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For Immediate Release

REIT Securities Issuer
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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

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces today that it has revised the management status forecast and distribution forecast for the fiscal period ending October 2018 (from May 1, 2018 to October 31, 2018) announced in Financial Report for Fiscal Period Ended October 2017, dated December 15, 2017 as follows.
In addition, HRR newly announces the management status forecast and distribution forecast for the fiscal period ending April 2019 (from November 1, 2018 to April 30, 2019).
There is no revision to the management status forecast and distribution forecast for the fiscal period ending April 2018 (from November 1, 2017 to April 30, 2018) announced in Financial Report for Fiscal Period Ended October 2017, dated December 15, 2017.

1. Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2018

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Distribution per Unit (excluding distribution in excess of earnings)	Distribution in Excess of Earnings per Unit
Previous Forecast (A)	¥5,632 million	¥3,031 million	¥2,700 million	¥2,699 million	¥12,688	—
Revised Forecast (B)	¥5,796 million	¥3,207 million	¥2,833 million	¥2,832 million	¥12,769	—
Variance (C) (B)-(A)	¥163 million	¥176 million	¥133 million	¥133 million	¥81	—
Ratio Variance (C)/(A)	2.9%	5.8%	4.9%	4.9%	0.6%	—
(Reference) Results for fiscal period ended Oct. 2017	¥4,644 million	¥2,376 million	¥2,065 million	¥2,064 million	¥11,956	—

[Reference]
Forecasted number of investment units issued and outstanding at the end of the fiscal period announced in the previous forecast: 212,738 units
Forecasted number of investment units issued and outstanding at the end of the fiscal period announced in the revised forecast: 221,862 units
(For details, please refer to the “Investment Units” column in “Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2018 and the Fiscal Period Ending April 2019” in the attachment.)

[Notes]
1. The above forecasts are current forecasts based on the attachment “Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2018 and the Fiscal Period Ending April 2019.” The actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit may differ from the above forecasts due to acquisition or disposition of real estate, change in the real estate market, actual number of new investment units decided to be issued and the issue price, trends of interest rates and changes in other circumstances surrounding HRR, in the future, etc. In addition, HRR does not guarantee any distribution amount by announcing the forecast figures.
2. HRR may revise the forecast in the event that it expects discrepancies over a certain level from the forecast above.
3. Amounts are rounded down, and ratios are rounded to the nearest specified unit. The same applies hereinafter.

2. Reason for Revision
HRR revised the forecast as there were changes in assumptions for the management status forecast for the fiscal period ending October 2018 announced in Financial Report for Fiscal Period Ended October 2017, dated December 15, 2017 in line with the issuance of new investment units described in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today.
Furthermore, HRR announced together with the revision, a new management status forecast and distribution forecast for the fiscal period ending April 2019 based on the same assumptions.

3. Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2019

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Distribution per Unit (excluding distribution in excess of earnings)	Distribution in Excess of Earnings per Unit
Forecast for fiscal period ending Apr. 2019	¥5,794 million	¥3,171 million	¥2,847 million	¥2,846 million	¥12,829	—

[Reference]
Forecasted number of investment units issued and outstanding at the end of the fiscal period: 221,862 units

[Notes]

1. The above forecasts are current forecasts based on the attachment "Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2018 and the Fiscal Period Ending April 2019." The actual operating revenue, operating income, ordinary income, net income, distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit may differ from the above forecasts due to acquisition or disposition of real estate, change in the real estate market, actual number of new investment units decided to be issued and the issue price, trends of interest rates and changes in other circumstances surrounding HRR in the future, etc. In addition, HRR does not guarantee any distribution amount by announcing the forecast figures.
2. HRR may revise the forecast in the event that it expects discrepancies over a certain level from the forecast above.

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

[Attachment]

Assumptions for the Management Status Forecast for the Fiscal Period Ending October 2018 and the Fiscal Period Ending April 2019

Item	Assumptions
Calculation Period	・Fiscal period ending October 2018 (11th fiscal period): May 1, 2018 – October 31, 2018 (184 days) ・Fiscal period ending April 2019 (12th fiscal period): November 1, 2018 – April 30, 2019 (181 days)
Assets under Management	・The assumption is that HRR will continue to own 56 properties (Note) and Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares, which are owned by HRR as of today; and furthermore that on April 9, 2018, HRR will acquire HOSHINOYA Taketomi Island Villa Taketomi Annex as stated in “Notice Concerning Additional Acquisition of Domestic Real Estate (Attractiveness-Enhancing Capital Expenditure for HOSHINOYA Taketomi Island),” announced today; and that on October 30, 2018, HRR will acquire Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares as stated in “Notice Concerning Acquisition of Assets (Class B Preferred Shares of Yomitan Hotel Management Co., Ltd.),” announced on March 16, 2018. ・The assumption is that HRR will acquire HOSHINOYA Taketomi Island Villa Taketomi Annex and Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares on the above dates, and there will be no changes (i.e. acquisitions of new assets, or dispositions of portfolio assets, etc.) to the assets under management other than the above through April 30, 2019. ・In practice, assumptions may vary due to acquisition of new assets other than the assets mentioned above, disposition of assets owned, etc. (Note) Among the properties owned by HRR as of today, the 4 properties operated by IHG ANA Hotels Group Japan LLC as “4 ANA Crowne Plaza properties” and the 4 properties operated by Ishin Hotels Group Co., Ltd. as “4 the b properties.” The same applies hereinafter.

Item	Assumptions
Operating Revenue	・Lease business revenue is assumed to be ¥5,796 million for the fiscal period ending October 2018 and ¥5,794 million for the fiscal period ending April 2019 which are calculated by taking into account the market environment and property competitiveness along with lease agreement terms of the current portfolio properties. ・RISONARE Yatsugatake was temporarily closed for approximately four months due to capital expenditures that were invested from January 2017 to April 2017; therefore, floating rent for RISONARE Yatsugatake for the fiscal period ending October 2018, for which the period used for base sales serving as the basis of floating rent includes the period of the suspension of operations, is calculated by taking into consideration the impact of the facilities' suspension of operations. ・Of lease business revenue, the rent by investment category is assumed to be as follows.

The Fiscal Period Ending October 2018 (11th Fiscal Period)

(million yen)

Operational category	Investment category		Fixed rent	Floating rent	Other rent	Total
Properties operated by Hoshino Resorts Group	HOSHINOYA		727	164	-	892
	RISONARE		419	89	-	508
	KAI		438	85	-	523
	Other		182	-	-	182
Properties operated by outside operator	Urban tourism	4 ANA Crowne Plaza properties	840	704	-	1,544
		Hyatt Regency Osaka	-	388	-	388
		4 the b properties	265	278	-	543
		Quintessa Hotel Osaka Shinsaibashi	85	-	-	85
		hotel androoms Osaka Hommachi	110	-	-	110
	Others		816	191	10	1,018
Total			3,885	1,900	10	5,796

(Note) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to increase the amount of the fixed rent amount in lieu of the application of floating rent for a fixed period (hereinafter a "premium fixed rent"). In such cases if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors.

The Fiscal Period Ending April 2019 (12th Fiscal Period)

(million yen)

Operational category	Investment category		Fixed rent	Floating rent	Other rent	Total
Properties operated by Hoshino Resorts Group	HOSHINOYA		727	167	-	894
	RISONARE		374	167	-	541
	KAI		401	121	-	522
	Other		182	-	-	182
Properties operated by outside operator	Urban tourism	4 ANA Crowne Plaza properties	840	721	-	1,561
		Hyatt Regency Osaka	-	333	-	333
		4 the b properties	265	276	-	541
		Quintessa Hotel Osaka Shinsaibashi	87	-	-	87
		hotel androoms Osaka Hommachi	72	37	-	109
	Others		816	192	10	1,019
Total			3,766	2,017	10	5,794

(Note) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to increase the amount of the fixed rent amount in lieu of the application of floating rent for a fixed period. In such cases if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors.

Item	Assumptions
	・For lease business revenue, the assumption is that there will be no cancellation of lease agreements and no delinquent or unpaid rent by lessees.
Operating Expenses	・Of operating expenses, fixed asset tax, city planning tax and depreciable asset tax are assumed to be ¥466 million for the fiscal period ending October 2018 and ¥456 million for the fiscal period ending April 2019. In general, fixed asset tax, city planning tax (applicable assets only; the same shall apply hereinafter) and depreciable asset tax (applicable assets only; the same shall apply hereinafter) of acquired assets are calculated on a pro rata basis with the previous owner and reimbursed at the time of acquisition. The amount equivalent to the reimbursement, however, is included in the cost of acquisition and thus not recognized as expenses in the acquisition period at HRR. Accordingly, in the case of hotel androoms Osaka Hommachi, which was acquired on April 2, 2018, the assumption is that fixed asset tax, city planning tax and depreciable asset tax of fiscal year 2018 are recognized as expenses starting from the fiscal period ending April 2019. Furthermore, the total amount of fixed asset tax, city planning tax and depreciable asset tax included in the cost of acquisition of the assets is expected to be ¥11 million. ・Repair expenses for buildings are recognized in the amount assumed to be necessary based on the repair plan formulated by the Asset Management Company for each property. However, such factors as emergency repair expenses possibly arising from unforeseeable causes, the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses differing materially from the forecast amount. ・Expenses related to rent business other than depreciation which are calculated by taking into account the factors causing fluctuation in expenses are assumed to be ¥823 million for the fiscal period ending October 2018 and ¥843 million for the fiscal period ending April 2019. ・Depreciation, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be ¥1,171 million for the fiscal period ending October 2018 and ¥1,188 million for the fiscal period ending April 2019.
Non-operating Expenses	・In non-operating expenses, expenses related to public offering are assumed to be ¥40 million as temporary expenses for the fiscal period ending October 2018. ・Interest expenses and other borrowing related expenses are assumed to be ¥333 million for the fiscal period ending October 2018 and ¥324 million for the fiscal period ending April 2019, respectively.
Interest-Bearing Debt	・The assumption is that the balance of interest-bearing debt (total of borrowings and investment corporation bonds) amounts to ¥57,309 million, and also the assumption is that the following changes will occur. ・The assumption is that in May 2018 short-term loans payable amounting to ¥4,400 million will be repaid ahead of schedule, using funds procured by issuing new investment units determined at the Board of Directors' Meeting held today. For details of the debt financing, please refer to "Notice Concerning Debt Financing" separately announced on March 16, 2018. ・For the fiscal period ending April 2018, the assumption is that ¥3,525 million of loans will be repaid through contractual repayment. ・The assumption is that there will be refinancing of loans due for repayment in April 2018 in the amount of ¥3,400 million. ・For the fiscal period ending October 2018, the assumption is that ¥2,381 million of the loans will be repaid through contractual repayment. ・The assumption is that there will be refinancing of loans due for repayment in July 2018 in the amount of ¥2,288 million. ・For the fiscal period ending April 2019, the assumption is that ¥2,592 million of loans will be repaid through contractual repayment. ・The assumption is that there will be refinancing of loans due for repayment in April 2019 in the amount of ¥2,500 million. ・The forecast is that LTV at the end of the fiscal period ending October 2018 is 32.2%, and at the end of the fiscal period ending April 2019 is 32.2 %. The following formula is used in the calculation of LTV for this press release: LTV = Balance of interest-bearing loans outstanding / Total assets (expected) × 100 ・LTV may vary in accordance with the paid-in amount of the new investment units to be offered through public offering and the number of and paid-in amount of new investment units to be offered through the third-party allotment this time around.
Investment Units	・It is assumed that, in addition to 212,738 units issued and outstanding as of today, all of 9,124 units, or the maximum total of new investment units to be newly issued by issuance of new investment units (8,690 units) through public offering and issuance of new investment units through third-party allotment (maximum of 434 units) determined at the Board of Directors' Meeting held today, are issued. ・It is assumed that, other than the above, there will be no change in the number of investment units due to issuance of new investment units, etc. through the end of the fiscal period ending April 2019. ・Distribution per unit (excluding distribution in excess of earnings) is calculated based on the expected number of investment units issued and outstanding at the end of the fiscal periods ending October 2018 and April 2019 (221,862 units) including 9,124 units, the maximum total of new investment units to be newly issued mentioned above.

Item	Assumptions
Distribution per Unit (excluding distribution in excess of earnings)	・Distribution per unit (excluding distribution in excess of earnings) is calculated assuming the cash distribution policy provided in the Articles of Incorporation of HRR. ・Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrence of unexpected repairs.
Distribution in Excess of Earnings per Unit	・No distribution in excess of earnings (distribution in excess of earnings per unit) is scheduled at this point in time.
Others	・It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. ・It is assumed that there will be no unforeseen serious change in general economic trends, real estate market conditions, etc.