

Merger between DREAM Private REIT and DREAM Hospitality REIT was Announced—Limited Impact on Rating on DREAM Private REIT

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of the merger between DREAM Private REIT Inc. (security code: -) and DREAM Hospitality REIT Inc. (security code: -).

- (1) On January 20, 2026, Diamond Realty Management Inc., the asset manager of DREAM Private REIT Inc. ("DPR") and DREAM Hospitality REIT Inc. ("DHR"), announced the merger between DPR and DHR (the "Merger") with the effective date of March 1. For the Merger, DPR will be the company surviving the absorption-type merger and DHR will be the company absorbed in the absorption-type merger. No particular changes in the support structure by Mitsubishi Corporation, the sponsor, are expected after the Merger.
- (2) JCR announced the AA long-term issuer rating for DPR with Stable outlook and A long-term issuer rating for DHR with Stable outlook. As at the end of November 2025, portfolios constructed by the respective investment corporations consisted of 46 properties with the total acquisition price of 455.3 billion yen for DPR and 10 properties with the total acquisition price of 41.8 billion yen for DHR. Along with the Merger, the portfolio is expected to expand, DPR's rating has fully been reflected the diversification effect of economies of scale. Furthermore, considering the expected LTV level and others, JCR sees the impact of the Merger on DPR's rating will remain limited. JCR will pay attention to progress in various procedures for the Merger, portfolio and financials, among others, after the Merger.
- (3) As for DHR's long-term issuer rating, JCR placed it under Credit Monitor with Positive direction on January 21, 2026. Please refer to JCR's news release of 25-D-1428.

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<Reference>

Issuer: DREAM Private REIT Inc.

Long-term Issuer Rating: AA Outlook: Stable

Issuer: DREAM Hospitality REIT Inc.

Long-term Issuer Rating: #A/Positive

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