a total of 612 million yen as an extraordinary loss in the fiscal period ending October 2026. This amount comprises a loss on retirement of non-current assets corresponding to the book value of the Building on Leased Land, etc. (110 million yen), amortization of leasehold rights corresponding to their book value (301 million yen), and expenses associated with recognizing an asset retirement obligation for demolition, removal and related work on the Building on Leased Land, etc. (200 million yen).

(Note) Each of the above amounts is rounded down to the nearest million yen. Accordingly, the sum of the individual amounts may not equal the total. The above amounts are approximate figures based on the book values and estimates as of the date of this notice and are subject to change following discussions with the audit firm, as are the timing of recognition and the accounting classifications, including loss on retirement of non-current assets, amortization of leasehold rights, and expenses related to asset retirement obligations. HRR expects to recognize an asset retirement obligation for demolition, removal and related work (restoration costs) upon the decision to proceed with the Demolition, regardless of when the work is carried out (currently scheduled for the end of October 2026 through March 2027). For tax purposes, the loss on retirement of non-current assets related to the Building on Leased Land, etc. is expected to be deductible in the fiscal period ending October 2026, while two items totaling 501 million yen—the amortization of leasehold rights and the costs of demolition, removal and related work—are expected to be deductible in the fiscal period ending April 2027, during which the demolition, removal and related work on the Building on Leased Land, etc. is expected to be completed.

(3) Reversal of Reserve for Tax Purpose Reduction Entry and Distribution of Allowance for Temporary Difference Adjustments

Of the extraordinary losses, etc. associated with the Demolition, amortization of leasehold rights and costs of demolition, removal and related work (totaling 501 million yen) will be recognized for accounting purposes in the fiscal period ending October 2026. For tax purposes, however, these amounts are expected to be deductible upon the Demolition in the fiscal period ending April 2027. Consequently, in the fiscal period ending October 2026, an income-exceeding difference between accounting and tax treatment will arise due to taxable income exceeding accounting profit. To address this difference between accounting and tax treatment and minimize the occurrence of corporate income taxes, etc., HRR plans to make distributions in excess of earnings totaling 501 million yen (856 yen per unit), attributable to the allowance for temporary difference adjustments, in the fiscal period ending October 2026. HRR expects to reverse the allowance for temporary difference adjustments of 501 million yen (856 yen per unit) in the fiscal period ending April 2027, as the difference between accounting and tax treatment is expected to be resolved.

In addition, the distribution of the allowance for temporary difference adjustments requires the reversal of the reserve for tax purpose reduction entry. Accordingly, HRR plans to reverse the entire reserve of 361 million yen in the fiscal period ending October 2026.

As a result, distributions per unit will increase in the fiscal period ending October 2026, and decrease in the fiscal period ending April 2027. This shift between fiscal periods reflects the difference between the timing of recognition of losses for accounting purposes and the timing of their deductibility for tax purposes. Over the two fiscal periods, the net burden associated with the Demolition (in terms of its impact on distributions) will be 251 million yen (approximately 428 yen per unit). This figure is calculated by deducting the reversal of the reserve for tax purpose reduction entry of 361 million yen from extraordinary losses totaling 612 million yen. These extraordinary losses consist of the above 501 million yen and a loss on retirement of non-current assets of 110 million yen related to the Building on Leased Land, etc. As described in "(1) Receipt of Consent Fee" above, HRR expects to receive the Consent Fee of 260 million yen (approximately 443 yen per unit) in the fiscal period ending April 2027, and use the proceeds for distributions.

However, the details of the allowance for temporary difference adjustments, the reversal of the reserve for tax purpose reduction entry, and the related amounts are subject to change, as they will be finalized following discussions with the audit firm and tax advisors.

(Note) Each of the above amounts is rounded down to the nearest stated unit. Accordingly, the sum of the individual amounts may not equal the total. In addition, the amount reversed from the reserve for tax purpose reduction entry will be distributed as distributions of earnings and will not constitute distributions in excess of earnings. Distributions in excess of earnings attributable to the allowance for temporary difference adjustments are expected to be treated as dividends for tax purposes.

6. Schedule of the Initiatives (Planned)

Date	Description
October 16, 2026	Approval by HRR's Board of Directors and announcement of the Initiatives (today)
October 31, 2026	End of operations at the Building on Leased Land, etc. (wedding facility)
From the end of October 2026 to March 2027	Demolition, removal and related work on the Building on Leased Land, etc.
November 23, 2026	End of RISONARE Osaka operations
December 1, 2026	Transition to a single-operator structure under Seibu Prince Hotels
March 31, 2027	Expiration of the fixed-term land lease agreement for business purposes and return of the leased land
By April 30, 2027	Receipt of the Consent Fee

7. Overview of the Counterparty to the Agreement Concerning the Change in Operating Structure

Company name	K.K. Horizon Hotels	
Head office location	2-3 Otemachi, Toyama-shi	
Name and title of representative	Takashi Togawa, Representative Director	
Amount of capital	10 million yen (as of October 9, 2026)	
Date of incorporation	February 23, 2006	
Net assets	15,571 million yen (as of November 30, 2025)	
Total assets	35,502 million yen (as of November 30, 2025)	
Major shareholder and shareholding ratio	Hoshino Resorts Inc. (100%) (as of July 31, 2026)	
Main business	Management of hotels and ryokans, etc.	
Relationship with HRR/Asset Management Company	Capital relationship	A subsidiary of the parent company of the Asset Management Company.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the counterparty.
	Business relationship	As of today, the counterparty leases “ANA Crowne Plaza Hiroshima,” “ANA Crowne Plaza Kanazawa,” “ANA Crowne Plaza Toyama,” “RISONARE Yatsugatake,” “RISONARE Atami,” and “Grand Prince Hotel Osaka Bay” from HRR, and leases the site of “HOSHINOYA Fuji” to HRR.
	Status of classification as related party	The counterparty is a company that has the same parent company as the Asset Management Company, and is classified as a related party.

8. Transaction with Interested Party, etc.

Horizon Hotels, the counterparty to the agreement concerning the Change in Operating Structure, is a subsidiary of the parent company of the Asset Management Company. Accordingly, Horizon Hotels falls under the definition of an interested party, etc. as set forth in Article 201 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including amendments thereto) and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, including amendments thereto). Horizon Hotels also falls under the definition of an interested party, etc. as set forth in the “interested party transaction rules,” which are internal rules of the Asset Management Company. Therefore, in entering into the agreement concerning the Change in Operating Structure, the Asset Management Company has gone through the approval procedures stipulated in its internal rules.

9. Future Outlook

For details of the impact on HRR’s management status and the outlook for its management status for the fiscal period ending October 2026 (May 1, 2026, to October 31, 2026) and the fiscal period ending April 2027 (November 1, 2026, to April 30, 2027), please refer to “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2026 and Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2027” separately announced today.

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

** This English translation is provided for informational purposes only. If there is any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.*