

Hoshino Resorts REIT, Inc.

October 28, 2016

For Immediate Release

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Hoshino Resorts REIT, Inc.
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Notice Concerning Acquisition and Leasing of Domestic Real Estate

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces that Hoshino Resort Asset Management Co., Ltd. (hereinafter the “Asset Management Company”), to which HRR entrusts asset management, made a decision today regarding the acquisition and leasing of the following property (hereinafter the “Asset to be Acquired”) as follows. The lessee of the asset falls under the definition of interested party, etc. in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including amendments thereto) (hereinafter the “Investment Trusts Act”) and falls under the definition of interested party, etc. as set forth in the “interested party transaction rules,” internal rules of the Asset Management Company. Accordingly, the Asset Management Company has obtained HRR’s agreement based on the approval of HRR’s Board of Directors’ Meeting held on October 28, 2016 pursuant to the Investment Trusts Act and the “interested party transaction rules.”

1. Overview of Acquisition

Classification (Note 1)	Property No. (Note 2)	Property name	Location	Acquisition price (million yen) (Note 3)	Seller
Other	O-36	Hyatt Regency Osaka	Osaka-shi, Osaka	16,000	GCREF Japan I TMK

(Note 1) “Classification” indicates one of the four classifications (“HOSHINOYA,” “RISONARE,” “KAI” and “Other”) in accordance with the brand of HRR’s target assets.

(Note 2) “Property No.” indicates the numbers provided under each classification after HRR’s target assets are classified into four classifications (“HOSHINOYA,” “RISONARE,” “KAI” and “Other”) in accordance with their brands.

(Note 3) “Acquisition price” indicates the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes or expenses such as transaction commissions), rounded down to the nearest million yen.

- (1) Date of Execution of Purchase Agreement: October 28, 2016
- (2) Scheduled Acquisition Date: November 1, 2016 (delivery and settlement date)
- (3) Seller: Please refer to “5. Details of Seller” later in this document.
- (4) Funds for Acquisition: Borrowing for which resolution was made at HRR’s Board of Directors’ Meeting held on October 28, 2016 and cash on hand (plan)
- (5) Method of Payment: Lump-sum payment upon delivery
- (6) Collateral: None
- (7) Other: HRR concluded with Hoshino Resorts Inc. a status transfer agreement (hereinafter the “Status Transfer Agreement”), which stipulates that HRR succeeds the status of a buyer of the trust beneficiary rights purchase and sale agreement of the property (hereinafter the “Purchase and Sale Agreement”) which was concluded between the above seller and Hoshino Resorts Inc. on the execution date of purchase agreement stated in above (1). Accordingly, HRR plans to succeed the contractual status from the company without compensation.

2. Overview of Leasing

Property No.	Property name	Lessee
O-36	Hyatt Regency Osaka	GCP Hospitality Japan K.K.

- (1) Date of Execution of Lease Agreement: November 1, 2016
- (2) For details of leasing including the terms and conditions, please refer to “Overview of leasing” in “4. Contents of Planned Acquisition Assets and Leasing” later in this document.

3. Reason for Acquisition and Leasing

HRR discussed the acquisition from the viewpoints of (1) superior know-how and experience and (2) superior equipment and facilities for the stability of cash flow, based on its basic policy to make focused investments in facilities that are likely to secure steady cash flow over a long-term period, and has decided on the acquisition as the Asset to be Acquired is operated by a distinctive operator and thus is judged to be a property which can generate stable earnings and secure steady cash flow over a long-term period.

HRR has, in line with the acquisition of the Asset to be Acquired, selected a tenant based on the tenant selection criteria set by HRR (please refer to “Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties” dated July 28, 2016 for the detail). HRR has selected GCP Hospitality Japan K.K. which is scheduled to join the Hoshino Resorts Group (referring to Hoshino Resorts Inc., its parent company and subsidiaries, and the subsidiaries of the parent company. The same applies hereinafter.) that possesses extensive expertise on hotel operation, on November 1, 2016 (the scheduled acquisition completion date of the Asset to be Acquired) as the tenant for the Asset to be Acquired; and decided to lease the Asset to be Acquired, since the company is judged to be appropriate as a tenant.

Hoshino Resorts Group plans to acquire the shares of GCP Hospitality Japan K.K., which is the management company of Hyatt Regency Osaka, on November 1, 2016 (the scheduled acquisition completion date of the Asset to be Acquired) to make it its wholly owned subsidiary.

Since the acquisition of the property allows HRR to become engaged in the operation of Hyatt Regency Osaka as in the case with the 4 ANA Crowne Plaza properties and Asahikawa Grand Hotel, by Hoshino Resorts Inc. acquiring 100% shares issued and outstanding of GCP Hospitality Japan K.K. concurrently with HRR’s acquisition of the Asset to be Acquired, HRR believes that the acquisition is also significant as an example case of making investment in collaboration with the Hoshino Resorts Group, the sponsor.

4. Contents of Planned Acquisition Assets and Leasing

The tables below present an overview of the Asset to be Acquired and overview of the lease. The following is an explanation of the matters stated in each column of the tables below.

a. Explanation on “Overview of Specified Asset”

- For “Use,” accommodations mainly with a western-style structure and facilities are indicated as “hotel,” those mainly with a Japanese-style structure and facilities are indicated as “ryokan” based on the current conditions of the property. Since the description in “Use” is classification to grasp the overall characteristic of the facility in accordance with the investment policy of HRR, such may differ from use of individual buildings comprising the facility stated in the real estate registry.
- “Planned Acquisition Date” is the planned acquisition date for the Asset to be Acquired.
- “Type of Specified Asset” is the type of real estate and other assets as specified assets.
- “Planned Acquisition Price” is the purchase/sales price stated in the purchase and sale agreement for the Asset to be Acquired (excluding consumption taxes, local consumption taxes and expenses such as transaction fees).

- "Appraisal Value (Appraisal date)" is the real estate appraisal value and appraisal date stated in the real estate appraisal report for the Asset to be Acquired obtained from Japan Valuers Co., Ltd.
- "Location (Indication of residential address)," in principle, is the indication of residential address. In cases where there is no indication of residential address, it is the building location (if several, one of the locations) in the real estate registry.
- "Transportation" is in accordance with the real estate appraisal report for the Asset to be Acquired obtained from Japan Valuers Co., Ltd.
- "Lot Number" of Land is the building location (if several, one of the locations) in the registry.
- "Building Coverage Ratio" of Land is, in principle, the upper ratio limit of building area to area of the building site as stipulated in Article 53 of the Building Standards Act (Act No. 201 of 1950, including amendments thereto) (hereinafter the "Building Standards Act") and indicates the upper ratio limit of the figures stipulated by city planning according to type of use district, etc. (designated building coverage ratio) (if several all of them). Designated building coverage ratio may be relaxed, raised or reduced due to reasons such as the existence of fireproof structures in a fire prevention district, and thus may differ from a building coverage ratio that actually applies.
- "Floor-area Ratio" of Land is the upper ratio limit of total floor area of the building to site area as stipulated in Article 52 of the Building Standards Act and indicates the figures stipulated by city planning according to type of zoning district, etc. (designated floor-area ratio) (if several, all of them) Designated floor-area ratio may be relaxed, raised or reduced due to reasons such as widening of roads connected to the site, and thus may differ from a floor-area ratio that actually applies.
- "Use districts" of Land is the type of use district classified (if several, all of them) in accordance with Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, including amendments thereto).
- "Site Area" of land is based on the description in the registry (if there is leased land, includes the leased area. The leased area is based on the description in the lease agreement) and may differ from the present state.
- "Type of Ownership" of Land and Building is the type of rights held by HRR.
- "Completion Date" of Building is the inspection date of construction completion stated in the certificate proving completion of the inspection under the Building Standards Act for the main building.
- "Structure and Floors" of Building is based on the description in the registry for the main building.
- "Total Floor Area" of Building is based on the description in the registry, including floor area of annex buildings.
- "Building Engineer" and "Constructors" of Building indicate the company names at the time of building engineering and constructing for the main building.
- "Leasable Floor Area" is the area equivalent to the area owned by HRR out of leasable area, and indicates the figure stated in the lease agreement to be concluded/concluded between HRR and the tenant or in the building drawing of the property.
- "Occupancy Rate" is the occupancy rate expected as of the planned acquisition date (the ratio of the total leased floor area to the total leasable floor area). In case a lease agreement with suspensive conditions of becoming effective under the condition of HRR's acquisition has been concluded between HRR and the tenant, the occupancy rate is indicated assuming that leasing has started on the planned acquisition date.
- "Main Tenant" is the tenant with the largest leased area out of those leasing the property from HRR in accordance with the lease agreement effective as of acquisition by HRR.
- "No. of Tenants" is the number of those leasing the property from HRR in accordance with the lease agreement effective as of acquisition by HRR.
- "No. of Guest Rooms" is the number of guest rooms available for accommodation.
- "No. of Sublease Tenants" is the number of those planning to sublease the property from those leasing the property from HRR in accordance with the lease agreement effective as of acquisition by HRR. However, this excludes those planning to sublease part of the site or the building for the purpose of using parking or installing antennas.

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b. Explanation on "Overview of Leasing"

- "Overview of Leasing" is the detail of the lease agreement concerning the Asset to be Acquired with the tenant who leases the hotel or ryokan.
- "Lessee," "Type of Contract," "Contract Period," "Leased Floor Area," "Rent," "Security Deposit and Guarantee Deposit," "Renewal at the End of Contract Period," "Rent Revision," "Midterm Cancellation," "Penalty" and "Method for Re-contract" are based on the statements in the lease agreement which is to be effective on the planned acquisition date of the Asset to be Acquired and on other agreements concluded pertaining to such.

Hyatt Regency Osaka		Category	Other
		Use	Hotel
Overview of Specified Asset			
Planned Acquisition Date	November 1, 2016	Type of Specified Asset	Real Estate (Note)
Planned Acquisition Price	16,000,000,000 yen	Appraisal Value (Appraisal Date)	16,500,000,000 yen (September 1, 2016)
Location (Indication of residential address)	1-13-11 Nankokita, Suminoe-ku, Osaka-shi, Osaka		
Transportation	Approximately 250m from Nakafuto Station on the Nanko Port Town Line of Osaka Municipal Transportation Bureau		
Land	Lot Number	2-13 Nankokita, Suminoe-ku, Osaka-shi, Osaka and other	Building
	Building Coverage Ratio	60%	
	Floor-area Ratio	300%, 200%	
	Use District	Quasi Industrial District(s)	
	Site Area	30,483.14m ²	
	Type of Ownership	Ownership and land leasehold	
	Completion Date	① April 1994 ② July 2012	
	Structure / Floors	① Reinforced concrete, steel-framed reinforced concrete structure, steel-construction with flat roof / B2 / 28F ② Steel-framed with galvanized alloy steel sheet roof / 2F	
	Total Floor Area	① 78,322.66m ² ② 1,874.94m ²	
	Building Engineer	① Obayashi Corporation, Headquarter, First-class registered Architect's Office ② Hanatani Corporation, First-class registered Architect's Office	
	Constructors	① Obayashi Corporation ② Hanatani Corporation	
	Type of Ownership	Ownership	
Leasable Floor Area	80,197.60m ²	Occupancy Rate	100%
Main Tenant	GCP Hospitality Japan Co., Ltd.	No. of Tenants	1
No. of Guest Rooms	480	No. of Sublease Tenants	8
<p>Overview of land lease:</p> <ul style="list-style-type: none"> • As to part of the land (7,054.47 m²), the trustee has concluded the following fixed term land lease right for business purposes establishment agreement with Osaka City, which is the lessor. <p>Land lease establisher: Osaka City Type of land lease: Fixed term land lease right for business purposes Lease period: By December 31, 2021 Monthly Rent: 2,000,000 yen Rent Revision: The land lease establisher may request rent revision (increase) when the rent becomes irrelevant due to revisions of related laws and regulations or Osaka City's ordinance concerning assets, changes in economic situation, or in comparison with land rents in the vicinity. In addition, the leaseholder may request rent revision (decrease) when the rent becomes irrelevant due to changes in economic situation, or in comparison with land rents in the vicinity.</p> <p>Security Deposit and Guarantee Deposit: 4,000,000 yen Renewal: Not applicable. Midterm Cancellation: The land lease establisher and the leaseholder may cancel the agreement by mutual agreement even before the lease period ends.</p>			

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Overview of Leasing	
Lessee	GCP Hospitality Japan Co., Ltd.
Type of Contract	Fixed term building lease agreement
Contract Period	20 years from November 1, 2016
Leased Floor Area	80,197.60m ²
Rent	<p>Amount obtained by multiplying the floating rent calculation period EBITDA by 0.95. (with lower limit of 0 yen)</p> <p>Calculation</p> <p>① Floating rent for each month will be calculated by multiplying the floating rent calculation period EBITDA by 0.95, using the 12 months' EBITDA from December in the second preceding year to November in the preceding year as the floating rent calculation period EBITDA for May to October every year and the 12 months' EBITDA from June in the preceding year to May in the current year as the floating rent calculation period EBITDA for November to next April every year, and dividing the obtained amount by 12.</p> <p>② EBITDA is the figure obtained by using the following formula. Total sales proceeds – Sales cost – Non-allocatable cost – Management fee – GOP cost (*) Sales cost, non-allocatable cost, management fee and GOP cost are only those expended in direct relation to the business of the hotel, etc. and do not include other expenditures (including but not limited to those expended in relation to other facilities operated by the lessee).</p>
Security Deposit and Guarantee Deposit	HRR will not deposit a security deposit. However, HRR has agreed, on the same date as the lease agreement, with the lessees (Hoshino Resorts Inc., Hoshino Resort Management Co., Ltd., K.K. Arashiyama Onsen Rankyokan, K.K. Horizon Hotels, Asahikawa Grand Hotel Co., Ltd. and GCP Hospitality Japan K.K. hereinafter collectively the "Hoshino Resorts Group Lessees") of the assets owned by HRR which belong to the Hoshino Resorts Group, to consider security deposit, security, etc. paid by Hoshino Resorts Group Lessees in accordance with the lease agreements concluded with HRR as being paid to guarantee all the debts by all Hoshino Resorts Group Lessees to HRR based on the lease agreements.
Renewal at the End of Contract Period	The contract will end at the end of the contract period with no renewal.
Rent Revision	Rent may not be revised for full 10 years from the start date of the lease. Rent revision will be discussed every 5 years thereafter, and rent may be revised, under mutual agreement, when economic situations have changed, taxes and dues on the land or the building or other burdens have increased, or other unavoidable incidents have occurred.
Midterm Cancellation	The lessee may not, in principle, cancel the lease agreement during the contract period. However, the lessee may cancel the agreement on or after the date following the 10th year from the start date of the lease by notifying the intent of cancellation to the lessor in writing at least 12 months prior to the cancellation date.
Penalty	When the lease agreement is dissolved, or is cancelled due to intention of the lessee which is agreed by the lessor, the lessee will pay penalty in the amount equivalent to the rent from the date of dissolution or cancellation to the last day of the cancellation-prohibited period (10 years after the start of the lease) or the amount equivalent to 12 months' rent, whichever is higher (the average monthly rent for the past 12 months with the first month being the month preceding the month which includes the end date of the lease agreement is used for the calculation of such rent. However, if the lease period is less than 12 months, the average monthly rent during that period will be used.) to HRR, the lessor.
Method for Re-contract	The contract will end at the end of the contract period without renewal. However, re-contract is possible through discussion between the concerned parties.

(Note) The property is trust beneficiary right as of today. HRR will acquired the trust beneficiary right of the property on the planned acquisition date and will cancel the trust agreement for real estate management and disposal concerning the property on the same day to acquire the property as real estate.

5. Details of Seller

O-36 Hyatt Regency Osaka

Company Name	GCREF Japan I TMK	
Head Office Location	Toshida Building 3F, 1-6-11 Ginza, Chuo-ku, Tokyo	
Title and Name of Representative	Takeshi Nakamura, Director	
Amount of Capital	Specified capital: 100,000 yen Preferred capital: 400 million yen	
Date of Incorporation	October 9, 2013	
Net Asset	Not disclosed as consent from the seller has not been obtained.	
Total Asset	Not disclosed as consent from the seller has not been obtained.	
Major Shareholder and Shareholder ratio	Not disclosed as consent from the seller has not been obtained.	
Main Business	Business related to receiving the transfer of specified assets and the administration and disposition of the assets pursuant to the asset securitization plan based on the Act on the Securitization of Assets Other businesses incidental to the business related to the above securitization of specified assets	
Relationship with HRR/Asset Management Company	Capital Relationship	There is no capital relationship required to be stated between HRR/ the Asset Management Company and the Seller.
	Personnel Relationship	There is no personnel relationship required to be stated between HRR/ the Asset Management Company and the Seller.
	Business Relationship	There is no business relationship required to be stated between HRR/the Asset Management Company and the Seller.
	Status of Classification as Related Party	The Seller does not fall under the Related Party of HRR/ the Asset Management Company

6. Transaction with Interested Party, etc.

The lessor of the Asset to be Acquired is scheduled to become a subsidiary of the parent company of the Asset Management Company. The said lessor is scheduled to fall under the definition of interested party, etc. of the Investment Trusts Act and is scheduled to fall under the definition of interested party, etc. as set forth in the "interested party transaction rules," internal provisions of the Asset Management Company. Accordingly, the Asset Management Company has gone through approval procedures set forth in the internal provisions for conducting lease transaction of the Asset to be Acquired with the lessor, and has also obtained HRR's agreement based on the approval of HRR's Board of Directors' Meeting held on October 28, 2016 pursuant to the Investment Trusts Act and the "interested party transaction rules."

7. Status of Owners etc. of Property.

The acquisition of the Property is not acquisitions from any persons having a special interest in HRR or the Asset Management Company.

8. Status of Brokerage

The overview of the brokerage is as follows.

Company Name	Savills Japan Co., Ltd.	
Location	2-7-1 Yurakucho, Chiyoda-ku, Tokyo	
Title and Name of Representative	Christian Mancini, Representative Director, CEO-Japan	
Amount of Capital	50 million yen	
Date of Incorporation	August 23, 2004	
Main Business	Real estate consulting, management/operation of real estate, brokerage of real estate transaction and leasing, real estate appraisal, research/consulting	
Breakdown and amount of brokerage fees, etc.	Not disclosed as consent from the broker has not been obtained.	
Relationship with HRR/Asset Management Company	Capital Relationship	There is no capital relationship required to be stated between HRR/the Asset Management Company and the Intermediary.
	Personnel Relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the Intermediary.
	Business Relationship	There is no business relationship required to be stated between HRR/the Asset Management Company and the Intermediary.
	Status of Classification as Related Party	The Intermediary does not fall under the Related Party of HRR/the Asset Management Company r.

9. Impact on Financial Status of HRR in the Event of Failure to Fulfill Forward Commitment, etc.

Not Applicable.

10. Future Outlook

For the future outlook of the management status of HRR for the fiscal period ending April 2017 (November 1, 2016 to April 30, 2017), please refer to “Notice Concerning Revision of Forecast of Management Status and Distribution for Fiscal Period Ending April 2017” separately announced today.

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11. Appraisal Summary

O-36 Hyatt Regency Osaka

Appraisal Summary		
Appraiser	Japan Valuers Co., Ltd.	
Appraisal Value	16,500,000,000 yen	
Appraisal Date	September 1, 2016	
	Appraisal Value	Remarks, etc.
Direct Capitalization Method		
(1) Operating Revenue(①-②-③)	1,174,635,600 yen	—
① Gross potential revenue (rent income, common area fees income, other income, etc.)	1,174,635,600 yen	Assessed based on actual agreement.
② Vacancy Loss, etc.	0 yen	—
③ Bad debts expenses	0 yen	Not recorded considering income and expenditure of hotel business, contract type, etc.
(2) Operating Expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪)	185,938,483 yen	—
④ Maintenance	0 yen	Not recorded as paid by the tenant.
⑤ Utilities	0 yen	Not recorded as paid by the tenant.
⑥ Repair costs	0 yen	Not recorded as paid by the tenant.
⑦ Property management fees	0 yen	Not recorded as paid by the tenant.
⑧ Advertisement for leasing, etc.	0 yen	Not recorded as paid by the tenant.
⑨ Tax and public dues	177,743,023 yen	Assessed based on actual amount.
⑩ Insurance	8,195,460 yen	0.03% of building replacement cost.
⑪ Other expenses	0 yen	—
(3) Net Operating Income ((1)-(2))	988,697,117 yen	—
(4) Interest Income	0 yen	—
(5) Capital Expenditures and provision of reserve for FF&E	245,069,887 yen	Assessed based on 12-year average in ER's "renewal expenses" (excluding some) and 3% of hotel operating income.
(6) Net Cash Flow ((3)+(4)-(5))	743,627,230 yen	—
(7) Cap Rate	4.5%	—
Direct Capitalization Value	16,500,000,000 yen	—
Discounted Cash Flow Value	16,500,000,000 yen	—
Discount Rate	4.2%	—
Terminal Cap Rate	4.7%	—
Integrated Value by Using Cost Method	11,600,000,000 yen	—
Ratio of Land	56.4%	—
Ratio of Building	43.6%	—
Other, things appraiser noted upon valuation	None	

* Hoshino Resorts REIT, Inc. website address: <http://www.hoshinoresorts-reit.net/>

<Appendix>

Reference Material 1: Summary of Engineering Report and Earthquake Risk Assessment Report

Reference Material 2: Map and External Photos

Reference Material 3: Portfolio Overview after Acquisition of the Property

<Appendix>

Reference Material 1: Summary of Engineering Report and Earthquake Risk Assessment Report

Property No.	Property name	Investigator	Investigation date	Short-term repair expenses (thousand yen) (Note 1)	Long-term repair expenses (annual average) (thousand yen) (Note 2)
O-36	Hyatt Regency Osaka	Tokyo Marine & Nichido Risk Consulting Co., Ltd.	August 2016	—	215,055

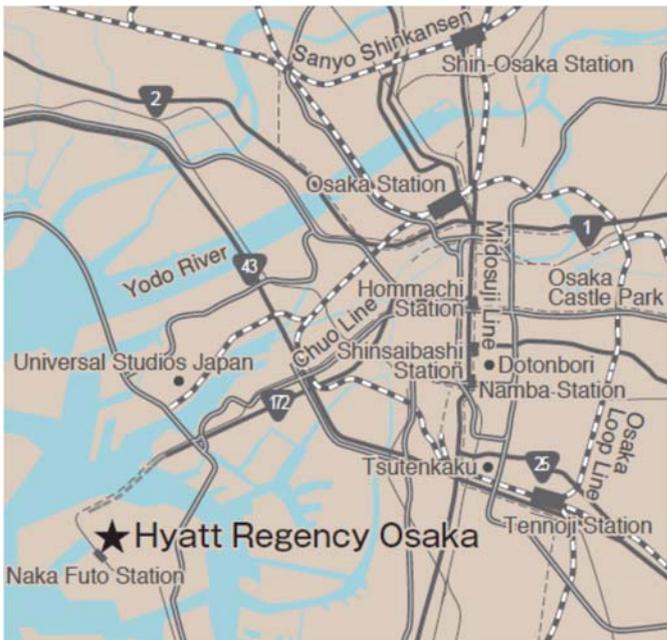
(Note 1) “hort-term repair expenses” are repair and renewal expenses required when implementing repair and renewal within about one year due to progressed deterioration, excluding expenses for normal repair or interior/facility renewal, based on the engineering report prepared by the investigator after their investigation.

(Note 2) “ng-term repair expenses (annual average)” are repair and renewal expenses required in the 12 years from the investigation date, based on the engineering report prepared by the investigator after their investigation. The figure is converted to annual average and rounded to the nearest thousand yen by HRR.

Property No.	Property name	Investigator	Investigation date	PML value (Probable maximum loss) (%)
O-36	Hyatt Regency Osaka	Tokyo Marine & Nichido Risk Consulting Co., Ltd.	August 2016	7.7

Reference Material 2: Map and External Photos

O-36 Hyatt Regency Osaka



(Note) The photos of the Asset to be Acquired show the Asset to be Acquired at a certain time of period and may differ from the current situation due to changes after the photo shooting, etc.

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Reference Material 3: Portfolio Overview after Acquisition of the Property

Classification	Property No.	Property Name	(Planned) Acquisition Price (million yen)	Investment Ratio (%) (Note 1)	Appraisal Value (million yen) (Note 2)	Appraiser (Note 3)
Assets owned by HRR						
HOSHINOYA	H-1	HOSHINOYA Karuizawa	7,600	7.0	10,900	NV
	H-2	HOSHINOYA Kyoto	2,785	2.6	3,550	NV
	Subtotal		10,385	9.5	14,450	—
RISONARE	R-1	RISONARE Yatsugatake	4,500	4.1	5,920	NV
	R-2	RISONARE Atami	3,750	3.4	4,000	NV
	Subtotal		8,250	7.6	9,920	—
KAI	K-1	KAI Matsumoto	600	0.5	745	MSK
	K-2	KAI Izumo	680	0.6	822	MSK
	K-3	KAI Ito	670	0.6	881	MSK
	K-4	KAI Hakone	950	0.9	1,220	MSK
	K-5	KAI Aso	575	0.5	674	MSK
	K-6	KAI Kawaji	1,000	0.9	1,130	MSK
	K-7	KAI Kinugawa	3,080	2.8	3,280	MSK
	K-8	KAI Kaga	3,160	2.9	3,300	MSK
	Subtotal		10,715	9.8	12,052	—
Others	O-1	Chisun Inn Shiojiri Kita IC	672	0.6	799	NV
	O-2	Chisun Inn Sano Fujioka IC	742	0.7	894	MSK
	O-3	Chisun Inn Suwa IC	658	0.6	788	NV
	O-4	Chisun Inn Toyokawa IC	602	0.6	720	NV
	O-5	Chisun Inn Tosu	504	0.5	600	NV
	O-6	Chisun Inn Chiba Hamano R16	798	0.7	1,010	MSK
	O-7	Chisun Inn Kumamoto Miyukifueda	616	0.6	708	NV
	O-8	Chisun Inn Utsunomiya Kanuma	714	0.7	823	MSK
	O-9	Chisun Inn Fukui	644	0.6	752	NV
	O-10	Chisun Inn Fukushima Nishi IC	672	0.6	765	MSK
	O-11	Chisun Inn Niigata Chuo IC	630	0.6	736	NV
	O-12	Chisun Inn Nagasaki Airport	630	0.6	746	NV
	O-13	Chisun Inn Hitachinaka	742	0.7	900	MSK
	O-14	Chisun Inn Tsuchiura Ami	770	0.7	918	MSK
	O-15	Chisun Inn Kofu Isawa	658	0.6	777	NV
	O-16	Chisun Inn Marugame Zentsuji	588	0.5	679	NV
	O-17	Chisun Inn Munakata	504	0.5	613	NV
	O-18	Chisun Inn Iwate Ichinoseki IC	700	0.6	763	MSK
	O-19	Chisun Inn Karuizawa	812	0.7	1,040	NV
	O-20	Chisun Inn Himeji Yumesakibashi	616	0.6	724	NV
	O-21	Chisun Inn Kurashiki Mizushima	728	0.7	845	NV
	O-22	Candeo Hotels Handa	620	0.6	684	RC
	O-23	Candeo Hotels Chino	793	0.7	903	RC
	O-24	Candeo Hotels Fukuyama	1,075	1.0	1,220	RC
	O-25	Candeo Hotels Sano	1,260	1.2	1,440	RC
	O-26	Candeo Hotels Kameyama	470	0.4	524	RC
	O-27	Confort Hotel Hakodate	937	0.9	1,030	NV
	O-28	Confort Hotel Tomakomai	963	0.9	1,060	NV
	O-29	Confort Hotel Kure	1,100	1.0	1,210	NV
	O-30	Chisun Inn Kagoshima Taniyama	1,995	1.8	2,210	RC

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Classification	Property No.	Property Name	(Planned) Acquisition Price (million yen)	Investment Ratio (%) (Note 1)	Appraisal Value (million yen) (Note 2)	Appraiser (Note 3)
	O-31	ANA Crowne Plaza Hotel Hiroshima	17,784	16.3	19,700	RC
	O-32	ANA Crowne Plaza Hotel Fukuoka	7,599	7.0	8,440	RC
	O-33	ANA Crowne Plaza Hotel Kanazawa	6,609	6.1	7,150	RC
	O-34	ANA Crowne Plaza Hotel Toyama	4,008	3.7	4,420	RC
	O-35	Asahikawa Grand Hotel	4,619	4.2	4,770	RC
	Subtotal		63,832	68.5	71,361	
Intermediate total			93,182	85.3	107,783	—
Planned Acquisition Asset						
Others	O-36	Hyatt Regency Osaka	16,000	14.7	16,500	NV
	Subtotal		16,000	14.7	16,500	—
Grand total			109,182	100.0	124,283	

(Note 1) "Investment Ratio" is the ratio of (planned) acquisition price of each property to the sum total amount of (planned) acquisition price, rounded to the first decimal place.

(Note 2) Real estate appraisal of the property is entrusted to Japan Valuers Co., Ltd., Morii Appraisal & Investment Consulting, Inc. or Rich Appraisal Institute Co., Ltd. The real estate appraisal value or investigation value (hereinafter "Real Estate Appraisal Value, etc.") stated in the real estate appraisal report or investigation report (hereinafter "Real Estate Appraisal Report, etc.") with April 30, 2016 as the effective date of the appraisal (date of value) is indicated for assets owned as of April 30, 2016; with February 29, 2016 as date of value for KAI Kaga; and with September 1, 2016 as date of value for Hyatt Regency Osaka. The subtotal, intermediate total and grand total indicate figures obtained by dividing the subtotal, intermediate total and grand total of (planned) acquisition prices by the subtotal, intermediate total and grand total of Real Estate Appraisal Value, etc.

(Note 3) "Appraiser" is stated in an abbreviated name in the above table. The abbreviated names of appraisers refer to:

NV: Japan Valuers Co., Ltd.

MSK: Morii Appraisal & Investment Consulting Inc.

RC: Rich Appraisal Institute Co., Ltd.

(Note 4) Real Estate Appraisal Report, etc. presents judgement and opinion of the appraiser at a certain time of period, and does not guarantee the validity and accuracy of the contents or possibility of transactions and such with the appraisal value. In addition, there is no special vested interest between Japan Valuers Co., Ltd., Morii Appraisal & Investment Consulting Inc. and Rich Appraisal Institute Co., Ltd. and HRR and the Asset Management Company.