

October 26, 2020

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.

Representative: Kenji Akimoto, President & CEO

Contact: Takahiro Kabuki, General Manager
of Corporate Planning &
Administration Department,
Finance & Administration Division
TEL: +81-3-5159-6338

Notice Concerning the Change to the Asset Management Fee Structure

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces that it resolved at its Board of Directors’ Meeting held today to change the asset management fee structure (hereinafter the “Change”) stipulated in the Asset Management Agreement concluded between HRR and Hoshino Resort Asset Management Co., Ltd. (hereinafter the “Asset Management Company”), to which HRR entrusts the management of its asset, regarding the asset management fee paid to the Asset Management Company.

For details of the Change, 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. A proposal to partially amend the Articles of Incorporation of HRR to include the contents of the Change will be submitted at the 5th General Meeting of Unitholders to be held on January 27, 2021 (the “General Meeting of Unitholders”), and the Change shall take effect upon approval and adoption of the proposal at the General Meeting of Unitholders.

1. Main Contents of and Reasons for the Change

In order to strengthen the linkage with unitholders’ profits, HRR has decided to change the asset management fee structure for the Asset Management Company. While newly introducing an asset management fee linked to distributions per unit (DPU) and operating profit (loss) from real estate leasing (net operating income (NOI)), HRR will lower the commission rate of the asset management fee linked to total assets.

As a result of the Change, by linking the asset management fee to general operations, including property management and fund procurement aimed at increasing profits of HRR, as well as by lowering the commission rate of the asset management fee linked to existing current assets, HRR believes that it will strengthen the linkage between unitholders’ profits and the asset management fee and create an asset management fee structure that places even greater emphasis on unitholders’ profits.

Type of Fees	Before Change	After Change
Type 1 management fee	Total assets × 1.0% (maximum)	Total assets × 0.7% (maximum)
Type 2 management fee	NOI × 5.0% (maximum)	NOI × DPU × 0.00015% (maximum)

2. Effective Date

The Change shall take effective upon approval and adoption at the General Meeting of Unitholders, and the asset management fee structure after said change will be applied from the fiscal period ending April 2021 (November 1, 2020 to April 30, 2021).

3. Future Outlook

The Change will not affect the management status forecasts for the fiscal period ending October 2020 (May 1, 2020 to October 31, 2020). In addition, for details of the impact on the management status of HRR and the future outlook for the fiscal period ending April 2021 (November 1, 2020 to April 30, 2021), please refer to “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2021” and “Supplementary Explanatory Materials: Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2021” announced separately today.

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