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For Immediate Release

REIT Securities Issuer

Hoshino Resorts REIT, Inc.

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Asset Management Company

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Notice Concerning Completion, etc. of Asset Replacement through Acquisition of Domestic Real-Estate Trust Beneficiary Right and Transfer of Domestic Real Estate

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces that it has today completed the acquisition (hereinafter the “Acquisition,” with the property acquired through the Acquisition is referred to as the “Asset Acquired”) and lease of the beneficiary right in a domestic real estate trust (shared equity 88.28%), and transfer, etc. of domestic real estate (hereinafter the “Transfer,” with the property transferred through the Transfer is referred to as the “Asset Transferred”) (hereinafter, the Acquisition and the Transfer are collectively referred to as the “Asset Replacement”) as stated in “Notice Concerning Acquisition and Lease of Domestic Real-Estate Trust Beneficiary Right, and Asset Replacement through Transfer of Domestic Real Estate” announced on March 18, 2021. The details are as follows.

1. Overview of Asset Acquired and Asset Transferred

(1) Overview of Asset Acquired

| Category (Note 1) | | Property No. (Note 2) | Property name | Location | Acquisition price (million yen) (Note 5) | Acquisition date | Seller |
|--|------------------|--------------------------|--|-------------------------|--|---------------------|-----------------------------|
| Properties operated by outside operators | Urban tourism | O-47 | Grand Hyatt Fukuoka (Note 3) (Note 4) | Fukuoka-shi, Fukuoka | 7,700 | June 1, 2021 | Fukuoka REIT Corporation |

(Note 1) “Category” indicates either Properties operated by Hoshino Resorts Group (“HOSHINOYA,” “RISONARE,” “KAI” and “Other”) or Properties operated by outside operators (“Urban tourism” and “Other”) in accordance with the classification of investment target assets of HRR. The same shall apply hereinafter.

(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 Hoshino Resort Asset Management Co., Ltd. (hereinafter the “Asset Management Company”), to which HRR entrusts the management of its assets before revision as of October 11, 2017. The same shall apply hereinafter.

(Note 3) The Asset Acquired by HRR is the trust beneficiary right of the trust whose trust asset is the following exclusively owned section of the sectional ownership building Canal City Hakata in which Grand Hyatt Fukuoka is located: a shared ownership portion of Canal City Hakata • B Grand Building (Building 217 Lot 30-1) and its building site right, etc. (ownership ratio 88.28%). Furthermore, Grand Building is the nominal designation for the building, which is presented in the real estate register as “Hotel A.” The same shall apply hereinafter.

(Note 4) As of today, Fukuoka REIT Corporation retains the trust beneficiary right whose trust asset is the remaining shared portion (ownership ratio 11.72%) from the Asset Acquired of HRR, which is the shared ownership portion of Canal City Hakata • B Grand Building (Building 217 Lot 30-1) and its building site right, etc. (ownership ratio 88.28%).

(Note 5) “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.

(2) Overview of Asset Transferred

| Category | | Property No. | Property name | Location | Transfer price (million yen) (Note) | Transfer date | Buyer |
|--|------------------|--------------|-----------------------------|-------------------------|---|---------------|-------------------------------|
| Properties operated by outside operators | Urban tourism | O-32 | ANA Crowne Plaza Fukuoka | Fukuoka-shi, Fukuoka | 7,700 | June 1, 2021 | Fukuoka Jisho Co., Ltd. |

(Note) "Transfer 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.

2. New Appraisal of Asset Transferred

In accordance with the provisions of the Articles of Incorporation of HRR, HRR and the Asset Management Company obtained a new appraisal of the Asset Transferred with an appraisal date of April 30, 2021, which is the last day of the fiscal period ended April 2021 of HRR. The appraisal summary of the Asset Transferred is as follows.

| Appraisal summary | | |
|--|------------------------------------|--|
| Appraiser | Rich Appraisal Institute Co., Ltd. | |
| Appraisal value | 8,370,000,000 yen | |
| Appraisal date | April 30, 2021 | |
| | Appraisal value | Remarks, etc. |
| Direct capitalization method | | |
| (1) Operating revenue (①-②-③) | 565,452,629 yen | — |
| ① Gross potential revenue (rent income, common area fees income, other income, etc.) | 565,452,629 yen | Fixed rent: Referred to the fixed term building lease agreement and building management outsourcing agreement with stoppage conditions presented by the client, and to the hotel lease market, and recorded the current rent, judging it to be appropriate. Floating rent: Assessed standard rent obtained stably over the medium to long term by considering the status of income and expenditure of hotel operation, etc. |
| ② Vacancy loss | 0 yen | Not recorded, considering the current status of use, content of agreement, etc. |
| ③ Bad debts expenses | 0 yen | Recording of bad debts judged unnecessary as secured by interest income. |
| (2) Operating expenses (④+⑤+⑥+⑦+⑧+⑨+⑩+⑪) | 89,893,756 yen | — |
| ④ Maintenance | 0 yen | Not recorded as paid by the tenant. |
| ⑤ Utilities | 0 yen | Not recorded as paid by the tenant. |
| ⑥ Repair costs | 0 yen | Not recorded as paid by the tenant. |
| ⑦ Property management fees | 1,800,000 yen | Assessed based on the fee level of similar properties. |
| ⑧ Advertisement for leasing, etc. | 0 yen | Not recorded, considering the current status of use, content of agreement, etc. |
| ⑨ Tax and public dues | 86,717,800 yen | Land: Assessed making reference to the impact of land price increases in recent years based on materials related to land tax, etc. for fiscal 2021. Building: Recorded amount equivalent to actual amount based on the material concerning the amount of tax on building in fiscal 2021. Depreciable assets: Recorded based on the material concerning the amount of tax on depreciable assets in fiscal 2021. |
| ⑩ Insurance | 1,375,956 yen | Recorded amount equivalent to actual amount by judging the amount indicated in material presented by the client as appropriate (recorded fire insurance, etc.). |
| ⑪ Other expenses | 0 yen | Not recorded. |

Hoshino Resorts REIT, Inc.

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| (3) Net operating income ((1)-(2)) | 475,558,873 yen | – |
| (4) Interests on security deposits, etc. | 1,200,000 yen | Separately determined the standard number of months of deposits and assessed making reference to the interest and yield levels of financial assets which have comparatively high liquidity. |
| (5) Capital expenditures | 44,389,000 yen | Recorded amount equivalent to the annual average renewal fee (excluding an amount equivalent to repair costs that are born by the lessee) indicated in the ER. |
| (6) Reserve for FF&E | 46,710,000 yen | Assessed by multiplying the total hotel revenue by a certain rate based on the actual amount of FF&E for the previous fiscal year. |
| (7) Net cash flow ((3)+(4)-(5)-(6)) | 385,659,873 yen | – |
| (8) Cap rate | 4.4% | – |
| Direct capitalization value | 8,760,000,000 yen | – |
| Discounted cash flow value | 8,200,000,000 yen | – |
| Discount rate | 4.2% | – |
| Terminal cap rate | 4.6% | – |
| Integrated value by using cost method | 13,600,000,000 yen | – |
| Ratio of land | 90.2% | – |
| Ratio of building | 9.8% | – |
| Other matters appraiser noted upon valuation | None | |

Change in real estate appraisal value due to the Asset Replacement based on the new appraisal of the Asset Transferred is as follows.

| Property name | Transfer price / Acquisition price (million yen) | Assumed book value (million yen) | Real estate appraisal value (million yen) |
|---|---|-------------------------------------|--|
| (1) Asset Transferred ANA Crowne Plaza Fukuoka | 7,700 | 7,639 | 8,370 |
| (2) Asset Acquired Grand Hyatt Fukuoka | 7,700 | 7,863 | 8,870 |
| Difference ((2)-(1)) | ±0 (same amount) | +224 | +500 |

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