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For Immediate Release

REIT Securities Issuer
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 (Code: 3287)

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Notice Concerning Additional Acquisition of Domestic Real Estate (Attractiveness-Enhancing Capital Expenditure for HOSHINOYA Taketomi Island)

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 Villa Taketomi Annex (referred to as the “Property” or the “Asset to be Additionally Acquired” in certain places below) at HOSHINOYA Taketomi Island (referred to as the “Main Wing” in certain places below), an asset under management of HRR under its attractiveness-enhancing capital expenditure initiative (Note).

(Note) “Attractiveness-enhancing capital expenditure” refers to initiatives to improve the business results of a facility by increasing its attractiveness and improving its customer-drawing power by maintaining and improving asset values and competitiveness of managed assets through such measures as capital expenditure, formulation and execution of renovation plans, and additional acquisition of ancillary or related facilities (including extension to a building). The same applies hereinafter.

1. Overview of Acquisition

Category (Note 1)	Property No. (Note 2)	Property name	Location	Planned acquisition price (million yen) (Note 3)	Seller
Property operated by Hoshino Resorts Group	HOSHINOYA H-4	HOSHINOYA Taketomi Island Villa Taketomi Annex	Taketomi-cho, Yaeyama-gun, Okinawa	55	Individual (Note 4)

(Note 1) “Category” 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. The same applies hereinafter.

(Note 2) “Property No.” indicates the number of 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 applies hereinafter.

(Note 3) “Planned acquisition price” indicates the sum of (a) ¥40,810 thousand of 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) and (b) ¥14,190 thousand of key money concerning establishment of land subleasehold for the land subleasehold establisher, each rounded down to the nearest million yen.

(Note 4) The name of the individual is not disclosed because consent for disclosure has not been obtained. The seller is not an entity having a special interest in HRR or the Asset Management Company. However, the land subleasehold establisher for the Property is a subsidiary of the parent company of the Asset Management Company, and falls under the interested party, etc. stipulated in Article 201 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) and Article 123 of the Order for Enforcement of the Act

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on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended) and under the definition of interested party, etc. as set forth in the “interested party transaction rules,” internal rules of the Asset Management Company.

- | | |
|----------------------------------------------|----------------------------------------------------------------|
| (1) Date of execution of purchase agreement: | April 6, 2018 |
| (2) Planned acquisition date: | April 9, 2018 (delivery and settlement date) |
| (3) Seller: | Please refer to “4. Details of Seller” later in this document. |
| (4) Funds for acquisition: | Funds in hand |
| (5) Method of payment: | Lump-sum payment upon delivery |
| (6) Collateral: | None |

2. Reason for Acquisition

HRR engages in its attractiveness-enhancing capital expenditure initiatives as one of its internal growth strategies. Located in the vicinity of the HOSHINOYA Taketomi Island, the Property has been acquired under the attractiveness-enhancing capital expenditure initiative with respect to the Main Wing which is an asset under management of HRR. The Property’s acquisition has been undertaken on the basis of plans to make use of it as a wedding facility associated with the Main Wing. HRR believes that this initiative offers a way to level out seasonality (Note) and maximize earnings as a result of tapping new demand for accommodations in the winter season in addition to the strong demand for accommodations in the summer season while at the same time to enable HRR to enhance HOSHINOYA Taketomi Island’s competitive strengths as an accommodation facility. Accordingly, HRR deems that its acquisition of the Property constitutes attractiveness-enhancing capital expenditure that will help improve HRR’s profitability and asset value.

(Note) “Seasonality” refers to the pattern of fluctuating customer demand depending on the season. The same applies hereinafter.

3. Description of HOSHINOYA Taketomi Island after acquisition of the Asset to be Additionally Acquired (Reference)

The tables below present a description of HOSHINOYA Taketomi Island after acquisition of the Asset to be Additionally Acquired as attractiveness-enhancing capital expenditure. Subsequent to the acquisition by HRR, the Asset to be Additionally Acquired is to be leased, in full and in conjunction with the Main Wing, to Hoshino Resort Management Co., Ltd., which acts as the lessee of the Main Wing (the previous lease terms and conditions including the lease period and rent remain unchanged).

The following is an explanation of the matters stated in each column of the tables below.

Explanation on “Overview of specified asset”

- For “Use,” accommodation facilities mainly with western-style structures and facilities are indicated as “hotel”; those mainly with Japanese-style structures and facilities are indicated as “ryokan”; and large facilities such as ski resorts, golf courses, pools and retail stores attached to hotels and ryokans as “ancillary facilities” 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.
- “Acquisition date” is the acquisition date for the Main Wing of HOSHINOYA Taketomi Island and the planned acquisition date for the Asset to be Additionally 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.
- “Acquisition price” indicates the sum of (a) the sales/purchase price of the Main Wing stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions), (b) ¥40 million of the sales/purchase price of the Asset to be Additionally

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Acquired stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions), and (c) the sum of ¥1,391 million of key money concerning establishment of land subleasehold for the seller-cum-land subleasehold establisher for the Main Wing and ¥14 million of key money concerning establishment of land subleasehold for the land subleasehold establisher for the Asset to be Additionally Acquired.

- “Appraisal value (Appraisal date)” is the sum of the real estate appraisal value stated in the real estate appraisal report for the Main Wing obtained from Japan Valuers Co., Ltd. and the real estate appraisal value stated in the real estate appraisal report for the Asset to be Additionally Acquired, together with the respective appraisal dates.
- “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 Main Wing and the Asset to be Additionally 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 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. When only a part of one lot of land is to be leased, it shows only the area of the portion to be leased.) 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 leasable area of the Main Wing and the Asset to be Additionally Acquired combined and indicates the figure stated in the lease agreement concluded between HRR and the tenant.
- “Occupancy rate” is the occupancy rate of the Main Wing and the Asset to be Additionally Acquired combined expected as of the planned acquisition date of the Asset to be Additionally Acquired (the ratio of the total leased floor area to the total leasable floor area). In case a lease agreement with suspensive

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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 Main Wing and the Asset to be Additionally Acquired from HRR in accordance with the lease agreement effective as of acquisition date of the Asset to be Additionally Acquired by HRR.
- "No. of tenants" is the number of those leasing the Main Wing and the Asset to be Additionally Acquired from HRR in accordance with the lease agreement effective as of acquisition date of the Asset to be Additionally Acquired 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 Main Wing and the Asset to be Additionally Acquired from those leasing the property from HRR in accordance with the lease agreement effective as of acquisition date of the Asset to be Additionally Acquired by HRR. However, this excludes those planning to sublease part of the site or the building for the purpose of parking or installing antennas.

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HOSHINOYA Taketomi Island		Category	Property operated by Hoshino Resorts Group (HOSHINOYA)		
		Use	Hotel (Main Wing) / ancillary facilities (Annex)		
Overview of specified asset					
Planned acquisition date	November 1, 2017 (Main Wing) April 9, 2018 (planned) (Annex)		Type of specified asset	Real Estate	
Planned acquisition price	¥4,955,000,000		Appraisal value (Appraisal date)	¥5,148,000,000 (August 1, 2017 (Main Wing) / February 1, 2018 (Annex))	
Location (Indication of residential address)	1955 Aza Taketomi, Taketomi-cho, Yaeyama-gun, Okinawa (Main Wing) 1496 Aza Taketomi, Taketomi-cho, Yaeyama-gun, Okinawa (Annex)				
Transportation	Approximately 2.1 km from Taketomi Port (Main Wing) / Approximately 1.8 km from Taketomi Port (Annex)				
Land	Lot number	1940 Aza Taketomikanna, Taketomicho, Yaeyama-gun, Okinawa and other (Main Wing) 1496 Shimahobara, Aza Taketomi, Taketomi-cho, Yaeyama-gun, Okinawa (Annex)	Building	Completion date	March 2012 (Main Wing) March 2009 (Annex)
	Building coverage ratio	Not designated		Structure / floors	Wooden structure with tile roof / 1F (Main Wing) Wooden structure with tile roof / 1F (Annex)
	Floor-area ratio	Not designated		Total floor area	4,150.72 m ² (Main Wing) 99.15 m ² (Annex)
	Use district	Outside city planning area		Building engineer	Azuma Architects & Associates Co., Ltd. (Main Wing) Yamasato Architectural Design Office (Annex)
	Site area	115,053 m ² (Main Wing) 929.04 m ² (Annex)		Constructors	Maeda Corporation (Main Wing) Unknown (Annex)
	Type of ownership	Land subleasehold		Type of ownership	Ownership
	Leasable floor area	4,249.87 m ²		Occupancy rate	100%
Main tenant	Hoshino Resort Management Co., Ltd.		No. of tenants	1	
No. of guest rooms	48		No. of sublease tenants	0	

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Overview of land subleasehold contract

- As to the land of the Main Wing, HRR has concluded a land sublease agreement pertaining to the land with Hoshino Resort Management Co., Ltd., the lessee of the Main Wing's land.

Land subleasehold establisher: Hoshino Resort Management Co., Ltd.
 Type of land sublease: Regular land leasehold
 Sublease period: From the acquisition date of the building of the Main Wing by HRR (November 1, 2017) to March 22, 2059.

Monthly Rent: ¥1,050,000

Rent Revision: Not applicable.

Security Deposit and Guarantee Deposit: Not applicable.

Key money: As compensation for establishing land subleasehold, HRR paid ¥1,391,600,000 as key money to the land subleasehold establisher on the date the Acquisition Date of the building of the Main Wing by HRR (November 1, 2017). The key money is non-refundable.

Renewal: If either land subleasehold establisher or HRR, the sublessee, does not notify of intention to cancel in writing at least six months prior to the expiration of the sublease period, the agreement shall be renewed for another 50 years with the same terms as the previous agreement and such shall be the case thereafter.

Midterm Cancellation: The land subleasehold establisher may not cancel the agreement during the contract period. HRR, the sublessee, may cancel the agreement during the contract period by sending notice in writing to the land subleasehold establisher 12 months in advance.

- As to the land of the Annex, HRR has concluded a land sublease agreement pertaining to the land with Bandai Resort Development, Co. Ltd., the lessee of Villa Taketomi Annex's land.

Land subleasehold establisher: Bandai Resort Development, Co. Ltd.

Type of land sublease: Regular land leasehold

Sublease period: 30 years from the fulfillment of the condition precedent (acquisition date of the Villa Taketomi Annex's building by HRR).

Annual rent: Annual rent is calculated by multiplying the amount equivalent to three times of the previous year's fixed asset tax for the land of 1496 Shimahobara, Aza Taketomi, Taketomi-cho, Yaeyama-gun, Okinawa by 95.5% (amounts less than ¥1 are removed by rounding off).

Rent Revision: Not applicable.

Security Deposit and Guarantee Deposit: Not applicable.

Key money: As compensation for establishing land subleasehold, HRR will pay ¥14,190,000 as key money to the land subleasehold establisher on the date the condition precedent is fulfilled. The key money is non-refundable.

Renewal: If either land subleasehold establisher or HRR, the sublessee, does not notify of intention to cancel in writing at least six months prior to the expiration of the sublease period, the agreement shall be renewed for another 30 years with the same terms as the previous agreement and such shall be the case thereafter.

Midterm Cancellation: Not applicable.

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4. Details of Seller

Whereas the Property has been acquired from an individual, the name of the individual is not disclosed because consent for disclosure has not been obtained. The seller is not an entity having a special interest in HRR or the Asset Management Company.

5. Transaction with Interested Party, etc.

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

The Property's lessee and land sublease establisher are subsidiaries of the parent company of the Asset Management Company. The said parties fall under the definition of interested party, etc. as set forth in Article 201 of the Act on Investment Trusts and Investment Corporations and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations 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 approval procedures set forth in the internal rules for conducting lease transactions and establishing land subleasehold with respect to the Property with the parties involved, and has also obtained HRR's consent based on the approval of HRR's Board of Directors' meeting held on April 6, 2018 pursuant to the "interested party transaction rules" of the Asset Management Company.

6. Status of Owners, etc. of Property.

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

7. Status of Brokerage

HRR has not used an intermediary.

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. For revisions to management status forecast and distribution forecast of HRR for the fiscal period ending October 2018 (May 1, 2018 to October 31, 2018) due to the issuance of new investment units as stated in "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units," announced today, please refer to "Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2018 and Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2019," announced today.

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10. Appraisal Summary

H-4 HOSHINOYA Taketomi Island Villa Taketomi Annex

Appraisal summary	
Appraiser	Japan Valuers Co., Ltd.
Appraisal value	¥58,000,000
Appraisal date	February 1, 2018
	Appraisal value
	Remarks, etc. (Note)
Direct capitalization method	
(1) Operating revenue ((1)-(2)-(3))	—
① Gross potential revenue (rent income, common area fees income, other income, etc.)	—
② Vacancy loss, etc.	—
③ Bad debts expenses	—
(2) Operating expenses ((4)+(5)+(6)+(7)+(8)+(9)+(10)+(11))	—
④ Maintenance	—
⑤ Utilities	—
⑥ Repair costs	—
⑦ Property management fees	—
⑧ Advertisement for leasing, etc.	—
⑨ Tax and public dues	—
⑩ Insurance	—
⑪ Other expenses	—
(3) Net operating income ((1)-(2))	—
(4) Interest income	—
(5) Capital expenditures	—
(6) Net cash flow ((3)+(4)-(5))	—
(7) Cap rate	—
Direct capitalization value	—
Discounted cash flow value	—
Discount rate	—
Terminal cap rate	—
Integrated value by using cost method	—
Ratio of land	—
Ratio of building	—
Other matters appraiser noted upon valuation	The indicated value by income approach for the subject property was calculated by deducting the indicated value by income approach for the property excluding the Annex from the indicated value by income approach for the property including the Annex. In this valuation, while the indicated value by income approach was calculated based on the actual use plan, the indicated value by income approach for the case where the subject property would be leased in the open market was calculated and it was verified whether the actual use plan is consistent with the highest and best use in terms of economic value. As a result, it could be verified that the actual use plan is also consistent with the highest and best use in terms of profitability.

(Note) In the calculation of the appraisal value of the Annex, the indicated value by income approach for the Annex was calculated by deducting the indicated value by income approach for the HOSHINOYA Taketomi Island property excluding the Annex from the indicated value by income approach for the entire HOSHINOYA Taketomi Island property including the Annex. Therefore, each appraisal value for operating revenue, operating expenses and others for the Annex only has not been calculated.

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(Reference) H-4 HOSHINOYA Taketomi Island (Main Wing and Annex after acquisition of the Asset to be Additionally Acquired)

Appraisal summary		
Appraiser	Japan Valuers Co., Ltd.	
Indicated value by income approach	¥5,246,600,000	
Appraisal date	February 1, 2018	
	Appraisal value	Remarks, etc.
Direct capitalization method		
(1) Operating revenue ((1)-(2)-(3))	¥355,076,100	—
① Gross potential revenue (rent income, common area fees income, other income, etc.)	¥355,076,100	Assessed based on the actual agreement. (Portion where floating rent applies is assessed based on materials related to tenant's income and expenditure.)
② Vacancy loss, etc.	¥0	—
② Bad debts expenses	¥0	Not recorded as secured by security deposit.
(2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪)	¥31,155,148	—
④ Maintenance	¥5,700,000	Assessed based on actual amount.
⑤ Utilities	¥0	—
⑥ Repair costs	¥5,697,375	30% of the 12-year average of "repair and renewal expenses" stated in ER.
⑦ Property management fees	¥0	—
⑧ Advertisement for leasing, etc.	¥0	—
⑨ Tax and public dues	¥6,664,289	For the land, the amount is not recorded as the entire land is on lease. For the building, the amount is assessed based on actual amount. For the depreciable assets, the scheduled amount is recorded based on standard taxable value.
⑩ Insurance	¥459,411	Used estimated amount.
⑪ Other expenses	¥12,634,073	Recorded scheduled amount.
(3) Net operating income ((1)-(2))	¥323,920,952	—
(4) Interest income	¥1,095,600	Investment return at 1.0%.
(5) Capital expenditures	¥13,293,875	70% of the 12-year average of "repair and renewal expenses" stated in ER.
(6) Net cash flow ((3)+(4)-(5))	¥311,722,677	—
(7) Cap rate	5.90%	—
Direct capitalization value	¥5,283,400,000	—
Discounted cash flow value	¥5,209,700,000	—
Discount rate	5.60%	—
Terminal cap rate	6.10%	—
Other matters appraiser noted upon valuation	None	

(Note) This is an overview of the indicated value by income approach for the entire HOSHINOYA Taketomi Island property after acquisition of the Property stated in the real estate appraisal report for the Property obtained from Japan Valuers Co., Ltd. and the grounds for such assessment, etc.

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

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<Appendix>

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

Reference Material 2: Map and Exterior Appearance

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

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<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)
H-4	HOSHINOYA Taketomi Island Villa Taketomi Annex	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 6, 2018	—	762

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

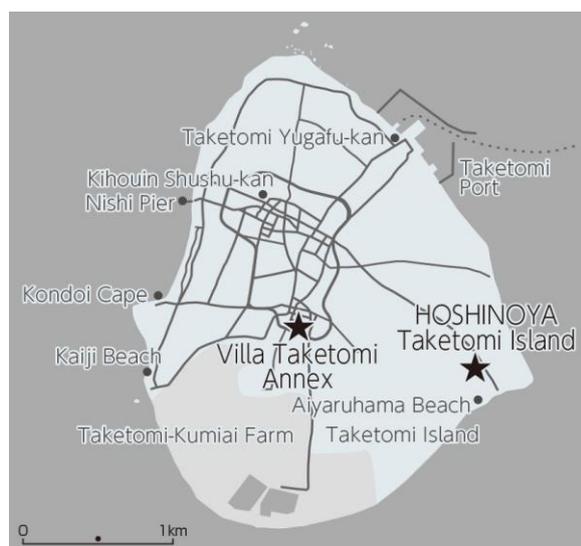
(Note 2) "Short-term repair expenses" are repair and renewal expenses required when implementing repair and renewal within about one year due to progressed deterioration, excluding expenses for normal repair or interior/facility renewal, based on the engineering report prepared by the investigator after 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) (%)
H-4	HOSHINOYA Taketomi Island Villa Taketomi Annex	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 6, 2018	9.3

Reference Material 2: Map and Exterior Appearance

H-4 HOSHINOYA Taketomi Island Villa Taketomi Annex



(Note) The photo of the Asset to be Additionally Acquired shows the Asset to be Additionally 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 Additionally 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 (Note 4)	4,955	3.4	5,148	NV
		Subtotal		19,593	13.3	25,328	—
	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	JMS
		K-2	KAI Izumo	680	0.5	862	JMS
		K-3	KAI Ito	670	0.5	971	JMS
		K-4	KAI Hakone	950	0.6	1,270	JMS
		K-5	KAI Aso	575	0.4	689	JMS
		K-6	KAI Kawaji	1,000	0.7	1,160	JMS
		K-7	KAI Kinugawa	3,080	2.1	3,280	JMS
		K-8	KAI Kaga	3,160	2.2	3,380	JMS
	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
O-42			hotel androoms Osaka Hommachi	4,238	2.9	4,450	RC
Subtotal		80,377	54.8	87,010	—		
Others		O-1	Chisun Inn Shiojiri Kita IC	672	0.5	815	NV
		O-2	Chisun Inn Sano Fujioka IC	742	0.5	911	JMS
		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	JMS		

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Category	Property No.	Property name	(Planned) Acquisition price (million yen)	Investment ratio (%) (Note 1)	Appraisal value (million yen) (Note 2)	Appraiser (Note 3)	
	O-7	Chisun Inn Kumamoto Miyukifueda	616	0.4	738	NV	
	O-8	Chisun Inn Utsunomiya Kanuma	714	0.5	847	JMS	
Property operated by outside operator	Others	O-9	Chisun Inn Fukui	644	0.4	769	NV
		O-10	Chisun Inn Fukushima Nishi IC	672	0.5	786	JMS
		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	JMS
		O-14	Chisun Inn Tsuchiura Ami	770	0.5	921	JMS
		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	JMS
		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	—	
Grand total			146,767	100.0	168,037	—	

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

(Note 2) Real estate appraisal value of the respective properties is entrusted to Japan Valuers Co., Ltd., JLL Morii Valuation & Advisory K.K. or Rich Appraisal Institute Co., Ltd. The real estate appraisal values or investigation values (hereinafter the "Real Estate Appraisal Values, etc.") indicated are the Real Estate Appraisal Values stated in the real estate appraisal report or investigation report (hereinafter the "Real Estate Appraisal Report, etc.") and are stated as follows for the respective properties: with respect to the owned assets (excluding HOSHINOYA Taketomi Island, the b akasaka, the b sangenjaya, the b nagoya, the b kobe, and Quintessa Hotel Osaka Shinsaibashi (hereinafter collectively referred to as the "Assets Acquired through the 6th Public Offering")), the Real Estate Appraisal Values are those stated in Real Estate Appraisal Report, etc. with October 31, 2017 as the effective date of the appraisal; with respect to HOSHINOYA Taketomi Island, the Real Estate Appraisal Value is the sum total of the Real Estate Appraisal Value stated in the Real Estate Appraisal Report, etc. for the Main Wing with August 1, 2017 as the effective date of the appraisal and the Real Estate Appraisal Value stated in the Real Estate Appraisal Report, etc. for Villa Taketomi Annex with February 1, 2018 as the effective date of the appraisal; with respect to hotel androoms Osaka Hommachi, the Real Estate Appraisal Value is the Real Estate Appraisal Value stated in the Real Estate Appraisal Report, etc. with February 1, 2018 as the effective date of the appraisal; and with respect to the Assets Acquired through the 6th Public Offering (excluding HOSHINOYA Taketomi Island), the Real Estate Appraisal Values are those stated in Real Estate Appraisal Report, etc. with August 1, 2017 as the effective date of the appraisal.

(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.

JMS: JLL Morii Valuation & Advisory K.K.

RC: Rich Appraisal Institute Co., Ltd.

(Note 4) Indicates an overview of the entire HOSHINOYA Taketomi Island property subsequent to acquisition of the Asset to be Additionally Acquired.

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(Note 5) 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., JLL Morii Valuation & Advisory K.K. and Rich Appraisal Institute Co., Ltd. share no special vested interest/special relationship with HRR and the Asset Management Company.

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Investment securities owned by HRR are as follows as of today.

Class of assets	Name of securities	Acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Ratio to appraisal value (%) (Note 2)	Investment ratio (%) (Note 3)	Appraiser
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares	166	195	84.9	100.0	Plutus Consulting Co., Ltd.

(Note 1) "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. "Ratio to appraisal value" is the acquisition price of the aforementioned preferred shares divided by the appraisal value, rounded to the first decimal place.

(Note 3) "Investment ratio" is the ratio of acquisition price of the property to the total amount of acquisition price of investment securities owned by HRR, rounded to the first decimal place.

(Note 4) For the details of 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).

(Note 5) As of today, HRR has an agreement with Yomitan Hotel Management Co., Ltd. to underwrite 333 shares of Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares and 334 shares of Yomitan Hotel Management Co., Ltd. No. 3 Class B preferred shares. However, these preferred shares are not included in the Portfolio Overview after Acquisition of the Asset to be Additionally Acquired. For the details of these preferred shares that HRR has agreed to underwrite, please refer to "Notice Concerning Acquisition of Assets (Class B Preferred Shares of Yomitan Hotel Management Co., Ltd.)," published on March 16, 2018.

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