

May 19, 2021

For Immediate Release

REIT Securities Issuer

Hoshino Resorts REIT, Inc.

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(Code: 3287)

Asset Management Company

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Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2021 and Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2022

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces today that it has revised the management status forecast and distribution forecast for the fiscal period ending October 2021 (from May 1, 2021 to October 31, 2021) announced in the Financial Report dated December 15, 2020 as follows.

In addition, HRR newly announces the management status forecast and distribution forecast for the fiscal period ending April 2022 (from November 1, 2021 to April 30, 2022).

There is no revision to the management status forecast and distribution forecast for the fiscal period ended April 2021 (from November 1, 2020 to April 30, 2021) announced in the Financial Report dated December 15, 2020.

1. Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2021

	Operating revenue	Operating profit	Ordinary profit	Profit	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous Forecast (A)	4,519 million yen	1,738 million yen	1,329 million yen	1,328 million yen	5,987 yen	—
Revised Forecast (B)	4,838 million yen	1,861 million yen	1,426 million yen	1,425 million yen	6,338 yen	—
Variance (C) (B)-(A)	318 million yen	123 million yen	97 million yen	97 million yen	351 yen	—
Ratio Variance (C)/(A)	7.1%	7.1%	7.3%	7.3%	5.9%	—
(Reference) Results for fiscal period ended Oct. 2020	6,021 million yen	3,238 million yen	2,854 million yen	2,853 million yen	12,860 yen	—

[Reference]

Forecasted number of investment units issued and outstanding at the end of the fiscal period announced in the previous forecast: 221,862 units

Forecasted number of investment units issued and outstanding at the end of the fiscal period announced in the revised forecast: 224,965 units

(For details, please refer to the “Investment units” column in “Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2021 and the Fiscal Period Ending April 2022” in the attachment.)

Disclaimer: This press release is a document for public announcement concerning revisions to management status forecast and distribution forecast for the fiscal period ending October 2021 and management status forecast and distribution forecast for the fiscal period ending April 2022 of HRR, and has not been prepared for the purpose of solicitation for investment. Investors are advised to ensure that they make decisions on investment at their own responsibility and discretion.

[Notes]

1. The above forecasts are based on the attachment “Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2021 and the Fiscal Period Ending April 2022.” The actual operating revenue, operating profit, ordinary profit, profit, distributions per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may differ from the above forecasts due to acquisition or disposition of real estate, change in the real estate market, actual number of new investment units decided to be issued and the issue price, trends of interest rates and changes in other circumstances surrounding HRR, in the future, etc. In addition, HRR does not guarantee any distribution amount by announcing the forecast figures.
2. HRR may revise the forecast in the event that it expects discrepancies over a certain level from the forecast above.
3. Amounts are rounded down, and ratios are rounded to the nearest specified unit. The same applies hereinafter.

2. Reason for Revisions

HRR revised the forecast as there were changes in assumptions for the management status forecast for the fiscal period ending October 2021 announced in Financial Report for Fiscal Period Ended October 2020, dated December 15, 2020 in line with the issuance of new investment units described in “Notice Concerning Issuance of New Investment Units by Way of Third-Party Allotment” and the acquisition of an asset, etc. described in “Notice Concerning Acquisition of Domestic Real Estate (KAI Nagato)” announced separately today.

Furthermore, HRR announced together with the revisions, a new management status forecast and distribution forecast for the fiscal period ending April 2022 based on the same assumptions.

3. Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2022

	Operating revenue	Operating profit	Ordinary profit	Profit	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Fiscal period ending Apr. 2022	5,114 million yen	2,002 million yen	1,599 million yen	1,598 million yen	7,105 yen	—

[Reference]

Forecasted number of investment units issued and outstanding at the end of the fiscal period: 224,965 units

[Notes]

1. The above forecasts are based on the attachment “Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2021 and the Fiscal Period Ending April 2022.” The actual operating revenue, operating profit, ordinary profit, profit, distributions per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may differ from the above forecasts due to acquisition or disposition of real estate, change in the real estate market, actual number of new investment units decided to be issued and the issue price, trends of interest rates and changes in other circumstances surrounding HRR, in the future, etc. In addition, HRR does not guarantee any distribution amount by announcing the forecast figures.
2. HRR may revise the forecast in the event that it expects discrepancies over a certain level from the forecast above.

* Hoshino Resorts REIT, Inc. website address: <https://www.hoshinoresorts-reit.com/en/>

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[Attachment]

**Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2021
and the Fiscal Period Ending April 2022**

Item	Assumptions
Calculation period	• Fiscal period ending October 2021 (17th fiscal period): May 1, 2021 – October 31, 2021 (184 days) • Fiscal period ending April 2022 (18th fiscal period): November 1, 2021 – April 30, 2022 (181 days)
Assets under management	• The assumption is that HRR will continue to own the 62 properties owned as of today as well as three types of the Yomitan Hotel Management Co., Ltd. preferred shares, and on June 1, 2021, acquire the trust beneficiary right pertaining to Grand Hyatt Fukuoka and transfer ANA Crowne Plaza Fukuoka (hereinafter the “Asset to be Transferred”); and furthermore that HRR will own 63 properties with the addition of KAI Nagato (hereinafter collectively referred to as the “Assets to be Acquired” together with the trust beneficiary right pertaining to Grand Hyatt Fukuoka), which is to be acquired on June 1, 2021, with funds procured through the issuance of new investment units, and funds procured through debt financing, which were resolved at the Board of Directors’ Meeting held today. For details of the acquisition of the trust beneficiary right pertaining to Grand Hyatt Fukuoka and the transfer of ANA Crowne Plaza Fukuoka, please refer to “Notice Concerning Acquisition and Lease of Domestic Real-Estate Trust Beneficiary Right, and Asset Replacement through Transfer of Domestic Real Estate” announced by HRR on March 18, 2021. Furthermore, for details of the acquisition of KAI Nagato, please refer to “Notice Concerning Acquisition of Domestic Real Estate (KAI Nagato)” announced by HRR today. • The assumption is that HRR will acquire the Assets to be Acquired on the above date and transfer the Asset to be Transferred on the above date, and there will be no other changes (i.e. acquisitions of new assets, or dispositions of portfolio assets, etc.) to the assets under management through April 30, 2022. • In practice, assumptions may vary due to acquisition of new assets, or disposition of assets owned, etc. other than the above.

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Item	Assumptions				
Operating revenue	- Leasing business revenue, which is calculated by taking into account the portfolio properties' lease agreement terms and conditions and also such factors as the market environment and property competitiveness, is assumed to be 4,800 million yen for the fiscal period ending October 2021 and 5,114 million yen for the fiscal period ending April 2022. - HRR expects to record a gain on transfer of 37 million yen in the fiscal period ending October 2021 due to the transfer of the Asset to be Transferred. - In the floating rent calculations for properties with sales-linked floating rent, which account for approximately 21% of HRR's portfolio (based on (planned) acquisition prices), which comprises 63 properties that are to be owned as of June 1, 2021, calculations of floating rent for the fiscal period ending October 2021 will be based on each property's sales in the period from April 2020 to March 2021, while calculations of floating rent for the fiscal period ending April 2022 will be based on each property's sales in the period from October 2020 to September 2021. In the floating rent calculations for properties with profit-linked floating rent, which account for approximately 73% of HRR's portfolio (based on (planned) acquisition prices), which comprises 63 properties that are to be owned as of June 1, 2021, calculations of floating rent for the fiscal period ending October 2021 will be based on each property's profit from December 2019 to November 2020, while calculations of floating rent for the fiscal period ending April 2022 will be based on each property's profit from June 2020 to May 2021 (however, this excludes Quintessa Hotel Osaka Shinsaibashi). Accordingly, HRR expects to be partially affected by the decline in floating rent due to the impact of the COVID-19 pandemic in the fiscal periods ending October 2021 and April 2022. - For leasing business revenue, the assumptions are that there will be no cancellation of lease agreements and no delinquent or unpaid rent by lessees. - Of leasing business revenue, the rent by investment category is assumed to be as follows.				
	Fiscal period ending October 2021 (17th Fiscal Period)				
	(million yen)				
	Operational category	Investment category	Fixed rent	Floating rent	Other rent
	Properties operated by the Hoshino Resorts Group	HOSHINOYA	618	109	-
		RISONARE	374	141	-
		KAI	556	211	-
		Other	386	-	-
	Properties operated by outside operators	4 ANA Crowne Plaza properties (Note 1)	720	-	-
		2 Hyatt properties (Note 1)	303	-	-
		4 the b properties (Note 1)	265	-	-
		Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASAHI ROYAL/ Sol Vita Hotel Naha	244	-	-
		Other	816	41	10
	Total		4,286	503	10
	4,800				
	(Note 1) Among the 63 properties that are to be owned by HRR as of June 1, 2021 and the Asset to be Transferred, the four properties operated by IHG ANA Hotels Group Japan LLC are referred to as 4 ANA Crowne Plaza properties, the two properties operated by Hyatt International-Asia Pacific, Limited are referred to as 2 Hyatt properties, and the four properties operated by Ishin Hotels Group Co., Ltd. are referred to as 4 the b properties. The same shall apply hereinafter. Among the 4 ANA Crowne Plaza properties, ANA Crowne Plaza Fukuoka is planned to be transferred on June 1, 2021, so the figures presented are based on leasing business revenue until May 31, 2021. (Note 2) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to increase the amount of the fixed rent in lieu of the application of floating rent for a fixed period (hereinafter a "premium fixed rent"). In such cases, if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors (however, this excludes Quintessa Hotel Osaka Shinsaibashi).				

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Item	Assumptions						
Operating revenue	Fiscal period ending April 2022 (18th Fiscal Period)						
	(million yen)						
	Operational category	Investment category	Fixed rent	Floating rent	Other rent	Total	
	Properties operated by the Hoshino Resorts Group	HOSHINOYA	618	175	-	794	
		RISONARE	374	200	-	574	
		KAI	570	269	-	840	
		Other	386	-	-	386	
	Properties operated by outside operators	Urban tourism	3 ANA Crowne Plaza properties (Note 1)	696	-	-	696
			2 Hyatt properties	406	-	-	406
			4 the b properties	265	-	-	265
			Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASAHI ROYAL/ Sol Vita Hotel Naha	244	-	-	244
			Other	816	78	10	906
			Total	4,379	724	10	5,114
	(Note 1) Among the 63 properties that are to be owned by HRR as of June 1, 2021, the three properties operated by IHG ANA Hotels Group Japan LLC are referred to as 3 ANA Crowne Plaza properties. The same shall apply hereinafter. (Note 2) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to a premium fixed rent. In such cases, if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors (however, this excludes Quintessa Hotel Osaka Shinsaibashi).						
Operating expenses	• Of operating expenses, fixed asset tax, city planning tax and depreciable asset tax are assumed to be 436 million yen for the fiscal period ending October 2021 and 476 million yen for the fiscal period ending April 2022. In general, fixed asset tax, city planning tax (applicable assets only; the same shall apply hereinafter) and depreciable asset tax (applicable assets only; the same shall apply hereinafter) of acquired assets are calculated on a pro rata basis with the previous owner and reimbursed at the time of acquisition. The amount equivalent to the reimbursement, however, is included in the cost of acquisition and thus not recognized as expenses in the acquisition period at HRR. Accordingly, in the case of the Assets to be Acquired to be acquired on June 1, 2021, the assumption is that fiscal 2022 fixed asset tax, city planning tax and depreciable asset tax are recognized as expenses, starting from the fiscal period ending April 2022. Furthermore, the total amount of fixed asset tax, city planning tax and depreciable asset tax included in the cost of acquisition of the properties is expected to be 78 million yen. • Repair expenses for buildings are recognized in the amount assumed to be necessary based on the repair plan formulated by Hoshino Resort Asset Management Co., Ltd., to which HRR entrusts the management of its asset, for each property; however, such factors as emergency repair expenses possibly arising from unforeseeable causes, the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses differing materially from the forecast amount. • Expenses related to leasing business other than depreciation and amortization, which are calculated by taking into account the factors causing fluctuation in expenses, are assumed to be 951 million yen for the fiscal period ending October 2021 and 1,054 million yen for the fiscal period ending April 2022. • Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be 1,433 million yen for the fiscal period ending October 2021 and 1,461 million yen for the fiscal period ending April 2022.						
	Non-operating expenses	• Interest expenses and other borrowing related expenses are assumed to be 416 million yen for the fiscal period ending October 2021 and 404 million yen for the fiscal period ending April 2022. • Investment unit issuance expenses are assumed to be 19 million yen as a one-time cost for the fiscal period ending October 2021.					

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Item	Assumptions
Interest-bearing liabilities	- The assumption is that the borrowed funds presented in “Notice Concerning Debt Financing, Early Repayment of Loan and Interest Rate Swap” announced today and interest-bearing debt (total of borrowings and investment corporation bonds) after debt financing and early repayment as of June 1, 2021, will amount to 68,541 million yen, and also that the following changes will occur. - For the fiscal period ending October 2021, the assumptions include the refinancing of 5,200 million yen in borrowings due for repayment in October 2021, and the repayment of 58 million yen of the borrowings through contractual repayment. - For the fiscal period ending April 2022, the assumption is that there will be refinancing of 1,300 million yen in borrowings due for repayment in January 2022, and refinancing of 5,450 million yen in borrowings due for repayment in April 2022, and 58 million yen of the borrowings will be repaid through contractual repayment. - The forecast is that LTV at the end of the fiscal period ending October 2021 is 38.1% and at the end of the fiscal period ending April 2022 is 37.9%. The following formula is used in the calculation of LTV for this press release: $\text{LTV} = \text{Balance of interest-bearing liabilities outstanding} / \text{Total assets (forecast)} \times 100$
Investment units	- It is assumed that, in addition to 221,862 units issued and outstanding as of today, all of the new investment units to be newly issued through third-party allotment determined at the Board of Directors’ Meeting held today (3,103 units), are issued. - It is assumed that, other than the above, there will be no change in the number of investment units due to issuance of new investment units, etc. through the end of the fiscal period ending April 2022. - Distributions per unit (excluding distributions in excess of earnings) is calculated based on the forecasted number of investment units issued and outstanding at the end of the fiscal periods ending October 2021 and April 2022 (224,965 units) including 3,103 units, the new investment units to be newly issued mentioned above.
Distributions per unit (excluding distributions in excess of earnings)	- Distributions per unit (excluding distributions in excess of earnings) is calculated with the assumption being the cash distributions policy provided in the Articles of Incorporation of HRR. - Distributions per unit (excluding distributions in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrence of unexpected repairs.
Distributions in excess of earnings per unit	Distribution in excess of earnings (distributions in excess of earnings per unit) is not scheduled at this point in time.
Other	- The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. - The assumption is that there will be no unforeseen significant change in general economic trends, real estate market conditions, etc.

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