

# Hoshino Resorts REIT, Inc.

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For Immediate Release

REIT Securities Issuer

Hoshino Resorts REIT, Inc.

Representative: Kenji Akimoto, Executive Director  
(Code: 3287)

Asset Management Company

Hoshino Resort Asset Management Co., Ltd.

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## Notice Concerning Acquisition 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 of the following properties (hereinafter the "Asset to be Acquired") as follows.

### 1. Overview of Acquisition

Category (Note 1)	Property No. (Note 2)	Property name	Location	Planned acquisition price (million yen) (Note 3)	Seller	
Properties operated by outside operator	Urban tourism	O-42	hotel androoms Osaka Hommachi	Osaka-shi, Osaka	4,238	Utsubo Property Specified Purpose Company

(Note 1) "Classification" indicates either Property operated by Hoshino Resorts Group ("HOSHINOYA," "RISONARE," "KAI" and "Other") or Property operated by outside operator ("Urban tourism" and "Other") in accordance with the category of HRR's investment assets.

(Note 2) "Property No." indicates the number of properties for investment target assets of HRR classified under the four categories of "HOSHINOYA," "RISONARE," "KAI" and "Other" within the management guidelines of the Asset Management Company before revision as of October 11, 2017. The same shall apply hereinafter (the same shall apply hereinafter).

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

- (1) Date of execution of purchase agreement: March 16, 2018  
(2) Planned acquisition date: April 2, 2018 (delivery and settlement date)  
(3) Seller: Please refer to "4. Details of Seller" later in this document.  
(4) Funds for acquisition: Borrowings resolved at HRR's Board of Directors' meeting held on March 16, 2018  
(5) Method of payment: Lump-sum payment upon delivery  
(6) Collateral: None

## 2. Reason for Acquisition

HRR makes focused investments in facilities that are likely to secure steady cash flow over a long-term period. HRR considers the three core brands of “HOSHINOYA,” “Hoshino Resorts KAI” and “Hoshino Resorts RISONARE” operated by the Hoshino Resorts Group (collectively referring to Hoshino Resorts Inc. and its parent company and subsidiaries; the same applies hereinafter) as facilities capable of securing steady cash flow over a long-term period. In addition, with regard to facilities operated by operators other than Hoshino Resorts Group, HRR aims to achieve external growth by proactively investing in hotels, ryokan and attached facilities (Note) that are likely to be used stably and secure steady cash flow over a long-term period as well as securing stability in earnings and discussed the acquisition of “hotel and rooms Osaka Hommachi.” HRR decided on the acquisition of the Asset to be Acquired, which are properties operated by outside operators, for the following reason: the acquisition is judged to strengthen the stability of HRR’s earnings, as the risk of deterioration in operating cash flow caused by the changes in the travel needs of travelers or the trends, disasters, economic situations in Japan and abroad will be reduced with progressed diversification of locations, business models, brands and operators of the portfolio.

(Note) “Hotel” refers to accommodation facilities mainly with western-style structures and facilities, “ryokan” to accommodation facilities mainly with Japanese-style structures and facilities and “ancillary facilities” to large facilities such as ski resorts, golf courses, pools and retail stores attached to hotels and ryokans.

## 3. Contents of Asset to be Acquired

The tables below present an overview of the Asset to be Acquired.

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,” accommodation facilities mainly with western-style structures and facilities are indicated as “hotel”; and those mainly with Japanese-style structures and facilities are indicated as “ryokan” based on the current conditions of the property. Since the description in “Use” is a classification to grasp the overall characteristics 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 but may be changed under a mutual agreement between HRR and the current owner.
- “Type of specified asset” is the type of real estate and other assets as specified assets.
- “Planned acquisition price” indicates the sales/purchase price of the Asset to be Acquired stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions).
- “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 Rich Appraisal Institute 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 Rich Appraisal Institute 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 ratio 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 limit of the building coverage ratio 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 ratio of total floor area of the building to site area as stipulated in Article 52 of the Building Standards Act and indicates the upper limit of the floor-area ratio stipulated by city planning according to type of use 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 width of roads connected to the site, and thus may differ from a floor-area ratio that actually applies.
- “Use district” of Land is the type of use district classified 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 (It 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 of 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 construction of 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 in the property.
- “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 parking or installing antennas.

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 that is to be effective on the planned acquisition date of the Asset to be Acquired and on other agreements concluded pertaining to such.

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hotel androoms Osaka Hommachi		Category	Property operated by outside operator (urban tourism)		
		Use	Hotel		
Overview of specified asset					
Planned acquisition date	April 2, 2018	Type of specified asset	Real Estate (Note)		
Planned acquisition price	¥4,238,450,000	Appraisal value (Appraisal date)	¥4,450,000,000 (February 1, 2018)		
Location (Indication of residential address)	1-7-7 Utsubohommachi, Nishi-ku, Osaka-shi, Osaka				
Transportation	Approximately 320 m from Hommachi Station on the Osaka Municipal Subway Yotsubashi, Midosuji and Chuo Lines, Approximately 450 m from Higobashi Station on the Osaka Municipal Subway Yotsubashi Line				
Land	Lot number	1-74-2, Utsubohommachi, Nishi-ku, Osaka-shi, Osaka	Building	Completion date	August 1998
	Building coverage ratio	100%		Structure / floors	Steel-framed reinforced concrete structure with flat roof/7 F
	Floor-area ratio	545%		Total floor area	3,191.32 m <sup>2</sup>
	Use district	Commercial district		Building engineer	Asai Ken Architectural Research Inc. (new construction)/ SAISEIKENCHIKU LABORATORY Co., Ltd. (renovation)
	Site area	594.88 m <sup>2</sup>		Constructors	Joint venture of Maeda Corporation and the Zenitaka Corporation (new construction)/ FBS Co., Ltd. (renovation)
	Type of ownership	Ownership		Type of ownership	Ownership
Leasable floor area	3,191.32 m <sup>2</sup>	Occupancy rate	100%		
Main tenant	Osaka Hotel Management LLC	No. of tenants	1		
No. of guest rooms	103	No. of sublease tenants	0		
[Matters of special note] None					

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

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Overview of leasing	
Lessee	Osaka Hotel Management LLC
Type of contract	Fixed term building lease agreement
Contract period	20 years from April 2, 2018
Leased floor area	3,191.32 m <sup>2</sup>
Rent	<p>Annual fixed rent: ¥144,000,000 (However, fixed monthly rent for the period from April 2, 2018 to October 31, 2018 is ¥18,380,000.)</p> <p>Floating rent: Floating rent arises under the following conditions, starting from November 1, 2018. Calculation method for floating rent for each month uses, for May to October every year, floating rent calculation GOP of the period of 12 months from December in the second preceding year to November in the preceding year as the floating rent calculation period GOP; for November to next April every year, floating rent calculation GOP of the period of 12 months from June in the preceding year to May in the current year as the floating rent calculation period GOP. Amount equivalent to one-twelfth of the amount calculated based the following formula using these GOPs (with lower limit of ¥0) will be the floating rent (However, rent for the period from April 2, 2018 to October 31, 2018 will be the amount of premium fixed monthly rent (18,380,000 yen) without floating rent).</p> <p>Calculation Floating rent for the period will be:</p> <p>(1) An amount equivalent to 80% of the portion of floating rent calculation period GOP that exceeds ¥175,837,500 (excluding, however, the portion exceeding ¥268,425,000). plus (2) An amount equivalent to 50% of the portion of floating rent calculation period GOP that exceeds ¥268,425,000. (Note) "Floating rent calculation period GOP" refers to the amount obtained by subtracting sales cost, selling expenses, general and administrative expenses from the total sale proceeds of the facility during a certain period of time.</p>
Security deposit and guarantee deposit	Osaka Hotel Management LLC will not pay 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., HRO Inc., KK Ishin MinatoAkasaka Operations, KK Ishin Sangenjaya Operations, KK Ishin NagoyaSakae Operations, KK Ishin KobeSannomiya Operations and Osaka Hotel Management LLC; hereinafter, collectively referred to as the "Hoshino Resorts Group Lessees") of the assets owned by HRR which belong to the Hoshino Resorts Group, to consider security deposit, guarantee deposit, 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 after 10 years 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 that is agreed by the lessor, the lessee will pay penalty in either 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 applied.) 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.

## 4. Details of Seller

### O-42 hotel androoms Osaka Hommachi

Company name	Utsubo Property Specified Purpose Company	
Head office location	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	
Name and title of representative	Kazuhiro Matsuzawa Director	
Amount of capital	¥275 million	
Date of incorporation	March 19, 2010	
Net assets	Not disclosed as consent from the seller has not been obtained.	
Total assets	Not disclosed as consent from the seller has not been obtained.	
Major shareholder and shareholding ratio	Not disclosed as consent from the seller has not been obtained.	
Main business	<ol style="list-style-type: none"> <li>1. 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</li> <li>2. Any other business incidental to the business related to the securitization of the aforementioned specified assets</li> </ol>	
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.

## 5. Transaction with Interested Party, etc.

Not applicable regarding the seller of the Asset to be Acquired.

A lessor of the Asset to be Acquired is scheduled to become a subsidiary of the parent company of the Asset Management Company. The lessor involved is therefore scheduled to fall under the definition of interested party, etc. as set forth in Article 201 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) the Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended), as well as 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 gone through the approval procedures set forth in the internal rules for conducting lease transactions of the Asset to be Acquired with the lessee involved, and has also obtained HRR’s agreement based on the approval of HRR’s Board of Directors’ meeting held on March 16, 2018 pursuant to the “interested party transaction rules” of the Asset Management Company.

## 6. Status of Owners, etc. of Property.

The acquisition is not an acquisition from any entity having a special interest in HRR or the Asset Management Company.

## 7. Status of Brokerage

The overview of the brokerage is as follows.

O-42 hotel androoms Osaka Hommachi

Name	Sumitomo Mitsui Trust Bank, Limited	
Head office location	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	
Name and title of representative	President: Masaru Hashimoto	
Amount of capital	¥342,037 million	
Date of incorporation	July 28, 1925	
Main business	<ol style="list-style-type: none"> <li>1. Trust business (including secondhand articles business as trust business)</li> <li>2. Accepting bank deposits and time deposits, loan and discounting notes and exchange</li> <li>3. Operations that are incidental or related to the items above</li> </ol>	
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 broker.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the broker.
	Business relationship	There is no business relationship required to be stated between HRR/the Asset Management Company and the broker.
	Status of classification as related party	The broker does not fall under the related party of HRR/the Asset Management Company.

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Name	Jones Lang LaSalle Incorporated	
Head office location	2-13-10 Nagatacho, Chiyoda-ku, Tokyo	
Name and title of representative	Managing Director: Toshinobu Kasai	
Amount of capital	¥195 million	
Date of incorporation	April 23, 1985	
Main business	<ol style="list-style-type: none"> <li>1. Consulting and research for real estate investment</li> <li>2. Buy and sell, exchange, lease, management of real estate and agent and brokerage thereof</li> <li>3. Real estate appraisal and consulting</li> <li>4. Operations that are incidental or related to the items above</li> </ol>	
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 broker.
	Personnel relationship	There is no personnel relationship required to be stated between HRR/the Asset Management Company and the broker.
	Business relationship	There is no business relationship required to be stated between HRR/the Asset Management Company and the broker.
	Status of classification as related party	The broker does not fall under the related party of HRR/the Asset Management Company.

8. Impact on Financial Status of HRR in the Event of Failure to Fulfill Forward Commitment, etc.  
Not applicable.

### 9. Future Outlook

The impact on the management status of HRR for the fiscal period ending April 2018 (November 1, 2017 to April 30, 2018) and the fiscal period ending October 2018 (May 1, 2018 to October 31, 2018) from the acquisition of this asset will be immaterial, and the forecasts of the management status are unchanged from those announced in “HRR’s (REIT) Financial Report for the Fiscal Period Ended October 2017” released on December 15, 2017.

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## 10. Appraisal Summary

O-42 hotel androoms Osaka Hommachi

Appraisal summary		
Appraiser	Rich Appraisal Institute Co., Ltd.	
Appraisal value	¥4,450,000,000	
Appraisal date	February 1, 2018	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue ((1)-(2)-(3))	¥231,107,645	—
① Gross potential revenue (rent income, common area fees income, other income, etc.)	¥231,107,645	Fixed rent and floating rent in standard year assessed from actual figure and forecasts were recorded.
② Vacancy loss, etc.	¥0	Not recorded, considering the current status of use and content of agreement, etc.
③ Bad debts expenses	¥0	After giving consideration to the tenant attributes, the content of their agreements, etc. bad debts expenses are not expected from this acquisition.
(2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪)	¥15,679,957	—
④ Maintenance	¥0	Not recorded as paid by the tenant.
⑤ Utilities	¥0	Not recorded as paid by the tenant.
⑥ Repair costs	¥0	Not recorded under this transaction due to the agreement contents, etc.
⑦ Property management fees	¥1,200,000	In reference to the fee levels, etc. of similar real estates, the amount was assessed. Monthly fee: ¥100,000
⑧ Advertisement for leasing, etc.	¥0	Not recorded.
⑨ Tax and public dues	¥14,198,400	For the land, the assessed amount was recorded after giving consideration to the land price levels related to taxes of land in fiscal 2017. For the building, the assessed amount was recorded based on materials relating to taxes, etc. and materials provided by the Asset Management Company. Also, depreciable assets were not recorded under this transaction due to agreement contents, etc.
⑩ Insurance	¥281,557	An equivalent amount to the actual amount was recorded in reference to materials provided by the Asset Management Company.
⑪ Other expenses	¥0	Not recorded.
(3) Net operating income ((1)-(2))	¥215,427,688	—
(4) Interest income	¥0	Not recorded.
(5) Capital expenditures and FF&E reserves	¥13,005,472	For capital expenditures, the assessed amount was recorded in reference to the status of the building and the actual amounts, etc. of similar properties. For FF&E reserves, the assessed amount (2.0% of tenant net sales) was recorded based on materials provided by the Asset Management Company, etc.
(6) Net cash flow ((3)+(4)-(5))	¥202,422,216	—
(7) Cap rate	4.5%	—
Direct capitalization value	¥4,500,000,000	—
Discounted cash flow value	¥4,430,000,000	—
Discount rate	4.3%	—
Terminal cap rate	4.7%	—
Integrated value by using cost method	¥2,040,000,000	—
Ratio of land	80.9%	—
Ratio of building	19.1%	—

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Appraisal summary	
Other matters 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 Appearance

Reference Material 3: Portfolio Overview after Acquisition of the Asset to be Acquired

<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) (Note 2)	Long-term repair expenses (annual average) (thousand yen) (Note 1) (Note 3)
O-42	hotel androoms Osaka Hommachi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	January 19, 2018	—	2,162

(Note 1) "Short-term repair expenses" and "Long-term repair expenses (annual average)" are those based on the engineering report.

(Note 2) "Short-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 3) "Long-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-42	hotel androoms Osaka Hommachi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	January 19, 2018	9.1

Reference Material 2: Map and Appearance

O-42 hotel androoms Osaka Hommachi



(Note) The photo of the Asset to be Acquired shows the Asset to be Acquired at a certain point in time 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 Asset to be Acquired

Category	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							
Property operated by Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	7,600	5.2	11,600	NV
		H-2	HOSHINOYA Kyoto	2,878	2.0	4,260	NV
		H-3	HOSHINOYA Fuji	4,160	2.8	4,320	NV
		H-4	HOSHINOYA Taketomi Island	4,900	3.3	5,090	NV
		Subtotal		19,538	13.3	25,270	—
	RISONARE	R-1	RISONARE Yatsugatake	4,500	3.1	6,690	NV
		R-2	RISONARE Atami	3,750	2.6	4,230	NV
		Subtotal		8,250	5.6	10,920	—
	KAI	K-1	KAI Matsumoto	600	0.4	799	MSK
		K-2	KAI Izumo	680	0.5	862	MSK
		K-3	KAI Ito	670	0.5	971	MSK
		K-4	KAI Hakone	950	0.6	1,270	MSK
		K-5	KAI Aso	575	0.4	689	MSK
		K-6	KAI Kawaji	1,000	0.7	1,160	MSK
		K-7	KAI Kinugawa	3,080	2.1	3,280	MSK
		K-8	KAI Kaga	3,160	2.2	3,380	MSK
	Subtotal		10,715	7.3	12,411	—	
	Other	O-35	Asahikawa Grand Hotel	4,619	3.1	4,780	RC
		Subtotal		4,619	3.1	4,780	—
	Property operated by outside operator	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	17,784	12.1	20,000
O-32			ANA Crowne Plaza Fukuoka	7,599	5.2	8,780	RC
O-33			ANA Crowne Plaza Kanazawa	6,609	4.5	7,180	RC
O-34			ANA Crowne Plaza Toyama	4,008	2.7	4,450	RC
O-36			Hyatt Regency Osaka	16,000	10.9	16,700	NV
O-37			the b akasaka	4,860	3.3	5,130	RC
O-38			the b sangenjaya	4,420	3.0	4,660	RC
O-39			the b nagoya	4,500	3.1	4,680	RC
O-40			the b kobe	7,020	4.8	7,320	RC
O-41			Quintessa Hotel Osaka Shinsaibashi	3,339	2.3	3,660	NV
Subtotal		76,139	51.9	82,560	—		
Others		O-1	Chisun Inn Shiojiri Kita IC	672	0.5	815	NV
		O-2	Chisun Inn Sano Fujioka IC	742	0.5	911	MSK
		O-3	Chisun Inn Suwa IC	658	0.4	828	NV
		O-4	Chisun Inn Toyokawa IC	602	0.4	730	NV
		O-5	Chisun Inn Tosu	504	0.3	648	NV
		O-6	Chisun Inn Chiba Hamano R16	798	0.5	1,020	MSK
		O-7	Chisun Inn Kumamoto Miyukifueda	616	0.4	738	NV
		O-8	Chisun Inn Utsunomiya Kanuma	714	0.5	847	MSK
	O-9	Chisun Inn Fukui	644	0.4	769	NV	

Category		Property No.	Property name	(Planned) Acquisition price (million yen)	Investment ratio (%) (Note 1)	Appraisal value (million yen) (Note 2)	Appraiser (Note 3)
Property operated by outside operator	Others	O-10	Chisun Inn Fukushima Nishi IC	672	0.5	786	MSK
		O-11	Chisun Inn Niigata Chuo IC	630	0.4	775	NV
		O-12	Chisun Inn Nagasaki Airport	630	0.4	755	NV
		O-13	Chisun Inn Hitachinaka	742	0.5	920	MSK
		O-14	Chisun Inn Tsuchiura Ami	770	0.5	921	MSK
		O-15	Chisun Inn Kofu Isawa	658	0.4	788	NV
		O-16	Chisun Inn Marugame Zentsuji	588	0.4	730	NV
		O-17	Chisun Inn Munakata	504	0.3	621	NV
		O-18	Chisun Inn Iwate Ichinoseki IC	700	0.5	776	MSK
		O-19	Chisun Inn Karuizawa	812	0.6	1,090	NV
		O-20	Chisun Inn Himeji Yumesakibashi	616	0.4	734	NV
		O-21	Chisun Inn Kurashiki Mizushima	728	0.5	866	NV
		O-22	Candeo Hotels Handa	620	0.4	693	RC
		O-23	Candeo Hotels Chino	793	0.5	914	RC
		O-24	Candeo Hotels Fukuyama	1,075	0.7	1,240	RC
		O-25	Candeo Hotels Sano	1,260	0.9	1,460	RC
		O-26	Candeo Hotels Kameyama	470	0.3	533	RC
		O-27	Comfort Hotel Hakodate	937	0.6	1,050	NV
		O-28	Comfort Hotel Tomakomai	963	0.7	1,080	NV
		O-29	Comfort Hotel Kure	1,100	0.7	1,230	NV
O-30	Chisun Inn Kagoshima Taniyama	1,995	1.4	2,320	RC		
		Subtotal		23,213	15.8	27,588	—
Intermediate total				142,474	97.1	163,529	—
Asset to be Acquired							
Property operated by outside operator	Urban tourism	O-42	hotel androoms Osaka Hommachi	4,238	2.9	4,450	RC
	Subtotal			4,238	2.9	4,450	—
Grand total				146,712	100.0	167,979	—

(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 values or investigation values (hereinafter referred to as "Real Estate Appraisal Value, etc.") indicated are the Real Estate Appraisal Value stated in the real estate appraisal report or investigation report (hereinafter "Real Estate Appraisal Report, etc.") with October 31, 2017 as effective date of the appraisal for owned assets as of October 31, 2017; the Real Estate Appraisal Value stated in the Real Estate Appraisal Report, etc. with August 1, 2017 as effective date of the appraisal for HOSHINOYA Taketomi Island, the b akasaka, the b sangenjaya, the b nagoya, the b kobe, and Quintessa Hotel Osaka Shinsaibashi; and the Real Estate Appraisal Value stated in Real Estate Appraisal Report, etc. with February 1, 2018 as effective date of the appraisal for the Asset to be Acquired.

(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 point in time, and does not guarantee the validity and accuracy of the contents or possibility of transactions and such with the appraisal value of real estate. In addition, Japan Valuers Co., Ltd., Morii Appraisal & Investment Consulting Inc. and Rich Appraisal Institute Co., Ltd. share no special vested interest/special relationship with HRR and the Asset Management Company.

# Hoshino Resorts REIT, Inc.

Investment securities that HRR plans to purchase on March 30, 2018 are as follows as of today.

Class of assets	Name of securities	Number of shares to be acquired	Planned acquisition price (million yen) (Note 1)	Investment Ratio (%)	Appraisal value (million yen) (Note 2)	Appraiser
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares	332	166	100	195	Plutus Consulting CO., Ltd.

(Note 1) "Planned acquisition price" indicates the sales/purchase price of shares indicated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transactional commissions).

(Note 2) "Appraisal value" is the median value calculated by the appraisal value of the preferred stock listed in the stock valuation report acquired from Plutus Consulting Co., Ltd., which HRR entrusted the evaluation of the above-mentioned preferred stock value.

(Note 3) For the above-mentioned preferred shares, please refer to "Notice on Acquisition of Assets (Yomitan Hotel Management Type B Preferred Stock," published on March 16, 2018).

Furthermore, the type, name, number of shares, planned paid-in amount, total planned paid-in amount, and planned payment date of the investment securities that HRR plans to underwrite as of this day are shown below.

Type of asset	Name of securities	No. of shares to be underwritten (shares)	Planned paid-in amount per share (yen) (Note 1)	Total planned paid-in amount (thousand yen)	Planned payment date (Note 2)
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares	333	500,000	166,500	October 30, 2018
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 3 Class B preferred shares	334	500,000	167,000	May 30, 2019

(Note 1) "Planned paid-in amount" indicates the paid-in amount indicated in the underwriting agreement (excluding expenses such as commissions). The said paid-in amount is the planned amount as of today and may be changed in accordance with the provision of the underwriting agreement or based on agreement between HRR and Yomitan Hotel Management Co., Ltd. The same applies hereinafter.

(Note 2) "Planned payment date" indicates the payment date indicated in the underwriting agreement. The said payment date is the planned date as of this day and may be changed in accordance with the provision of the underwriting agreement or based on agreement between HRR and Yomitan Hotel Management Co., Ltd.