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Notice Concerning Amendments to Domestic Real Estate Lease Agreements

(Review of Floating Rent Calculation Period)

Hoshino Resorts REIT, Inc. (hereinafter "HRR") hereby announces that Hoshino Resort Asset Management Co., Ltd. (hereinafter the "Asset Management Company"), to which HRR entrusts its asset management, has decided to amend the existing lease agreements with Hoshino Resorts Group (hereinafter the "Lease Agreement Amendments") for a total of 31 properties owned by HRR and leased by Hoshino Resorts Group (collectively referred to Hoshino Resorts Inc., its parent company and its subsidiaries, and the same shall apply hereinafter.), including HOSHINOYA Karuizawa and Grand Prince Hotel Osaka Bay, as one of a series of initiatives aimed at the internal growth of HRR and the enhancement of unitholder value, following the measures announced in the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" on March 18, 2025, the "Notice Concerning Asset Replacement Due to Acquisition of Domestic Real Estate and Transfer of Domestic Real Estate, and Changes to Domestic Real Estate Lease Agreements (Measures for Co-existence and Co-prosperity with Sponsor, etc.)" on April 18, 2025 and the "Notice Concerning Acquisition and Lease of Domestic Real Estate, and Asset Replacement through Transfer of Domestic Real Estate" on the same date.

Furthermore, since each of the counterparties to the Lease Agreement Amendments falls under the category of an interested party, etc. under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments; hereinafter the "Investment Trust Act") and an interested party, etc. under "Rules for Transactions with Interested Parties, etc.," internal rules established by the Asset Management Company, the Asset Management Company has obtained, for the Lease Agreement Amendments, the consent of HRR based on the approval of HRR Board of Directors Meeting held on June 16, 2025, pursuant to the "Rules for Transactions with Interested Parties, etc."

1. Summary of the Lease Agreement Amendments

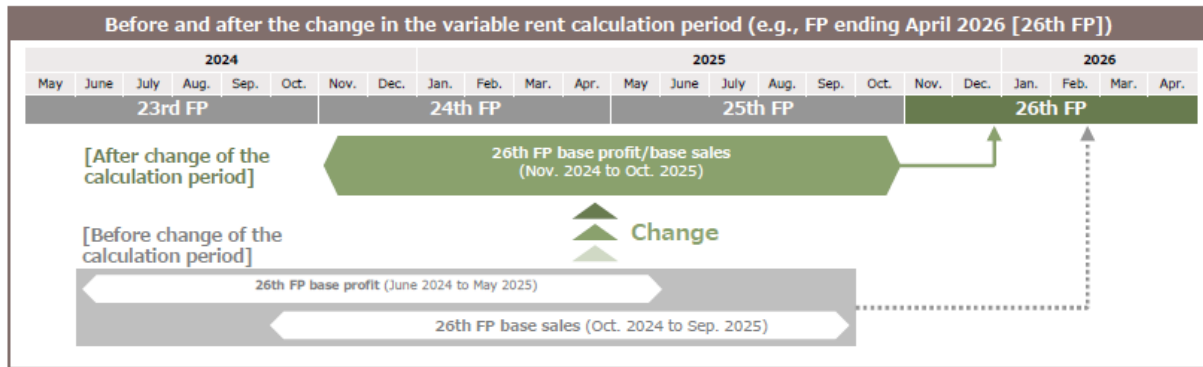
In order to achieve internal growth of the assets held by HRR and to improve HRR unitholder value, the Asset Management Company is implementing a series of initiatives (hereinafter the "Initiatives") that include proactively revising rent for properties where such an increase is possible in exchange for additional investment or other conditions, and considering asset replacement for properties where this is difficult. Recently, HRR has decided to implement the Lease Agreement Amendments as one of the Initiatives, following the measures announced in the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" on March 18, 2025, the "Notice Concerning Asset Replacement Due to Acquisition of Domestic Real Estate and Transfer of Domestic Real Estate, and Changes to Domestic Real Estate Lease Agreements (Measures for Co-existence and Co-prosperity with Sponsor, etc.)" on April 18, 2025 and the "Notice Concerning Acquisition and Lease of Domestic Real Estate, and Asset Replacement through Transfer of Domestic Real Estate" on the same date. For details of the Initiative, please refer to the "Notice Concerning Changes to Domestic Real Estate Lease Agreements (Grand Hyatt Fukuoka and HOSHINOYA Okinawa)" and "Supplementary Explanatory Material for the Press Release Dated March 18, 2025" on March 18, 2025, and the "Notice Concerning Asset Replacement Due to Acquisition of Domestic Real Estate and Transfer of Domestic Real Estate, and Changes to Domestic Real Estate Lease Agreements (Measures for Co-existence and Co-prosperity with Sponsor, etc.)," the "Notice Concerning Acquisition and Lease of Domestic Real Estate, and Asset Replacement through Transfer of Domestic Real Estate" and "Supplementary Explanatory Material for the Press Release Dated April 18, 2025" on April 18, 2025, and "Presentation Materials for the 24th Fiscal Period (ended April 2025)" separately released today.

For the Lease Agreement Amendments that form part of this Initiative, we have decided to enter into an amendment agreement for each of a total of 31 properties, including HOSHINOYA Karuizawa and Grand Prince Hotel Osaka Bay, for which the Hoshino Resorts Group is the lessee, with the cooperation of the Hoshino Resorts Group.

Under the lease agreement for each of these properties, a floating rent is determined based on the sales or profit of the property, and the monthly floating rent is calculated based on the sales or profit during the specified floating rent calculation period corresponding to the business period to which each month belongs (hereinafter, five properties with floating rents linked to sales are referred to as "Sales-linked properties" and 26 properties with floating rents linked to profits are referred to as "Profit-linked properties"). Specifically, for the Sales-linked properties, the rents for the following six months are determined based on sales for the 12 months from 13 months to two months ago, while for the Profit-linked properties, the rents for the following six months are determined based on profits for the 12 months from 17 months to six months ago.

HRR believes that a scheme of calculating floating rent based on the actual results of calculation periods prior to each operating period will contribute to the stabilization of distribution forecasts for the business period in question. This is due to the fact that sales or profits that serve as the basis for the floating rent for that operating period are calculated in advance, thereby allowing the amount of floating rent to be fixed beforehand. On the other hand, the current system is complicated and difficult for investors to understand because the calculation periods for floating rent differ between Sales-linked and Profit-linked properties. Another issue is that it takes a considerable amount of time for fluctuations in sales and profits to be reflected in rent.

Therefore, in each amendment agreement for the Lease Agreement Amendments, the primary revision will be to adjust the timing of the calculation period for floating rent. While maintaining the structure of calculating floating rent in a manner linked to sales or profits in the calculation period prior to each operating period, we have determined to unify the calculation period for floating rent to the most recent one-year period for both Sales-linked properties and Profit-linked properties.



With the Lease Agreement Amendments, the calculation periods for floating rent will be unified, making the basis for calculating floating rent simpler and easier to understand. In addition, fluctuations in sales and profits of each property will be reflected in the floating rent more quickly. The performance of both the Sales-linked and Profit-linked properties held by HRR has recovered significantly since the end of the COVID pandemic. HRR believes that by quickly reflecting fluctuations in sales and profits for each property in the floating rent, it will be able to capture the upside potential of the floating rent and contribute to a rapid recovery in dividends in the fiscal period ending April 2026 (26th fiscal period).

Furthermore, for eight properties including HOSHINOYA Karuizawa, the fixed-term building lease agreements that will not be renewed upon expiry of the term will be changed to ordinary building lease agreements that will be renewed upon expiry of the term, and changes will also be made to extend the lease period. As a result, HRR believes the Hoshino Resorts Group, the lessee, will be able to commit to the eight properties in a stable manner over a longer period of time, further strengthening the relationship with the Hoshino Resorts Group.

2. Overview of Transactions related to the Lease Agreement Amendments

(1) Change in the Calculation Period of Floating Rent

For each of the Sales-linked properties and Profit-linked properties, HRR will enter into an amendment agreement with each lessee to the fixed-term building lease agreement and building management service outsourcing agreement, and will change the provisions regarding the calculation period for floating rent linked to sales or profits, effective November 1, 2025, to be linked to sales or profits from November of the previous year to October of the current year, as described in 1 above. As a result, the monthly floating rent for each property will be changed so that the sales or profits for the most recent year will be used as the basis for calculating the floating rent.

The properties owned by HRR subject to the Lease Agreement Amendments are as shown in the table below.

Sales-linked properties	
Property number	Property name
H-1	HOSHINOYA Karuizawa
H-2	HOSHINOYA Kyoto
R-1	RISONARE Yatsugatake
K-1	KAI Matsumoto
K-3	KAI Ito

Profit-linked properties	
Property number	Property name
H-3	HOSHINOYA Fuji
H-4	HOSHINOYA Taketomi Island
H-5	HOSHINOYA Okinawa
R-2	RISONARE Atami
K-2	KAI Tamatsukuri
K-4	KAI Hakone
K-7	KAI Kinugawa
K-8	KAI Kaga
K-9	KAI Alps
K-10	KAI Enshu
K-11	KAI Nagato
K-12	KAI Kirishima
K-13	KAI Beppu
K-14	KAI Poroto
O-44	OMO7 Kochi
O-51	OMO7 Osaka
O-43	Iriomote Hotel
O-45	BEB5 Karuizawa
O-31	ANA Crowne Plaza Hiroshima
O-33	ANA Crowne Plaza Kanazawa
O-34	ANA Crowne Plaza Toyama
O-36	Grand Prince Hotel Osaka Bay
O-42	hotel androoms Osaka Hommachi
O-46	Sol Vita Hotel Naha
O-47	Grand Hyatt Fukuoka
O-52	Hotel WBF Grande Asahikawa

(2) Change to ordinary lease agreements

HRR will enter into comprehensive amendment agreements with each lessee for the Sales-linked properties "HOSHINOYA Karuizawa," "HOSHINOYA Kyoto," "RISONARE Yatsugatake," and "KAI Ito," as well as the Profit-linked properties "HOSHINOYA Fuji," "RISONARE Atami," "KAI Kinugawa," and "BEB5 Karuizawa" to amend the existing fixed-term building lease agreements and building management service agreements that do not undergo renewal upon maturity, with the effective date of November 1, 2025. In addition to changing the calculation period for the floating rent that is linked to sales or profits, HRR will also amend the provisions to extend the lease period and change the fixed-term building lease agreements to ordinary building lease agreements that undergo renewal upon maturity. As a result, such lease agreements will, in principle, be renewed at the end of the lease period, and if neither the lessor nor the lessee notifies the other in writing of their intention not to renew the agreement at least two years prior to the expiration of the lease period, the agreements will be renewed for an additional five years under the same conditions.

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The changed lease periods for each property are as shown in the table below.

Property number	Property name	Lease period	
		Before change	After change
H-1	HOSHINOYA Karuizawa	20 years from July 16, 2013	20 years from November 1, 2025
H-2	HOSHINOYA Kyoto	20 years from May 2, 2014 (or from the date of acquisition of the annex by HRR in respect to the annex)	
R-1	RISONARE Yatsugatake	20 years from July 16, 2013	
K-3	KAI Ito	20 years from July 16, 2013	
H-3	HOSHINOYA Fuji	20 years from May 1, 2017	
R-2	RISONARE Atami	20 years from November 2, 2015	
K-7	KAI Kinugawa	20 years from November 2, 2015	
O-45	BEB5 Karuizawa	20 years from January 31, 2020	

3. Overview of Lessees

The overview of the lessees involved in the Lease Agreement Amendments are as follows:

Property number	Property name	Lessee
H-1	HOSHINOYA Karuizawa	Hoshino Resorts Inc.
H-3	HOSHINOYA Fuji	
K-7	KAI Kinugawa	
R-1	RISONARE Yatsugatake	K.K. Horizon Hotels
R-2	RISONARE Atami	
O-31	ANA Crowne Plaza Hiroshima	
O-33	ANA Crowne Plaza Kanazawa	
O-34	ANA Crowne Plaza Toyama	
O-36	Grand Prince Hotel Osaka Bay	Hoshino Resorts Management Inc.
H-4	HOSHINOYA Taketomi Island	
K-1	KAI Matsumoto	
K-2	KAI Tamatsukuri	
K-3	KAI Ito	
K-4	KAI Hakone	
K-10	KAI Enshu	
O-43	Iriomote Hotel	
O-52	Hotel WBF Grande Asahikawa	
H-2	HOSHINOYA Kyoto	Arashiyama Onsen Rankyokan Inc.
K-8	KAI Kaga	Osaka Hotel Management GK
O-42	hotel androoms Osaka Hommachi	Asama Onsen Hotel Management Co., Ltd.
K-9	KAI Alps	Kochi Hotel Management Inc.
O-44	OMO7 Kochi	Nakakaruizawa Hotel Management Inc.
O-45	BEB5 Karuizawa	Naha Matsuyama Hotel Management Inc.
O-46	Sol Vita Hotel Naha	Nagato Hotel Management Inc.
K-11	KAI Nagato	Hakata Sumiyoshi Hotel Management Co., Ltd.
O-47	Grand Hyatt Fukuoka	Kirishima Hotel Management INC.
K-12	KAI Kirishima	Hanabishi Holdings INC.
K-13	KAI Beppu	Yomitan Operations Inc.
H-5	HOSHINOYA Okinawa	Minami Hotel Management Inc.
O-51	OMO7 Osaka	Shiraoi Hotel Management Inc.
K-14	KAI Poroto	

4. Transactions with interested parties

In the Lease Agreement Amendments, each lessee affiliated to the Hoshino Resorts Group, the counterparty to the lease amendment agreement for each property, is the parent company or a subsidiary of the parent company of the Asset Management Company. For this reason, since each of the counterparties mentioned above falls under the category of an interested party, etc. as defined in Article 201 of the Investment Trust Act and Article 123 of the Enforcement Order of the Law Concerning Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, including subsequent amendments), and an interested party, etc. under the Asset Management Company's internal rules, the "Rules for Transactions with Interested Parties, etc.," the Asset Management Company has obtained, for each transaction, the consent of HRR based on the approval of HRR Board of Directors Meeting held on June 16, 2025, pursuant to the Investment Trust Act and the "Rules for Transactions with Interested Parties, etc."

5. Future Outlook

The amendments to each lease agreement are scheduled to take effect on November 1, 2025, so there is no impact of each transaction on the forecast of management status for the fiscal period ending October 2025 (May 1, 2025 to October 31, 2025).

For details of the impact on and forecast of the management status of HRR for the fiscal period ending April 2026 (November 1, 2025 to April 30, 2026), please refer to the "(REIT) Financial Report for Fiscal Period Ended April 2025" published separately today.

* The 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.*