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For Immediate Release

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Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2022 and Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 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 April 2022 (from November 1, 2021 to April 30, 2022) announced in the Financial Report dated June 15, 2021 as follows.

In addition, HRR newly announces the management status forecast and distribution forecast for the fiscal period ending October 2022 (from May 1, 2022 to October 31, 2022).

There is no revision to the management status forecast and distribution forecast for the fiscal period ended October 2021 (from May 1, 2021 to October 31, 2021) announced in the Financial Report dated June 15, 2021.

1. Revisions to 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
Previous Forecast (A)	5,114 million yen	2,003 million yen	1,600 million yen	1,599 million yen	7,110 yen	—
Revised Forecast (B)	5,431 million yen	2,202 million yen	1,755 million yen	1,754 million yen	7,153 yen	—
Variance (C) (B)-(A)	316 million yen	199 million yen	155 million yen	155 million yen	43 yen	—
Ratio Variance (C)/(A)	6.2%	10.0%	9.7%	9.7%	0.6%	—
(Reference) Results for fiscal period ended Apr. 2021	4,591 million yen	1,816 million yen	1,422 million yen	1,466 million yen	6,406 yen	—

[Reference]

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

Forecasted number of investment units issued and outstanding at the end of the fiscal period announced in the revised forecast: 245,324 units

(For details, please refer to the “Investment units” column in “Assumptions for the Management Status Forecast for the Fiscal Period Ending April 2022 and the Fiscal Period Ending October 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 April 2022 and management status forecast and distribution forecast for the fiscal period ending October 2022 of HRR, and has not been prepared for the purpose of solicitation for investment. Investors are advised to ensure that they read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as the amendments thereto, prepared by HRR before they invest and 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 April 2022 and the Fiscal Period Ending October 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 April 2022 announced in Financial Report for Fiscal Period Ended April 2021, dated June 15, 2021 in line with the issuance of new investment units described in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and the acquisition of assets, etc. described in “Notice Concerning Acquisition of Domestic Real Estate (KAI Kirishima and KAI Beppu)” and “Notice Concerning Acquisition of Assets (Mezzanine Loan Receivables) (TLS5 Specified Purpose Company Class D Loan Receivables)” (hereinafter collectively referred to as the “Notices Concerning the Asset Acquisition”) announced separately today.

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

3. Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 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 Oct. 2022	5,500 million yen	2,224 million yen	1,828 million yen	1,828 million yen	7,454 yen	—

[Reference]

Forecasted number of investment units issued and outstanding at the end of the fiscal period: 245,324 units

[Notes]

1. The above forecasts are based on the attachment “Assumptions for the Management Status Forecast for the Fiscal Period Ending April 2022 and the Fiscal Period Ending October 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.

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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 1]

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

Item	Assumptions
Calculation period	• Fiscal period ending April 2022 (18th fiscal period): November 1, 2021 – April 30, 2022 (181 days) • Fiscal period ending October 2022 (19th fiscal period): May 1, 2022 – October 31, 2022 (184 days)
Assets under management	• The assumption is that HRR will continue to own the 63 properties owned as of today as well as three types of the Yomitan Hotel Management Co., Ltd. preferred shares, and on December 1, 2021, acquire KAI Kirishima, KAI Beppu and mezzanine loan receivables, which are stated in the Notices Concerning the Asset Acquisition announced by HRR today. • The assumption is that HRR will acquire KAI Kirishima, KAI Beppu and mezzanine loan receivables 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 October 31, 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 5,398 million yen for the fiscal period ending April 2022 and 5,461 million yen for the fiscal period ending October 2022. - In the floating rent calculations for properties with sales-linked floating rent, which account for approximately 20% of HRR's portfolio (based on (planned) acquisition prices), which comprises 65 properties that are to be owned as of December 1, 2021, 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, while calculations of floating rent for the fiscal period ending October 2022 will be based on each property's sales in the period from April 2021 to March 2022. In the floating rent calculations for properties with profit-linked floating rent, which account for approximately 75% of HRR's portfolio (based on (planned) acquisition prices), which comprises 65 properties that are to be owned as of December 1, 2021, 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, while calculations of floating rent for the fiscal period ending October 2022 will be based on each property's profit from December 2020 to November 2021 (however, this excludes Quintessa Hotel Osaka Shinsaibashi). Accordingly, HRR expects to be affected by the decline in floating rent due to the impact of the COVID-19 pandemic in the fiscal periods ending April 2022 and October 2022. - Other revenue is assumed to be 32 million yen for the fiscal period ending April 2022 and 39 million yen for the fiscal period ending October 2022, due to calculation of interest revenue from mezzanine loan receivables, which are to be acquired on December 1, 2021, in accordance with the agreement pertaining to the mezzanine loan. - For leasing business revenue, the assumptions are that there will be no cancellation of lease agreements and no delinquent or unpaid rent by lessees. Furthermore, for other revenue, the assumption is that there will be no unpaid interest from mezzanine loan receivables. - Of leasing business revenue, the rent by investment category is assumed to be as follows.					
	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	194	—	813
		RISONARE	374	249	—	623
		KAI	781	282	—	1,064
		Other	386	—	—	386
	Properties operated by outside operators	Urban tourism	3 ANA Crowne Plaza properties (Note 1)	—	—	696
			2 Hyatt properties (Note 1)	—	—	406
			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	70	10	898
		Total	4,590	797	10	5,398
	(Note 1) Among the 65 properties that are to be owned by HRR as of December 1, 2021, the three properties operated by IHG ANA Hotels Group Japan LLC are referred to as 3 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. (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.					

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Item	Assumptions						
Operating revenue	Fiscal period ending October 2022 (19th Fiscal Period)						
	(million yen)						
	Operational category	Investment category	Fixed rent	Floating rent	Other rent	Total	
	Properties operated by the Hoshino Resorts Group	HOSHINOYA	618	167	—	786	
		RISONARE	374	228	—	602	
		KAI	841	233	—	1,074	
		Other	386	—	—	386	
	Properties operated by outside operators	Urban tourism	3 ANA Crowne Plaza properties	696	—	—	696
			2 Hyatt properties	502	—	—	502
			4 the b properties	265	—	—	265
			Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASAHI ROYAL/ Sol Vita Hotel Naha	253	6	—	259
			Other	816	60	10	887
		Total		4,755	695	10	5,461
	(Note) 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.						
Operating expenses	• Of operating expenses, fixed asset tax, city planning tax and depreciable asset tax are assumed to be 480 million yen for the fiscal period ending April 2022 and 506 million yen for the fiscal period ending October 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 KAI Kirishima and KAI Beppu, which are to be acquired on December 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.						
	• 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 1,071 million yen for the fiscal period ending April 2022 and 1,080 million yen for the fiscal period ending October 2022.						
	• Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be 1,527 million yen for the fiscal period ending April 2022 and 1,550 million yen for the fiscal period ending October 2022.						
	• Public offering related expenses are assumed to be 43 million yen as a one-time cost for the fiscal period ending April 2022.						
Non-operating expenses	• Interest expenses and other borrowing related expenses are assumed to be 405 million yen for the fiscal period ending April 2022 and 396 million yen for the fiscal period ending October 2022.						

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Item	Assumptions
Interest-bearing liabilities	- The assumption is that HRR's interest-bearing liabilities (total of borrowings and investment corporation bonds) amount to 68,482 million yen, which is the balance as of today, and also that the following changes will occur. - For the fiscal period ending April 2022, the assumptions include the refinancing of 5,450 million yen in borrowings due for repayment in April 2022, and the repayment of 58 million yen of the borrowings through contractual repayment. - For the fiscal period ending October 2022, the assumption is that there will be refinancing of 700 million yen in borrowings due for repayment in May 2022, and refinancing of 4,100 million yen in borrowings due for repayment in October 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 April 2022 is 35.2% and at the end of the fiscal period ending October 2022 is 35.1%. The following formula is used in the calculation of LTV for this press release: $\text{LTV} = \text{Balance of interest-bearing liabilities outstanding} / \text{Total assets (forecast)} \times 100$ - LTV may vary in accordance with the paid-in amount of the new investment units to be offered through public offering and the number of and paid-in amount of new investment units to be offered through the third-party allotment this time around.
Investment units	- It is assumed that, in addition to 224,965 units issued and outstanding as of today, all of the investment units (20,359 units; the maximum number of units) to be issued through the issuance of new investment units (19,390 units) and through third-party allotment (maximum of 969 units) determined at the Board of Directors' Meeting held today 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 April 2022 and October 2022 (245,324 units) including 20,359 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. - The forecasts for the distributions per unit for the fiscal period ending April 2022 and the fiscal period ending October 2022 are assuming that these distributions will be made after performing a reversal of part of the reserve for tax purpose reduction entry included in retained earnings. Also, the reversal of the tax purpose reduction entry may change, depending on the management status. - 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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[Attachment 2]

Effects of the Capital Increase Through Public Offering, Etc. on the Expected Distributions for the Fiscal Period Ending October 2022 (19th Fiscal Period)

	Estimates with respect to management status and distributions for the fiscal period ending October 2022 if the capital increase through public offering, etc. has not been carried out (hereinafter the “estimates for the 19th fiscal period under a scenario where the capital increase through public offering, etc. has not been carried out”)	Management status forecast and distribution forecast for the fiscal period ending October 2022 (hereinafter the “forecasts for the 19th fiscal period subsequent to the capital increase through public offering, etc.”)
Operating revenue	5,161 million yen	5,500 million yen
Operating profit	2,026 million yen	2,224 million yen
Ordinary profit	1,631 million yen	1,828 million yen
Profit	1,630 million yen	1,828 million yen
Distributions per unit (excluding distributions in excess of earnings)	7,248 yen	7,454 yen
Distributions in excess of earnings per unit	—	—
Number of investment units issued and outstanding	224,965	245,324
LTV	37.9%	35.1%
Acquisition capability	6.4 billion yen	15.8 billion yen

(Note 1) In order to more clearly convey the difference in outcomes of a scenario where the capital increase through public offering, etc. has been carried out in contrast to a scenario where such capital increase has not been carried out, the estimates stated for management status and distributions constitute estimates envisioning a scenario where the capital increase has not been carried out, as well as forecasts of such amounts subsequent to such capital increase. “Capital increase through public offering, etc.” refers to a series of initiatives based resolutions at HRR’s Board of Directors’ Meeting held today, such that include issuance of new investment units, issuance of new investment units through third-party allotment, and acquisition of KAI Kirishima, KAI Beppu and mezzanine loan receivables. The same applies hereinafter.

(Note 2) “LTV” is the ratio of interest-bearing liabilities to HRR’s total assets at a given time.

(Note 3) “Acquisition capability” refers to the capability to acquire properties by raising additional debt funds through borrowing from financial institutions and/or HRR issuing bonds etc., assuming it is possible to raise LTV to a specific value. Please note that we do not guarantee or promise to procure debt funds or acquire properties with the debt funds to be procured.

(Note 4) With respect to previous forecasts, the forecast and LTV stated for the fiscal period ended October 2021 (17th fiscal period) constitute the distributions per unit forecast and LTV for the fiscal period ended October 2021 (17th fiscal period) announced in the Financial Report dated June 15, 2021. Meanwhile, the forecast stated for the fiscal period ending April 2022 (18th fiscal period) constitutes the distributions per unit forecast for the fiscal period ended April 2022 (18th fiscal period) also announced in the Financial Report dated June 15, 2021. In addition, the latest revised forecast and LTV stated for the fiscal period ending April 2022 (18th fiscal period) constitute the distributions per unit forecast and LTV for the fiscal

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period ending April 2022 (18th fiscal period) announced today. Meanwhile, the forecast and LTV stated for the fiscal period ending October 2022 (19th fiscal period) constitute the forecast and LTV for the fiscal period ending October 2022 (19th fiscal period) also announced today.

(Note 5) Forecasts stated for acquisition capability both in terms of the estimates for the 19th fiscal period under a scenario where the capital increase through public offering, etc. has not been carried out and in terms of the forecasts for the 19th fiscal period subsequent to the capital increase through public offering, etc. have been calculated by determining acquisition capability in terms of monetary value when the LTV is provisionally raised to 40.0%, both with respect to LTV under a scenario where the capital increase has not been carried out and with respect to LTV subsequent to such capital increase. The resulting figures were then rounded down to the nearest 100 million yen. Forecasts stated for acquisition capability subsequent to the capital increase through public offering, etc. constitute quantitative forecasts current as of today. Such quantitative forecasts may not necessarily align with actual figures for acquisition capability given that proceeds from the capital increase through public offering, etc. may vary. The actual monetary amount of acquisition capability subsequent to the public offering may ultimately end up lower or higher than the amount stated above, with such difference equivalent to that of any lower or higher amount of actual proceeds from the capital increase through public offering, etc. relative to the forecasts current as of today.

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<Assumptions for the Estimates for the 19th Fiscal Period under a Scenario Where the Capital Increase through Public Offering, Etc. Has Not Been Carried Out>

Figures have been calculated upon having revised the assumptions as follows, based on the management status forecast and distribution forecast for the fiscal period ending October 2022 announced today.

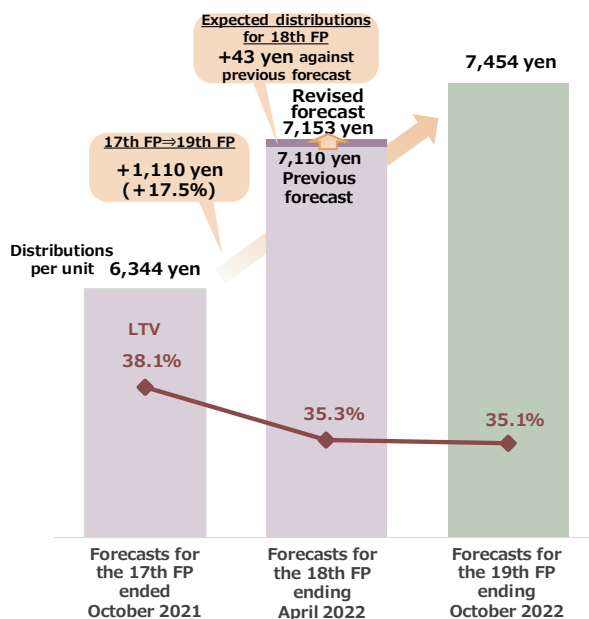
- The assumption is that HRR will not acquire KAI Kirishima, KAI Beppu or mezzanine loan receivables, and accordingly will not generate operating revenue and operating expenses (including depreciation and amortization) associated with such acquisition.
- The assumption is that funds will not be procured through the issuance of new investment units, resulting in a situation where there is no increase in the number of investment units issued and outstanding associated with such fund procurement.
- Asset management fee 1 has been calculated on the basis of total assets as of October 31, 2021. Meanwhile, asset management fee 2 has been calculated upon having taken into account operating profit (loss) from real estate leasing (net operating income (NOI)) and distributions per unit (DPU), subject to changes per the aforementioned assumptions.
- The forecast figures for the fiscal period ending October 2022 announced today are likely to exceed the estimates for the 19th fiscal period under a scenario where the capital increase through public offering, etc. has not been carried out, as a result of adjustments made to the financial forecast for the fiscal period ending October 2022 under the aforementioned assumptions. The details are as follows.
 - Operating profit (loss) from real estate leasing: 236 million yen higher
 - Other operating expenses ^(Note): 39 million yen higher

(Note) This refers to operating expenses net of expenses related to leasing business, and includes asset management fee.

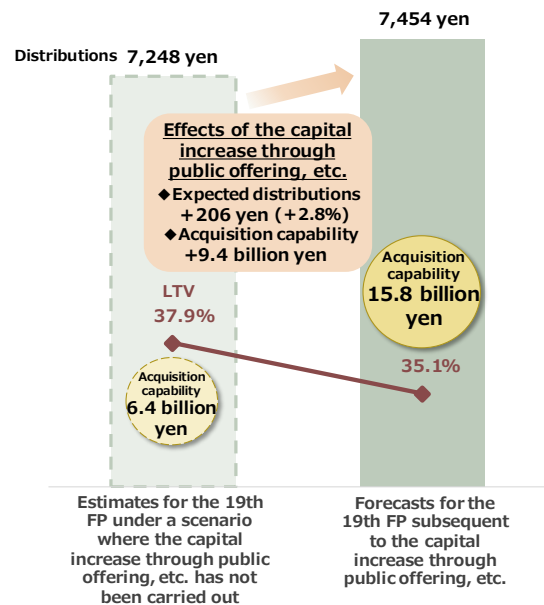
Effects of the Capital Increase Through Public Offering, Etc.

- Increase of distributions per unit and creation of acquisition capability -

Changes in expected distributions per unit and LTV



Effects of the capital increase through public offering, etc. on the expected distributions per unit and acquisition capability [Fiscal period ending October 2022 (19th FP)]



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