

Hoshino Resorts REIT, Inc.

October 26, 2020

For Immediate Release

REIT Securities Issuer
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(Code: 3287)

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Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2021

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces today that it has revised the management status forecast and distribution forecast for the fiscal period ending April 2021 (from November 1, 2020 to April 30, 2021) announced in Financial Report for Fiscal Period Ended April 2020, dated June 15, 2020 as follows.

There is no revision to the management status forecast and distribution forecast for the fiscal period ending October 2020 (from May 1, 2020 to October 31, 2020) announced in Financial Report for Fiscal Period Ended April 2020, dated June 15, 2020.

1. Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2021

	Operating revenue	Operating profit	Ordinary profit	Profit	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous Forecast (A)	4,341 million yen	1,535 million yen	1,133 million yen	1,132 million yen	5,107 yen	—
Revised Forecast (B)	4,590 million yen	1,812 million yen	1,407 million yen	1,406 million yen	6,340 yen	—
Variance (C) (B)-(A)	249 million yen	276 million yen	273 million yen	273 million yen	1,233 yen	—
Ratio Variance (C)/(A)	5.7%	18.0%	24.1%	24.2%	24.1%	—
(Reference) Results for fiscal period ended Apr. 2020	6,158 million yen	3,399 million yen	2,952 million yen	2,951 million yen	13,302 yen	—

[Reference]

Forecasted number of investment units issued and outstanding at the end of the fiscal period announced in the revised forecast: 221,862 units

[Notes]

1. The above forecasts are based on the attachment “Assumptions for the Management Status Forecast for the Fiscal Period Ending April 2021.” The actual operating revenue, operating profit, ordinary profit, profit, distributions per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may differ from the above forecasts due to acquisition or disposition of real estate, change in the real estate market, 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

As indicated in “Notice Concerning the Change to the Asset Management Fee Structure” and “Notice Concerning Acquisition of Domestic Real Estate (KAI Enshu)” announced today and since June 2020 when the Japanese government’s declared state of emergency in response to the novel coronavirus disease (COVID-19) was lifted, floating rent is expected to increase in the fiscal period ending April 2021 in line with improved operational results due to a recovery in demand for accommodation, mainly at the Hoshino Resorts properties held by HRR. In addition, the expected unpaid rent for the fiscal period ending April 2021 has been resolved after reaching agreements with lessees who have not paid a portion of their rent, and assumptions underlying the management status forecast for the fiscal period ending April 2021, which were given in the Financial Report for Fiscal Period Ended April 2020, dated June 15, 2020, have changed. Therefore, HRR has revised the forecasts.

For details, please refer to “Supplementary Explanatory Materials: Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2021” announced today.

* Hoshino Resorts REIT, Inc. website address: <https://www.hoshinoresorts-reit.com/en/>

[Attachment]

Assumptions for the Management Status Forecast for the Fiscal Period Ending April 2021

Item	Assumptions																																																												
Calculation period	<ul style="list-style-type: none">Fiscal period ending April 2021 (16th fiscal period): November 1, 2020 – April 30, 2021 (181 days)																																																												
Assets under management	<ul style="list-style-type: none">The assumption is that HRR will continue to own the 61 properties owned as of today as well as three types of the Yomitan Hotel Management Co., Ltd. preferred shares; and furthermore that on November 2, 2020, HRR will acquire KAI Enshu as stated in “Notice Concerning Acquisition of Domestic Real Estate (KAI Enshu)” announced today.The assumption is that HRR will acquire KAI Enshu on the above date, and there will be no other changes (i.e. acquisitions of new assets, or dispositions of portfolio assets, etc.) to the assets under management through April 30, 2021.In practice, assumptions may vary due to acquisition of new assets, or disposition of assets owned, etc. other than the above.																																																												
Operating revenue	<ul style="list-style-type: none">Leasing business revenue, which is calculated by taking into account the portfolio properties’ lease agreement terms and conditions and also such factors as the market environment and property competitiveness, is assumed to be 4,590 million yen for the fiscal period ending April 2021.For leasing business revenue, the assumptions are that unpaid rent of lessees who have not paid a portion of their rent will be resolved according to the terms agreed upon by the lessees and that there will be no cancellation of lease agreements and no delinquent or unpaid rent by other lessees.Of leasing business revenue, the rent by investment category is assumed to be as follows. <p>Fiscal period ending April 2021 (16th Fiscal Period)</p> <p style="text-align: right;">(million yen)</p> <table><tr><th>Operational category</th><th>Investment category</th><th>Fixed rent</th><th>Floating rent</th><th>Other rent</th><th>Total</th></tr><tr><td rowspan="4">Properties operated by the Hoshino Resorts Group</td><td>HOSHINOYA</td><td>618</td><td>84</td><td>-</td><td>702</td></tr><tr><td>RISONARE</td><td>374</td><td>119</td><td>-</td><td>493</td></tr><tr><td>KAI</td><td>487</td><td>102</td><td>-</td><td>589</td></tr><tr><td>Other</td><td>386</td><td>-</td><td>-</td><td>386</td></tr><tr><td rowspan="6">Properties operated by outside operators</td><td rowspan="5">Urban tourism</td><td>4 ANA Crowne Plaza properties (Note 1)</td><td>840</td><td>35</td><td>-</td><td>875</td></tr><tr><td>Hyatt Regency Osaka</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>4 the b properties (Note 1)</td><td>265</td><td>69</td><td>-</td><td>335</td></tr><tr><td>Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASahi ROYAL/ Sol Vita Hotel Naha</td><td>319</td><td>10</td><td>-</td><td>329</td></tr><tr><td>Others</td><td>816</td><td>49</td><td>10</td><td>877</td></tr><tr><td colspan="2">Total</td><td>4,108</td><td>471</td><td>10</td><td>4,590</td></tr></table> <p>(Note 1) Among the properties owned by HRR as of today, the four properties operated by IHG ANA Hotels Group Japan LLC are referred to as 4 ANA Crowne Plaza properties, and the four properties operated by Ishin Hotels Group Co., Ltd. are referred to as 4 the b properties. The same shall apply hereinafter.</p> <p>(Note 2) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to increase the amount of the fixed rent in lieu of the application of floating rent for a fixed period (hereinafter a “premium fixed rent”). In such cases, if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors.</p>	Operational category	Investment category	Fixed rent	Floating rent	Other rent	Total	Properties operated by the Hoshino Resorts Group	HOSHINOYA	618	84	-	702	RISONARE	374	119	-	493	KAI	487	102	-	589	Other	386	-	-	386	Properties operated by outside operators	Urban tourism	4 ANA Crowne Plaza properties (Note 1)	840	35	-	875	Hyatt Regency Osaka	-	-	-	-	4 the b properties (Note 1)	265	69	-	335	Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASahi ROYAL/ Sol Vita Hotel Naha	319	10	-	329	Others	816	49	10	877	Total		4,108	471	10	4,590
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Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> • Of operating expenses, fixed asset tax, city planning tax and depreciable asset tax are assumed to be 466 million yen for the fiscal period ending April 2021. In general, fixed asset tax, city planning tax (applicable assets only; the same shall apply hereinafter) and depreciable asset tax (applicable assets only; the same shall apply hereinafter) of acquired assets are calculated on a pro rata basis with the previous owner and reimbursed at the time of acquisition. The amount equivalent to the reimbursement, however, is included in the cost of acquisition and thus not recognized as expenses in the acquisition period at HRR. Accordingly, in the case of KAI Enshu to be acquired on November 2, 2020, the assumption is that fiscal 2020 fixed asset tax, city planning tax and depreciable asset tax are recognized as expenses, starting from the fiscal period ending April 2021. Furthermore, the total amount of fixed asset tax, city planning tax and depreciable asset tax included in the cost of acquisition of the property is expected to be 2 million yen. • 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 leasing business other than depreciation and amortization, which are calculated by taking into account the factors causing fluctuation in expenses, are assumed to be 847 million yen for the fiscal period ending April 2021. • Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be 1,339 million yen for the fiscal period ending April 2021.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing related expenses are assumed to be 406 million yen for the fiscal period ending April 2021.
Interest-bearing liabilities	<ul style="list-style-type: none"> • As of today, HRR has a balance of interest-bearing liabilities (total of borrowings and investment corporation bonds) of 67,907 million yen. • For the fiscal period ending October 2020, the assumptions include the refinancing of 2,500 million yen in borrowings due for repayment in October 2020, and the repayment of 58 million yen of the borrowings through contractual repayment. For details of the debt financing, please refer to “Notice Concerning Debt Financing (Refinancing) and Interest Rate Swap” announced today. • For the fiscal period ending April 2021, the assumption is that there will be refinancing of 1,400 million yen in borrowings due for repayment in January 2021, and refinancing of 2,860 million yen in borrowings due for repayment in April 2021, and 58 million yen of the borrowings will be repaid through contractual repayment. • The forecast is that LTV at the end of the fiscal period ending April 2021 is 38.2%. The following formula is used in the calculation of LTV for this press release: $\text{LTV} = \text{Balance of interest-bearing liabilities outstanding} / \text{Total assets (forecast)} \times 100$ • LTV may vary in accordance with the paid-in amount of the new investment units to be offered through public offering and the number of and paid-in amount of new investment units to be offered through the third-party allotment this time around.
Investment units	<ul style="list-style-type: none"> • The assumption is the total number of investment units issued and outstanding as of today, which is 221,862 units. • The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending April 2021. • Distributions per unit (excluding distributions in excess of earnings) is calculated based on the forecasted number of investment units issued and outstanding at the end of the fiscal period ending April 2021 (221,862 units) mentioned above.
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) is calculated with the assumption being the cash distributions policy provided in the Articles of Incorporation of HRR. • Distributions per unit (excluding distributions in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrence of unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • Distribution in excess of earnings (distributions in excess of earnings per unit) is not scheduled at this point in time.
Other	<ul style="list-style-type: none"> • The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The assumption is that there will be no unforeseen significant change in general economic trends, real estate market conditions, etc.