



Hoshino

Hoshino
Resorts
REIT

Fiscal Period ended October 2022/19th FP

Presentation Materials

Hoshino Resorts REIT, Inc. Presentation Materials

Securities Code: 3287

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Asset Management Company:
Hoshino Resort Asset Management Co., Ltd.

December 15, 2022

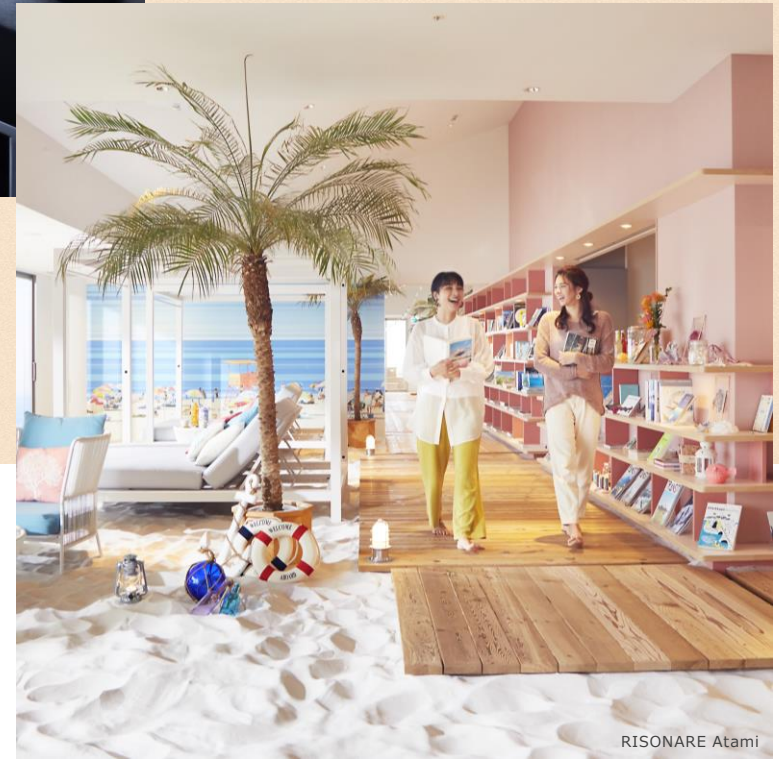


KAI Kirishima



KAI Enshu

HRR is creating schemes to benefit from the growth of Japan's tourism industry



RISONARE Atami

We believe the tourism industry is very important for Japan's revitalization in an aging society with a declining birthrate.

We aim to create schemes to benefit from the growth in Japan's tourism industry through unitholders owning investment units, and continually expand unitholder value.



HOSHINOYA Fuji



KAI Nagato



KAI Beppu

| | | |
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The following abbreviations are used for some items on the following pages.

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Hoshino Resorts” and “Hoshino Resorts Group” | Hoshino Resorts Inc., its parent company and subsidiaries |
| “4 HOSHINOYA Properties” | HOSHINOYA Karuizawa, HOSHINOYA Kyoto, HOSHINOYA Fuji and HOSHINOYA Taketomi Island |
| “5 HOSHINOYA Properties” | HOSHINOYA Karuizawa, HOSHINOYA Kyoto, HOSHINOYA Fuji, HOSHINOYA Taketomi Island and HOSHINOYA Okinawa |
| “2 RISONARE Properties” | RISONARE Yatsugatake, RISONARE Atami |
| “8 KAI Properties” | KAI Matsumoto, KAI Tamatsukuri, KAI Ito, KAI Hakone, KAI Aso, KAI Kawaji, KAI Kinugawa and KAI Kaga |
| “13 KAI Properties” | KAI Matsumoto, KAI Tamatsukuri, KAI Ito, KAI Hakone, KAI Aso, KAI Kawaji, KAI Kinugawa, KAI Kaga, KAI Alps, KAI Enshu, KAI Nagato, KAI Kirishima and KAI Beppu |
| “22 Roadside Properties and Roadside” | 22 Chisun Inn budget hotels operated by the Solare Group |
| “3 ANA Crowne Plaza Properties” | ANA Crowne Plaza Hiroshima, ANA Crowne Plaza Kanazawa and ANA Crowne Plaza Toyama |
| “4 the b Properties” | the b akasaka, the b sangenjaya, the b nagoya and the b kobe |
| “2 Hyatt Properties” | Hyatt Regency Osaka and Grand Hyatt Fukuoka |
| “5 Candeo Properties” | Candeo Hotels Handa, Candeo Hotels Chino, Candeo Hotels Fukuyama, Candeo Hotels Sano and Candeo Hotels Kameyama |
| “3 Greens Properties” | Comfort Hotel Hakodate, Comfort Hotel Tomakomai and Comfort Hotel Kure |
| <ul style="list-style-type: none"> • Unless otherwise noted, the monetary amounts are rounded down to the nearest unit, and ratios rounded off to the first decimal place. • Main monthly indicators and inbound ratios are based on figures supplied by tenants. • This document may include properties that are not included in the properties held by HRR as of the date of this document, such as facilities owned by Hoshino Resorts Group, DBJ Joint Fund, and WBF. There are no specific plans for HRR to acquire any of these properties, including those described in the list of major sponsor pipelines, as of the date of this document, nor is there any guarantee that HRR will be able to acquire them in the future. Please refer to “Status of Portfolio” on page 46 for the properties held by HRR as of the date of this document. • QR codes can be scanned using a smartphone or other device to access the website. | |

CHAPTER 1

Highlights of the 19th fiscal
period ended October 2022

Hoshino
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HOSHINOYA Taketomi Island

Financial Summary for Fiscal Period ended October 2022 (19th FP)

| | Results of the 18th FP | Forecast for the 19th FP (Financial results as of June 15, 2022) (A) | Results of the 19th FP (B) | Comparison with Forecast (B)- (A) |
|-------------------------------------------------|---------------------------|-------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|
| Operational status (million yen) | | | | |
| Operating revenue | 5,438 | 5,868 | 5,882 | +14 |
| Operating expenses | 3,237 | 3,410 | 3,419 | +8 |
| Operating profit | 2,200 | 2,457 | 2,463 | +5 |
| Ordinary profit | 1,764 | 1,947 | 1,966 | +18 |
| Profit | 1,761 | 1,945 | 1,964 | +19 |
| Distribution per unit | 7,195 yen | 7,607 yen | 7,681 yen | + 74 yen |
| Others | | | | |
| Rental NOI (million yen) | 4,297 | 4,672 | 4,676 | +3 |
| Rental NOI yield | 4.86% | 4.94% | 4.95% | + 0.01 pt |
| LTV | 35.5% | 36.0% | 36.2% | +0.2 pt |
| NAV per unit | 537,090 yen | - | 547,528 yen | - |

Breakdown of operating revenue

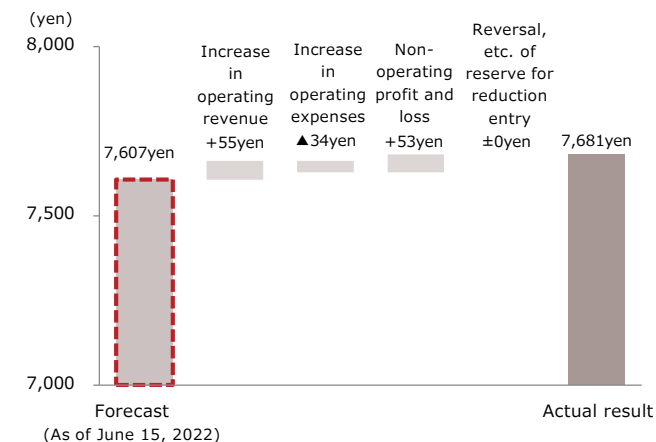
| | |
|-----------------|---------------------------|
| ■ Fixed rent | 5,024 million yen (85.4%) |
| ■ Floating rent | 797 million yen (13.6%) |
| ■ Other revenue | 61 million yen (1.0%) |

Comparison with previous forecast of operating expenses

| | |
|---------------------------------------------------------------------|------------------|
| ■ Rental business expenses (repair expenses) | + 2 million yen |
| ■ Rental business expenses (expenses other than repair expenses) | + 26 million yen |
| ■ Increase/decrease in other expenses | ▲ 19 million yen |

Breakdown of distribution increase and decrease

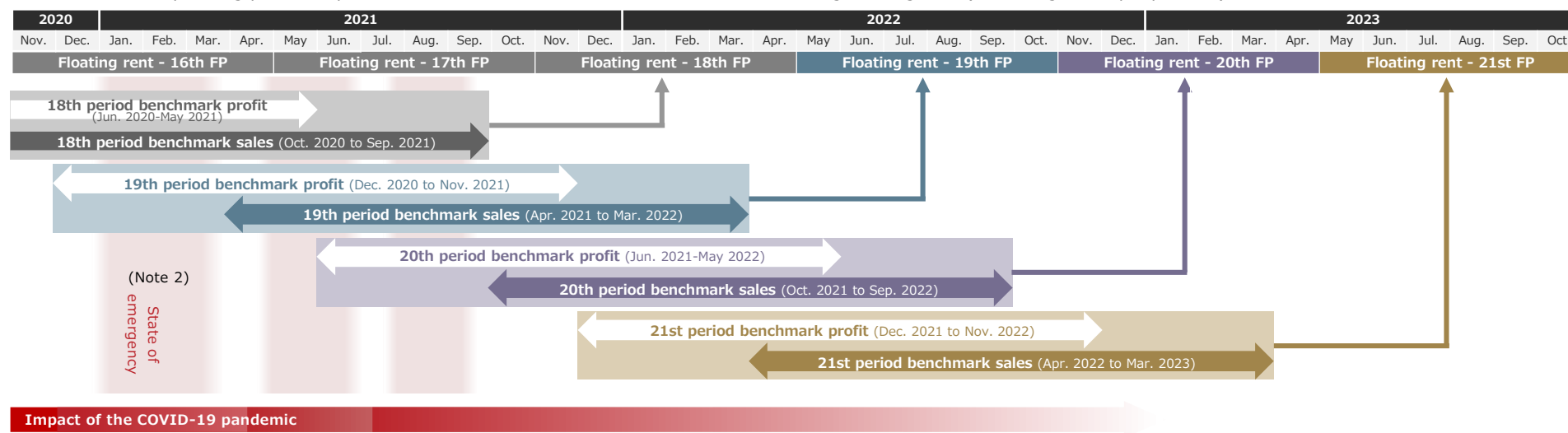
| | |
|----------------------------|-------------------|
| ■ Distribution per unit | 7,681 yen |
| ■ Comparison with Forecast | + 74 yen (+ 1.0%) |



Actual distribution per unit and assumptions for earnings forecasts

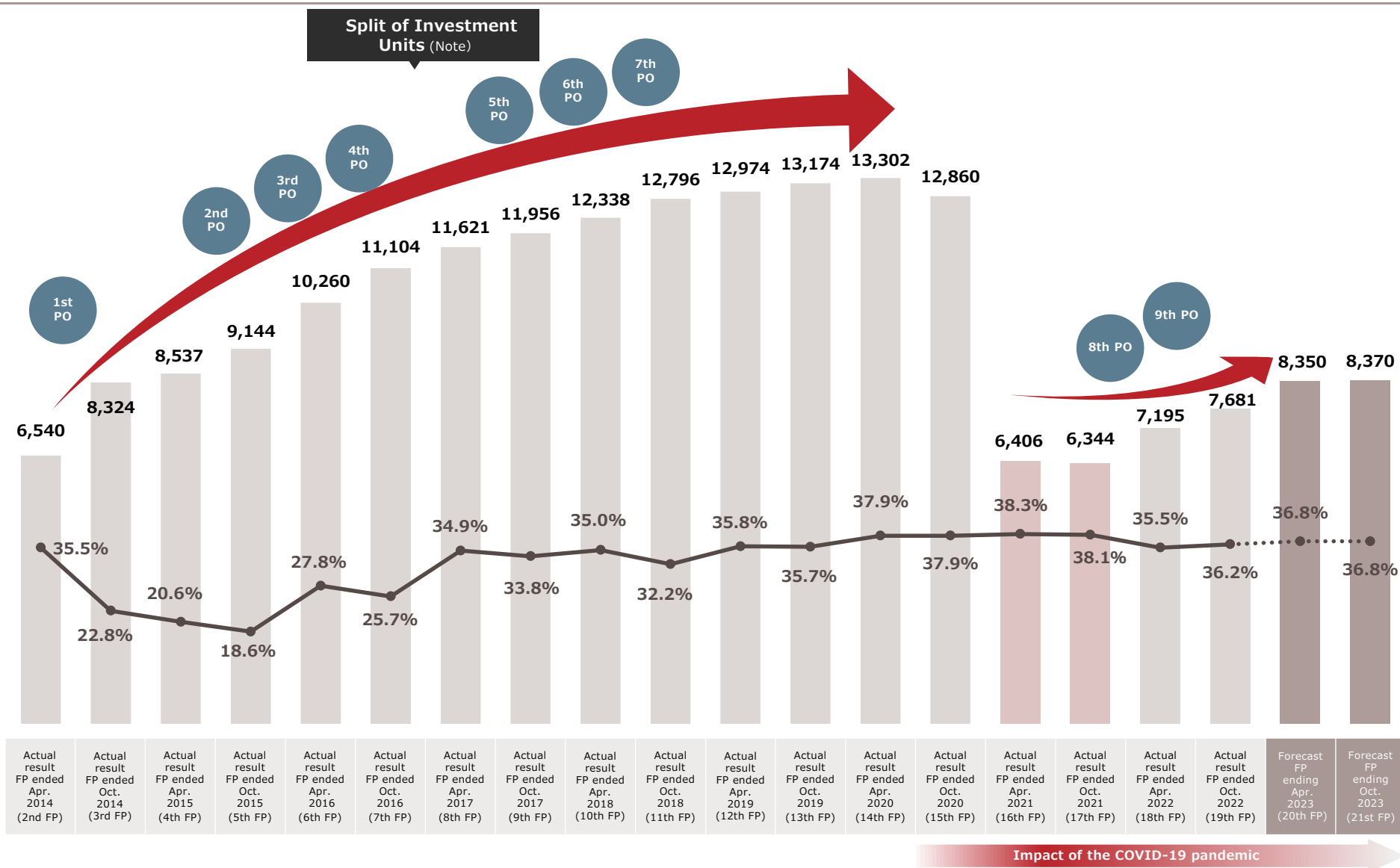
| | Previous forecast (released Jun. 15, 2022) | Current forecast (released Dec. 15, 2022) | |
|---------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Results of the 19th FP (ended October 2022) | 7,607 yen | Actual results 7,681 yen (+74 yen vs. Jun. 15 forecast) | <ul style="list-style-type: none"> Results were affected by COVID-19 pandemic-related declines in revenue for sales-linked properties up to and including March 2022 and for profit-linked properties for the period up to and including November 2021, primarily for properties other than those operated by Hoshino Resorts. Actual results were roughly in line with the June 2022 forecast. |
| Forecast for the 20th FP (ended April 2023) | 8,331 yen | Forecast 8,350 yen (+19 yen vs. Jun. 15 forecast) | <ul style="list-style-type: none"> Results were affected by COVID-19 pandemic-related declines in revenue for sales-linked properties for the period up to and including September 2022 and for profit-linked properties for the period up to and including May 2022, primarily for properties other than those operated by Hoshino Resorts. From the summer to the fall of 2022, results exceeded the June 2022 forecast, mainly for properties operated by Hoshino Resorts due to a recovery in demand for distant tourist destinations that can be reached by plane. Total rent for properties operated by Hoshino Resorts held since before the COVID-19 pandemic will recover to the same level as before the pandemic. |
| Forecast for the 21st FP (ended October 2023) | - | Forecast 8,370 yen (+20 yen, +0.2% vs. 20th FP) | <ul style="list-style-type: none"> Results will be affected by COVID-19 pandemic-related declines in revenue for sales-linked properties for the period up to and including March 2023 and for profit-linked properties for the period up to and including November 2022, primarily for properties other than those operated by Hoshino Resorts. Total rent for properties operated by Hoshino Resorts held since before the COVID-19 pandemic will grow to a level higher than before the pandemic. On the other hand, the premium fixed rent period for Grand Hyatt Fukuoka is set to end, and from the 21st fiscal period, rent will be shifted to the normal "fixed rent + floating rent", resulting in a temporary decrease in rent equivalent to the premium rent. (* See page 9 for details.) |

Reference: Corresponding period of profit or sales that becomes a benchmark for calculating floating rent (excluding some properties.)(Note 1)



Changes in distributions per unit and LTV

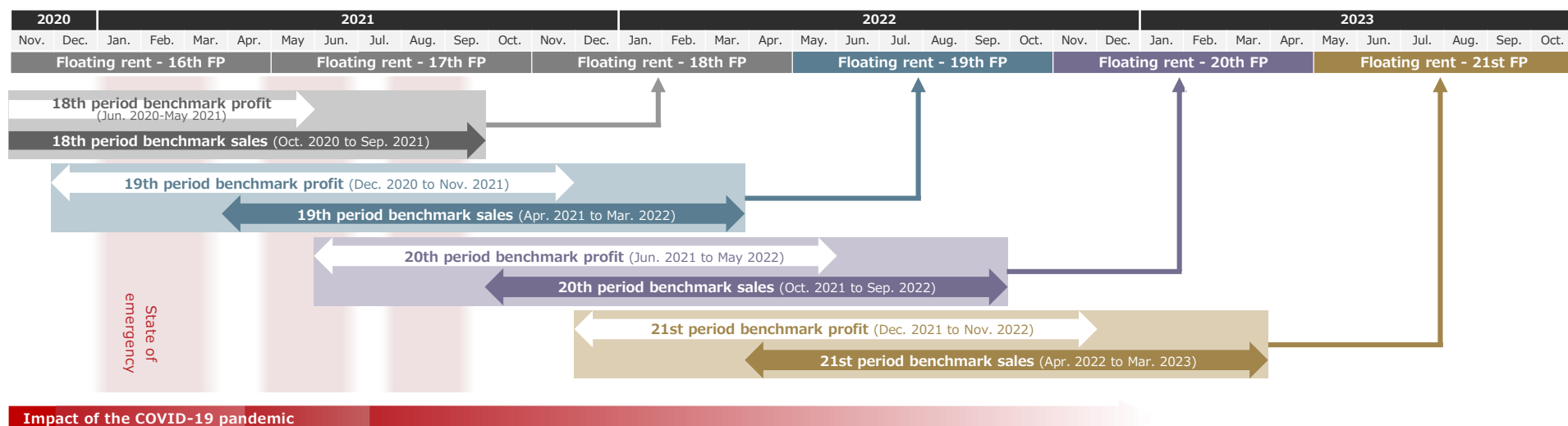
Changes in distributions per unit (yen) and LTV (%)



Actual Rent and Expected Rent

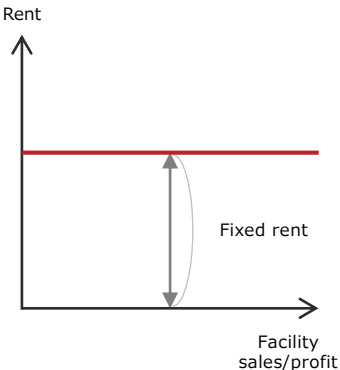
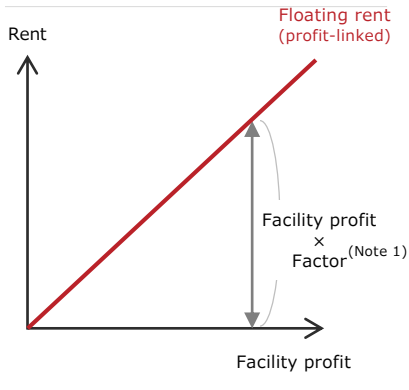
| | | Actual rent for the 19th fiscal period ended October 2022 | | | Expected rent for the 20th fiscal period ending April 2023 | | | Expected rent for the 21st fiscal period ending October 2023 | | | (million yen) |
|------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------|------------------|--------------|------------------------------------------------------------------|------------------|--------------|--------------------------------------------------------------------|------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operators | Brand | Fixed rent, etc. | Floating rent | Total | Fixed rent, etc. | Floating rent | Total | Fixed rent, etc. | Floating rent | Total | Supplement |
| Properties operated by Hoshino Resorts | HOSHINOYA | 887 | 175 | 1,063 | 978 | 216 | 1,195 | 978 | 253 | 1,232 | <p>Properties operated by Hoshino Resorts owned since before the COVID-19 pandemic are expected to recover to the same level as before the pandemic in the 20th fiscal period, and to grow further in the 21st fiscal period than in the 20th fiscal period.</p> <p><19th FP > HOSHINOYA Okinawa: Accrual of the rent after July 2022 (4 months)</p> <p><20th FP > Iriomote Hotel: The premium fixed rent period ended in the 19th fiscal period. Floating rents are expected to accrue from the 21st fiscal period onward.</p> |
| | RISONARE | 374 | 261 | 635 | 374 | 319 | 693 | 374 | 365 | 739 | |
| | KAI | 841 | 271 | 1,112 | 853 | 304 | 1,158 | 870 | 308 | 1,179 | |
| | Others | 386 | - | 386 | 338 | - | 338 | 308 | 72 | 380 | |
| | Sub-total | 2,490 | 708 | 3,198 | 2,545 | 840 | 3,386 | 2,531 | 1,000 | 3,532 | |
| Properties operated by outside operators | 3 ANA Crowne Plaza Properties | 696 | - | 696 | 696 | - | 696 | 696 | - | 696 | <p>Grand Hyatt Fukuoka</p> <p>• The premium fixed rent period is set to end, and from the 21st fiscal period, the rent will be shifted to the normal "fixed rent + floating rent", resulting in a temporary decrease in rent equivalent to the premium rent.</p> <p>• Floating rent can be expected to accrue in the next fiscal period, the 22nd fiscal period (calculation period: June 2022 to May 2023), due to a recent improvement in occupancy (significant improvement since October in particular), if this trend is maintained.</p> |
| | 2 Hyatt Properties | 502 | - | 502 | 521 | - | 521 | 270 | - | 270 | |
| | 22 Roadside Properties | 558 | 81 | 639 | 558 | 139 | 697 | 558 | 161 | 719 | |
| | 4 the b Properties | 265 | - | 265 | 265 | - | 265 | 265 | 83 | 348 | |
| | Others | 522 | 7 | 530 | 514 | 69 | 583 | 474 | 68 | 542 | |
| Sub-total | | 2,544 | 88 | 2,633 | 2,555 | 208 | 2,764 | 2,264 | 312 | 2,577 | |
| Total | | 5,034 | 797 | 5,832 | 5,101 | 1,049 | 6,150 | 4,795 | 1,313 | 6,109 | |
| Newly acquired properties | Comfort Hotel Takamatsu | - | - | - | 49 | - | 49 | 59 | - | 59 | <20th FP > Accrual of rent after November 30, 2022 (5 months) |
| After acquisition of new properties: 67 properties in total | | 5,034 | 797 | 5,832 | 5,150 | 1,049 | 6,200 | 4,855 | 1,313 | 6,168 | |

Reference: Corresponding period of profit or sales that becomes a benchmark for calculating floating rent (excluding some properties.)



Rent type

(As of December 15, 2022)

| Rent type | | Fixed rent | Fixed rent + floating rent | Fixed rent + floating rent | Floating rent |
|--------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Benchmark index for calculation of floating rent | | — | Facility sales | Facility profit | Facility profit |
| No. of properties | | 9 properties | 30 properties | 27 properties | 1 property |
| Acquisition price | Amount | 9.4 billion yen | 34.7 billion yen | 130.9 billion yen | 16 billion yen |
| | Ratio | 4.9% | 18.2% | 68.5% | 8.4% |
| Property name | | 5 Candeo Properties, Comfort Hotel Hakodate, Comfort Hotel Tomakomai, Comfort Hotel Kure and Hotel Nikko Kochi Asahi Royal | HOSHINOYA Karuizawa, HOSHINOYA Kyoto, RISONARE Yatsugatake, KAI Matsumoto, KAI Ito, KAI Hakone, KAI Aso, KAI Kawaji, and 22 Roadside properties | HOSHINOYA Fuji, HOSHINOYA Taketomi Island, HOSHINOYA Okinawa, RISONARE Atami, KAI Tamatsukuri ^(Note 2) , KAI Kinugawa, KAI Kaga, KAI Alps, KAI Enshu, KAI Nagato, KAI Kirishima, KAI Beppu, 3 ANA Crowne Plaza properties, OMO7 Asahikawa, Iriomote Hotel, BEB5 Karuizawa, 4 the b properties, hotel androoms Osaka Hommachi Sol Vita Hotel Naha, Quintessa Hotel Osaka Shinsaibashi, Grand Hyatt Fukuoka, and Comfort Hotel Takamatsu | Hyatt Regency Osaka |
| Rent plan image | |  |  |  |  |

CHAPTER 2

Topics of assets held and financial
summary of the 19th fiscal period
ended October 2022

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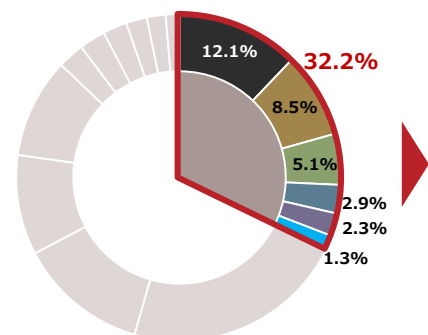
Active efforts promoted under the COVID-19 pandemic

HRR will continue to keep actively working for further growth, with the aim of achieving 300 billion yen in asset size and over 50% in the ratio of properties operated by Hoshino Resorts Group.

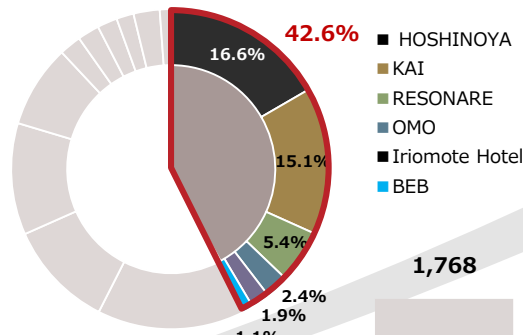
Trends in the asset size of HRR

Ratio of properties operated by Hoshino Resorts Group (Note 1)

As of end of FP ended Oct. 2020



As of December 16, 2022

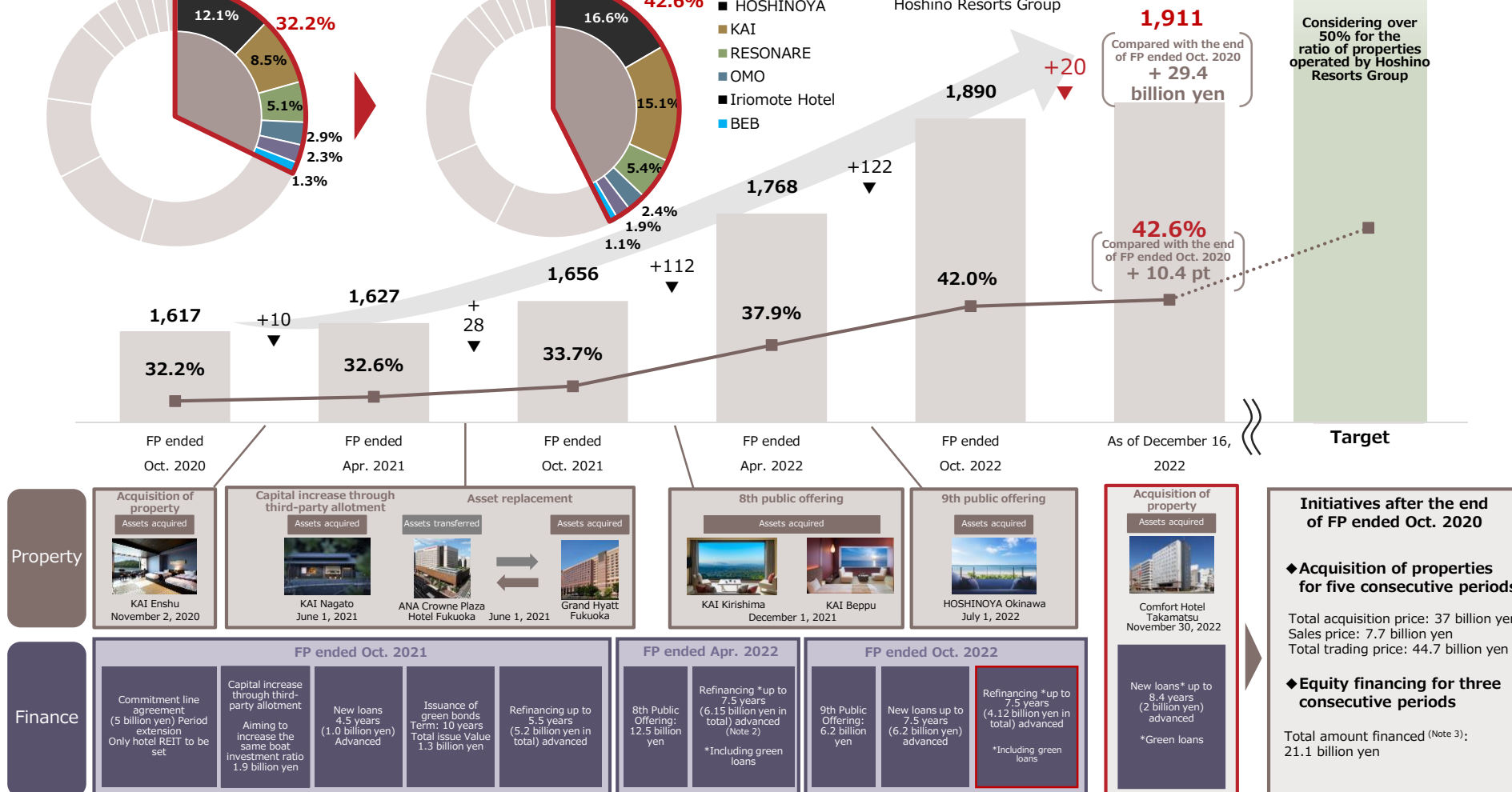


Asset size (100 million yen)

Ratio of properties operated by the Hoshino Resorts Group

Asset Size 300 billion yen (Medium-term objectives)

Considering over 50% for the ratio of properties operated by Hoshino Resorts Group



Comfort Hotel Takamatsu

Property Highlights

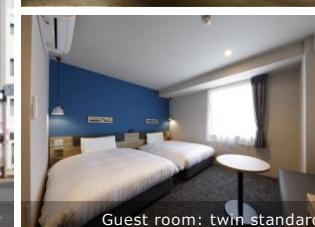
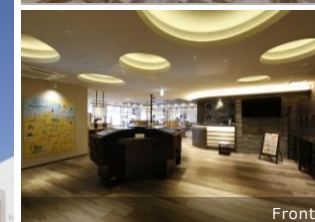
- Acquired a high-quality, relatively new property with a post-depreciation yield of 4.4% and a ratio of 92.3% to the real estate appraisal value. Securing a post-depreciation yield of 3.4% even for fixed rent alone (including parking lot rent).
- Operated by Greens Co., Ltd., which has strong management capabilities. The three Greens properties originally owned by HRR have achieved excellent operational performance compared with the market through the COVID-19 pandemic, and the guest room occupancy rate for the most recent three months (August to October 2022) is strong at over 80%. Even during the COVID-19 pandemic, the rent was paid according to the contract. The acquired property also secures stable demand with a guest room occupancy rate of 81.2% for the most recent 3 months.
- Located in the city of Takamatsu, the prefectural capital of Kagawa Prefecture, the property is expected to capture both leisure and business demand. Especially in terms of leisure, in addition to being highly convenient for sightseeing in the city, it also has good access to "Takamatsu Port", which serves as a base for sightseeing on remote islands in the Seto Inland Sea. The contemporary art festival "Setouchi Triennale" has a high rate of repeat visitors, and the number of visitors from overseas is on the rise*, and further increases in tourists are expected.
- In terms of business, it is located along National Route 30 (commonly known as Chuo-dori), which is lined with many offices that support the economy of the Shikoku region, and acquisition of commensurate demand for business trips is expected.
- As the gateway to Shikoku, Takamatsu Airport has several scheduled international flights^(Note) (Taipei, Seoul, Shanghai, and Hong Kong), and is expected to capture the demand for inbound tourism.

* Source: Setouchi Triennale 2019 Summary report by Setouchi Triennale Executive Committee Secretariat

| | | | |
|-----------------------------|----------------------------------|--------------------------|----------|
| Location | Takamatsu-shi, Kagawa Prefecture | Lease agreement period | 20 years |
| Completion date | January 2022 | Appraisal NOI yield | 6.1% |
| Scheduled acquisition date | November 30, 2022 | Appraisal NCF yield | 5.8% |
| Total number of guest rooms | 163 rooms | Yield after depreciation | 4.4% |
| Lessee | Greens Co., Ltd. | | |
| Rent type | Fixed + Variable | | |
| Operator | Greens Co., Ltd. | | |
| Planned acquisition price | 2,050 million yen | | |
| Real estate appraisal value | 2,220 million yen | | |

Most recent operating results (August to October 2022)

| | |
|----------------|-----------|
| Occupancy rate | 81.2% |
| RevPAR | 7,187 yen |
| ADR | 8,850 yen |



Details of the Opening



RISONARE Osaka

(in Hyatt Regency Osaka)

Play with creativity

Highlights^(Note 1)

- Part of the Hyatt Regency Osaka, located in Suminoe-ku, Osaka City, Osaka Prefecture, will be renovated to open as “Hoshino Resorts RISONARE Osaka (in Hyatt Regency Osaka),” with the concept of “education that brings out creativity”
- The facility introduces a “collaboration hotel” approach which provides several brand experiences in a single building, and is jointly operated by RISONARE Osaka and Hyatt Regency Osaka. Hyatt Regency Osaka provides accommodation, meals and beverage services, while RISONARE Osaka offers special activities exclusively for RISONARE Osaka guests.
- The service area is 64 rooms on the 23rd, 24th and 26th floors of the accommodation tower, and “Atelier” on the 28th floor, the top floor.
- Guests staying at RISONARE Osaka can also use the club lounge “Regency Club,” four restaurants, fitness center, garden pool and other facilities provided by Hyatt Regency Osaka. (see the figures on the right)

| | | | |
|------------------------------------------|-----------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Address | Nankokita, Suminoe-ku, Osaka City, Osaka Prefecture | Accommodation fee (planned) | Atelier Room Triple, 30 m2, from 18,000 yen per room (including tax and service charges, excluding meals) *Accommodation tax is charged separately |
| Scheduled opening date | December 16, 2022 | Fee for staying at Atelier (planned) | 15,000 yen (including tax and service charges per child per night) |
| Number of guest rooms involved (planned) | 64 rooms | | |

—Benefit of a collaboration hotel—
Can reach markets that each company specializes in



The illustration is an image of RISONARE Osaka

Areas accessible for RISONARE Osaka guests



Atelier, 28th floor (top floor)



Guest rooms on the 23rd, 24th, and 26th floors^(Note 2)
(rooms on the 23rd floor are designed as an Atelier room)



Appearance



Club Lounge, 28th floor
“Regency Club”



Garden Pool, 9th floor



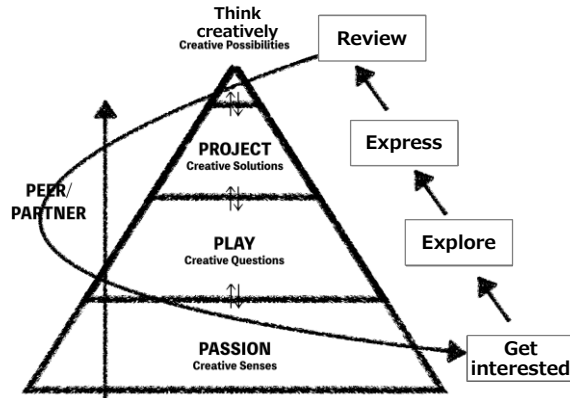
Four restaurants on the 9th, 1st and 1st basement floors

Concept —Play with creativity—

The importance of early childhood education is widely known. RISONARE Osaka is produced by Hoshino Resorts based on a hope to expand the potential of children in experiencing a variety of things. Centering on the “Reggio Emilia approach,” highly valued as an educational approach to bring out the creativity in children, we, at Hoshino Resorts, hope to offer them opportunities to stretch their imagination and express themselves fully. The facility provides Japan’s largest “Atelier” that stimulates children’s interests and allows them to play in a variety of ways, attended by “atelierista,” a professional artist who supports their learning and expression activities.

Reggio Emilia approach

- Educational approach developed in the city of Reggio Emilia in northern Italy.
- In the 1990s, it was featured in the American edition of Newsweek magazine as “the world’s most advanced early childhood education” and was rated highly in education circles, and now this approach is spreading all over the world.
- Machino Research Institute, Inc., the only Japanese affiliated company in the international network of the Reggio Emilia Approach, and RISONARE Osaka, focus on an approach that brings out children’s creativity (see the figure below).



Approach that brings out creativity
(the above figure was jointly prepared by Machino Research Institute, Inc., and RISONARE Osaka)

Visitors encounter material that excites their “get interested,” and “explore” ways to express it. Visitors then focus on a theme, delve into the “express,” and finally deepen their understanding through “review” and discover seeds for their next area of “interest.” This process fosters creative thinking.

“Atelier Room” a concept room where visitors can express themselves fully

- There are 10 types of guest rooms, three of which are concept rooms called “Atelier Rooms.”
- In the Atelier Rooms surrounded by walls with various motifs based on red color, children can express themselves fully on the walls and windows using crayons.
- “Atelier Room Deluxe” is equipped with a net stretched from the ceiling, allowing for climbing and lying down on it to exercise the whole body to play freely.

“Atelier Room Deluxe”



Japan's largest “Atelier” fosters creative thinking

- A fun, rhythmic place with colorful pallets, designed based on the theme of the logistic center Osaka Nanko.
- Established four areas of “Get interested,” “Explore,” “Express,” and “Review,” aiming to foster creative thinking.
- Visitors can experience the entire process of “an approach that brings out creativity.”



Process of “an approach that brings out creativity”

1. Observe with interest < Interest area >



2. Think (explore) with hand activity < Exploration area >



3. Deepen expression < Expression area >



4. Review activities < Review area >



Rebranding to OMO7 Kochi by Hoshino Resorts

"OMO by Hoshino Resorts", an urban hotel brand with 11 facilities across Japan to add excitement to your trip, will make its first appearance in Shikoku. In April 2023, Hoshino Resorts will change the name of "Hotel Nikko Kochi Asahi Royal" and start operating as "OMO7 Kochi by Hoshino Resorts". After being closed for renovation in the winter of 2023, it will reopen in the spring of 2024, offering services such as "Go-KINJO", a service designed to help visitors further enjoy their stay in the city.

Highlights



Facility overview

(Contents from April to winter 2023. The outline is scheduled to be announced around January 2023.)

| | |
|----------------------|------------------------------------------------------------------------------------------------|
| Location | Kochi-shi, Kochi Prefecture |
| No. of guest rooms | 191 rooms |
| Ancillary facilities | Restaurants, bars, cafeterias, banquettes, large public baths, public spaces, cloakrooms, etc. |

Future Prospects ~ Disseminating the charm of Kochi's vibrant culture through your stay ~

- Following renovations, "Go-KINJO", a service provided under the OMO brand, will be developed to further enjoy your stay in the city.
- "Go-KINJO Guide (Neighborhood Guide) OMO Ranger" that knows the city thoroughly, and "Go-KINJO Map (Neighborhood Map)" that presents the charm of the city not listed in guidebooks will be prepared.
- "OMO Base", the public space inside the building, offers a playful space full of suggestions to make city walking fun, such as checking out recommended spots before walking around town or taking a break over a cup of coffee at a café.

(*) HRR has granted preferential negotiating rights regarding the lease to Hoshino Resorts Group, which will be responsible for hotel operations after April 2023, but the terms of such lease and other conditions have not yet been determined as of the date of this document.

What is "OMO"?

- Urban hotel brand developed by Hoshino Resorts nationwide
- The brand concept is "a Downtown Hotel that gets people excited".
- Pursuing trips to fully enjoy the city together with the local community

TV commercial aired in Kanto region !

A TV commercial started in Kanto region on November 1, 2022. (also available on Hoshino Resorts official YouTube from the same day)

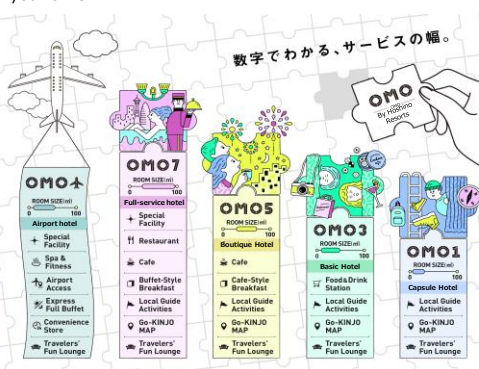


"OMO" TV commercial
(Hoshino Resorts official YouTube)



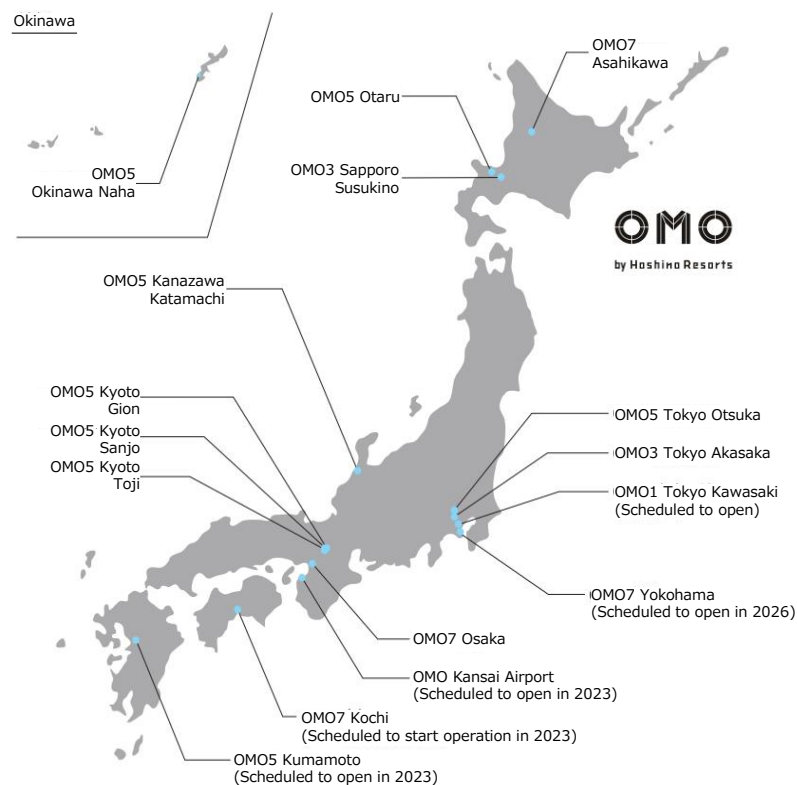
Range of services in numbers

With the numbers behind OMO, you can choose the hotel that best suits your purpose of travel and how you spend your time.



Expansion of OMO brand

- In anticipation of the revival of urban tourism demand in the post-COVID-19 era, Hoshino Resorts will accelerate the nationwide expansion of the urban tourism brand, "OMO".
- As of December 15, 2022, 11 facilities are being added nationwide
- 5 facilities (OMO Kansai Airport, OMO7 Kochi, OMO5 Kumamoto, OMO7 Yokohama, OMO1 Tokyo Kawasaki) are scheduled to open in the future.



Tourism industry forecasts and the strategies of Hoshino Resorts

In the domestic travel market, demand is expected to recover due to changes in the mindsets of travelers with respect to COVID, ongoing measures to stimulate travel demand, the elimination of caps on the number of visitors allowed to enter the country, and the recent weak yen. However, from a medium- and long-term perspective, Hoshino Resorts believes that it is important for the post-COVID tourism industry to not simply aim to return to how it was in 2019, but instead to conduct marketing aimed at Europe, America, and Australia that seeks to diversify inbound tourism demand, to focus on environmental friendliness and contributions to local communities, and to implement measures that promote "Tourism in Harmony with Local Communities (Responsible Tourism)".

Inbound tourism market

Due to China's COVID policies, demand has begun to recover in areas that are popular with European, American, and Australian tourists

Domestic market

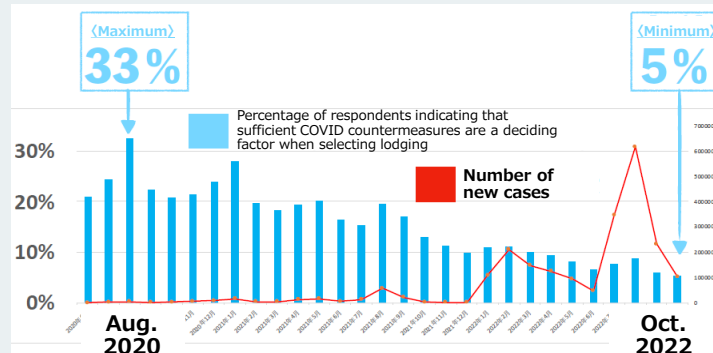
Demand for overseas travel by outbound travelers is recovering slowly
There is an ongoing shift to domestic travel

Conceptual image of travel demand in 2023 and 2024 (figures based on 2019 data)



Changes in travellers' mindsets with respect to COVID and measures for stimulating travel demand

A CS survey conducted by Hoshino Resorts found that the percentage of people who indicate that COVID countermeasures are a deciding factor in their travel plans has fallen significantly. Even if the number of COVID-19 infections rises, we do not expect it to have a significant impact on the lodging market.



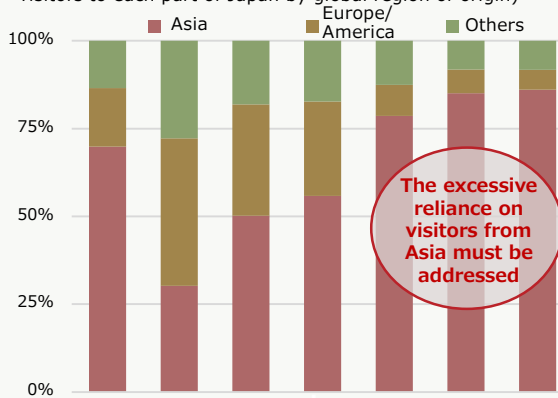
Overview of nationwide travel support measures

| | <2020> GoTo Travel | <2022> National Travel Assistance program | 2023 and beyond |
|---------------------|-----------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Discount percentage | 35% | 40% | 20% |
| Maximum discount | 14,000 yen | Transportation + lodging → 8,000 yen Lodging only/day trip → 5,000 yen | Transportation + lodging → 5,000 yen Lodging only/day trip → 3,000 yen |
| Coupon | Up to 6,000 yen | Weekdays: 3,000 yen Weekends/holidays: 1,000 yen | Weekdays: 2,000 yen Weekends/holidays: 1,000 yen |
| Maximum subsidy | 20,000 yen | 11,000 yen | 7,000 yen |
| Scope | Nationwide | Nationwide | Nationwide |
| Implementing body | National government | Prefectural governments | Prefectural governments |

Source: Created by the Asset Management Company based on press materials from the Japan Tourism Agency and the Ministry of Health, Labour and Welfare

Recovery has been spearheaded by regions with diversified inbound tourism demand

Number of foreign visitors to Japan in 2019 (composition of visitors to each part of Japan by global region of origin)



Source: Created by the Asset Management Company based on press materials from the Japan Tourism Agency

Status of border control measures

| | |
|------------------------------------------------|---------------------------------------------------------------------------|
| | From October 11 |
| Testing and quarantine when entering | Not required as a general rule |
| Submission of application by receiving company | Not required |
| International routes | Number of routes from which visitors are accepted is gradually increasing |
| Visas | Not necessary for short stays |
| Number of visitors permitted | Cap eliminated |
| Individual (non-tour) trips | Permitted |

Yoshiharu Hoshino, CEO, Hoshino Resorts Responsible Tourism

- Tourism in Harmony with Local Communities -

Having made it through the COVID pandemic, the world is not simply trying to return to 2019, but instead there is a rising trend and movement towards "Responsible Tourism", which places value on environmental friendliness and contributions to local communities. However, Japan lags behind the rest of the world when it comes to the trend. Even before the pandemic, Hoshino Resorts facilities have been implementing economically sustainable measures that protect local communities and the environment.

Sustainability efforts by Hoshino Resorts

- Reducing CO2 emissions by using hydroelectric and geothermal power (HOSHINOYA Karuizawa)
- Installing seawater desalination equipment in order to achieve drinking water supply self-sufficiency, cut CO2 emissions, and improve disaster preparedness (HOSHINOYA Taketomi Island)
- Eliminating individually packaged soap, shampoo, etc.
- Eliminating provision of disposable plastic bottles

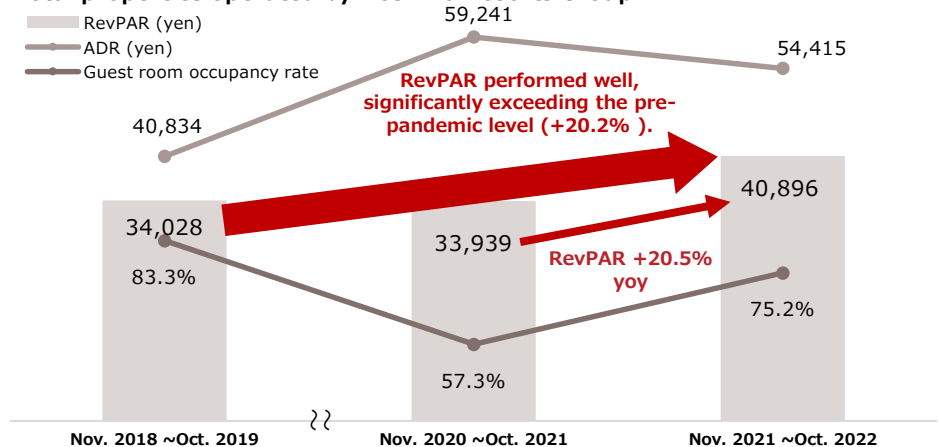
| | Beneficial outcomes | | |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------|
| | Local communities and the environment | Tourism operators | Tourists |
| Advancement of microtourism | * Stimulation of local economies * Traffic reduction | Stabilization and leveling of tourist numbers | Improved cost performance |
| Promotion of multi-night stays | * Reduction of environmental impact through reduction of number of times sheets and linens are changed * Reduction of traffic volume through reduction of number of trips | Reduction of operational burden through reduction of cleaning frequency | Greater travel satisfaction |



Operating results summary by brand (prior to the COVID-19 pandemic and changes over the last two years)

HRR concludes that the properties managed by Hoshino Resorts Group delivered strong results with RevPAR up 20.5% year on year and up 20.2% from the pre-COVID-19 pandemic level as not only did “RESONARE”, “KAI” and “BEB”, in particular, remain strong under the COVID-19 pandemic, but “HOSHINOYA” and “OMO” also recovered to pre-pandemic levels. RevPAR for properties operated by outside operators achieved a significant year on year increase of 44.8% with each brand continuing to recover from the previous year.

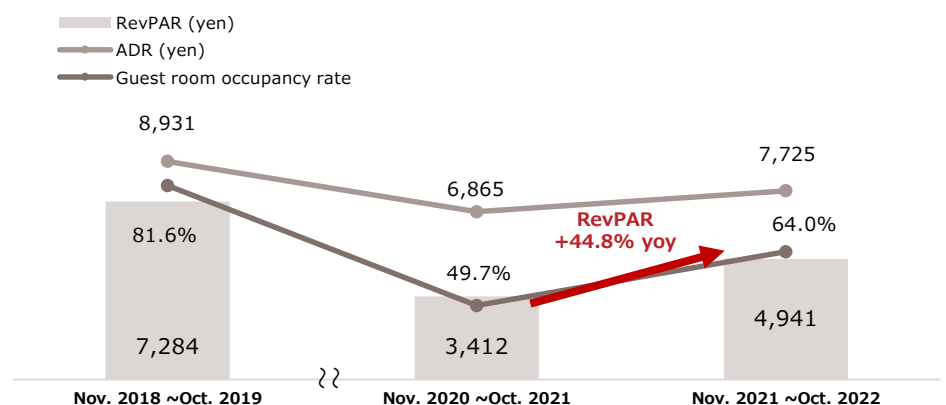
Total properties operated by Hoshino Resorts Group (Note 1)



| | | 2018/11 ~ 2019/10 (①) | 2020/11 ~ 2021/10 (②) | 2021/11 ~ 2022/10 (③) | Compared with before the COVID-19 pandemic (③-①) | Compared with the previous year (③-②) |
|-------------------------------|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------------------------------------|------------------------------------------------|
| | | | | | | |
| HOSHINOYA 4 properties | Guest room occupancy rate | 89.1% | 67.4% | 73.1% | -16pt | +5.7pt |
| | ADR (yen) | 74,670 | 89,649 | 90,810 | +16,140 | +1,161 |
| | RevPAR (yen) | 66,519 | 60,406 | 66,420 | -99 | +6,014 |
| RESONARE 2 properties | Guest room occupancy rate | 86.4% | 65.3% | 81.6% | -4.8pt | +16.3pt |
| | ADR (yen) | 43,478 | 63,874 | 64,099 | +20,621 | +225 |
| | RevPAR (yen) | 37,558 | 41,736 | 52,300 | +14,742 | +10,564 |
| KAI 8 properties | Guest room occupancy rate | 79.7% | 72.2% | 85.4% | +5.7pt | +13.2pt |
| | ADR (yen) | 38,132 | 48,549 | 46,440 | +8,308 | -2,109 |
| | RevPAR (yen) | 30,393 | 35,048 | 39,643 | +9,250 | +4,595 |
| OMO7 Asahikawa | Guest room occupancy rate | 79.8% | 23.6% | 58.3% | -21.5pt | +34.7pt |
| | ADR (yen) | 11,314 | 14,085 | 15,522 | +4,208 | +1,437 |
| | RevPAR (yen) | 9,023 | 3,323 | 9,044 | +21 | +5,721 |
| (Note 2) BEB5 Karuizawa | Guest room occupancy rate | - | 73.3% | 78.9% | - | +5.6pt |
| | ADR (yen) | - | 17,803 | 18,320 | - | +517 |
| | RevPAR (yen) | - | 13,046 | 14,449 | - | +1,403 |

Total of major properties operated by outside operators (Note 1)

(3ANA Crowne Plaza properties, Hyatt Regency Osaka, 22 Roadside properties, and 4 the b properties are calculated)



| | | 2018/11 ~ 2019/10 (①) | 2020/11 ~ 2021/10 (②) | 2021/11 ~ 2022/10 (③) | Compared with before the COVID-19 pandemic (③-①) | Compared with the previous year (③-②) |
|-------------------------------------|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------------------------------------|------------------------------------------------|
| | | | | | | |
| ANA Crowne Plaza 3 properties | Guest room occupancy rate | 79.1% | 34.8% | 57.9% | -21.2pt | +23.1pt |
| | ADR (yen) | 13,028 | 10,189 | 10,255 | -2,773 | +66 |
| | RevPAR (yen) | 10,307 | 3,546 | 5,942 | -4,365 | +2,396 |
| Hyatt Regency Osaka | Guest room occupancy rate | 69.2% | 23.3% | 30.4% | -38.8pt | +7.1pt |
| | ADR (yen) | 16,167 | 14,305 | 16,300 | +133 | +1,995 |
| | RevPAR (yen) | 11,192 | 3,327 | 4,957 | -6,235 | +1,630 |
| Roadside 22 properties | Guest room occupancy rate | 81.1% | 63.4% | 72.0% | -9.1pt | +8.6pt |
| | ADR (yen) | 6,140 | 5,800 | 6,183 | +43 | +383 |
| | RevPAR (yen) | 4,980 | 3,677 | 4,452 | -528 | +775 |
| The b 4 properties | Guest room occupancy rate | 94.0% | 43.8% | 69.7% | -24.3pt | +25.9pt |
| | ADR (yen) | 9,806 | 5,516 | 7,431 | -2,375 | +1,915 |
| | RevPAR (yen) | 9,213 | 2,415 | 5,182 | -4,031 | +2,767 |

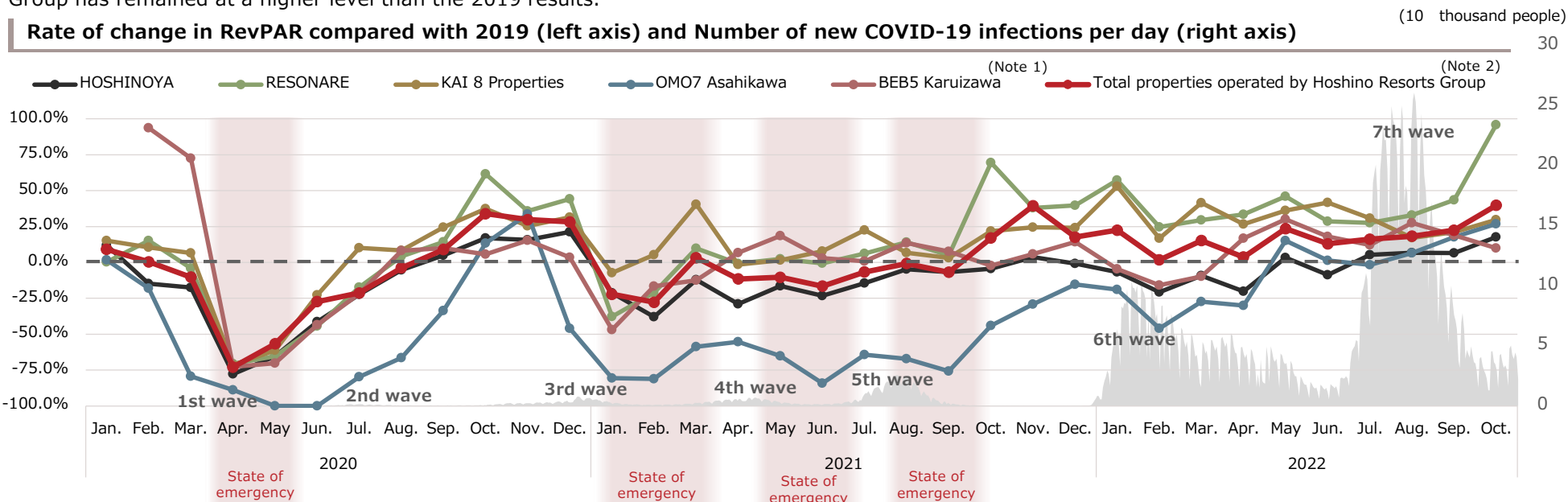


Please refer to “Hotel Operational Results Data” for monthly operating results for individual properties.
<https://www.hoshinoresorts-reit.com/en/ir/library.html>

Monthly Operating Results since the COVID-19 Pandemic (Properties operated by the Hoshino Resorts Group)

Hoshino Resorts Group has succeeded in capturing demand for micro-tourism since the COVID-19 pandemic, and recorded solid operating results even under the state of emergency declared from the summer of 2020.

Furthermore, since October 2021, even during the period when infections increased, the total RevPAR of properties operated by the Hoshino Resorts Group has remained at a higher level than the 2019 results.



Trends since May 2022 (comments by brand)

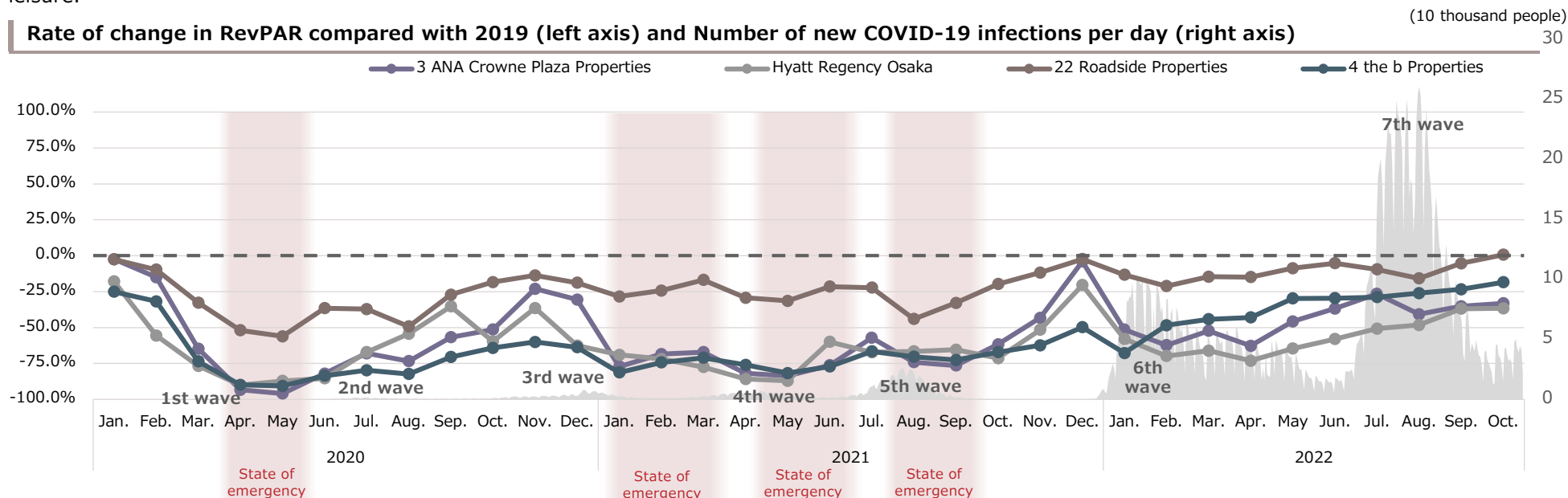
※In October 2019, RISONARE Atami was closed (for 9 days) due to Typhoon No.19.

| | |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HOSHINOYA | Despite the outbreak of the 7th wave of COVID-19 infections, the operational level has continued to be stable and ADR remains high since July with RevPAR at a higher level than in 2019. <u>Karuizawa marked its highest RevPAR in August. Operational levels of Kyoto and Fuji are currently being pushed up by the lifting of restrictions on inbound travel and domestic demand.</u> Although two properties in Okinawa (Taketomi Island and Okinawa) were affected by a typhoon in September, Taketomi Island manages to operate stably by capturing the need to stay two or more nights, and Okinawa too is on a recovery trend. |
| RESONARE | Both properties outperformed their results from 2019, aided by their location close to the Tokyo metropolitan area. <u>Yatsugatake renewed its highest record in RevPAR in August</u> , and wedding services performed strongly by acquiring and managing events of "small groups and high operational levels." Atami has secured stable operational levels because there are few competitors that target family guests in the surrounding area. |
| KAI | Against the backdrop of demand for micro-tourism, both the occupancy rate and ADR remain at high levels, supported by a tailwind caused by discount campaigns for citizens traveling within their prefecture and the region that includes their prefecture. <u>Efforts to develop new markets are underway through measures such as offering pet-friendly guestrooms at all facilities.</u> |
| OMO7 Asahikawa | <u>Results exceeded that of 2019 as there appeared signs of tourists returning from outside Hokkaido, mainly during Golden Week (a string of national holidays from the end of April to the beginning of May.)</u> Additionally, performance was also bolstered by attracting Hokkaido residents, due to the continuation of a municipal subsidy scheme. Despite being affected to some extent by the outbreak of the seventh wave and torrential rain in August, performance remained strong by capturing tourism demand in September and October. |
| BEB5 Karuizawa | Operational level remains high due to travel demand during Golden Week and the summer vacation period as well as the use of facilities by visitors from Hotel Bleston Court. On weekdays, the workcation plan was used by a number of guests. There is momentum in acquiring packages with supplementary services such as breakfast and coupons for Tombo no yu (hot spring), contributing to a revenue increase. |

Monthly Operating Results since the COVID-19 Pandemic (Properties operated by outside operators)

Currently, demand for all brands is showing signs of recovery, supported by measures to stimulate demand, in addition to the weakening of the correlation between an increase in the number of infections and a decrease in demand after the lifting of the state of emergency in October 2021. In 22 Roadside Properties in October 2022, RevPAR recovered to the same level as 2019 by securing stable demand for business and higher-than-expected demand for leisure.

Rate of change in RevPAR compared with 2019 (left axis) and Number of new COVID-19 infections per day (right axis)



Trends since May 2022 (comments by brand)

| | |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 ANA Crowne Plaza properties | Demand in both individual business and leisure is showing signs of recovery from May onwards. Although operational levels fell temporarily due to the impact of the seventh wave, these properties were able to continue recovering and <u>have started securing inbound demand</u> . Additionally, other services, including lunches used by locals remains firm, aided by a discount campaign for citizens of the prefecture. On the other hand, group events, such as banquets and weddings, are still weak because organizers have to postpone or cancel them in light of the number of infections. |
| 2 Hyatt properties | Measures to stimulate demand, such as "Nationwide travel support", "Osaka Welcome Campaign" and "Crowd-free travel in Fukuoka" are contributing to a rise in operational level. Although Osaka saw the momentum of its recovery slightly weaker than in other areas, leisure demand has shown signs of recovery there since September on the back of favorable factors, including rising demand for group events and various measures to stimulate travel. In Fukuoka, "FINA (International Swimming Federation) World Championships Fukuoka 2022", which had been originally scheduled to be held in May 2022, were postponed to July 2023. Although demand plunged in that month, the occupancy rate improved gradually and <u>has surged since October</u> in particular. |
| 22 Roadside properties | The impact of the sixth and seventh waves on operational levels is limited. <u>RevPAR has recovered to the same level as 2019</u> , underpinned by stable business demand as leisure demand too is recovering faster than expected. A further recovery in demand pushed by "Nationwide travel support" is also expected for after November. |
| 4 the b properties | After the lifting of priority measures to prevent the spread of disease, <u>there has been a remarkable recovery trend, particularly in leisure demand, in Nagoya and Kobe as a variety of events are held there</u> . Sangenjaya experienced a sluggish recovery in business because the ADR of hotels around Shibuya is low. At Akasaka, since February, the government has been leasing the whole building as a medical facility for people with mild cases of COVID-19, and revenue has improved significantly. |

Summary of real estate appraisal amount, etc.

In recognition of the strong operating results of RESONARE, etc., properties operated by Hoshino Resorts made a year-on-year increase of 0.9%. Properties operated by outside operators managed to limit a year-on-year decrease to 0.5% as the strong solid operating results of the 22 Roadside Properties, etc. were appropriately evaluated, despite the impact of the revision of medium- to long-term repair expenses for 4 the b Properties. Cap rates have remained unchanged for almost all properties.

(millions of yen)

| | Real estate appraisal amount, etc. | | | Direct reduction amount | | DCF amount | |
|-------------------------------------------------------------|------------------------------------|-------------|--------------|-------------------------|--------------|----------------|--------------|
| | End of 19th FP | vs. 18th FP | | End of 19th FP | vs. 18th FP | End of 19th FP | vs. 18th FP |
| Total for 66 properties | 205,989 | +348 | +0.2% | 208,774 | ▲0.0% | 204,201 | +0.3% |
| Total for properties operated by the Hoshino Resorts | 94,812 | +863 | +0.9% | 94,722 | +0.7% | 94,592 | +1.0% |
| 5 HOSHINOYA Properties ^(note) | 38,870 | ▲10 | ▲0.0% | 38,930 | ▲0.4% | 38,580 | +0.1% |
| 2 RISONARE Properties | 12,770 | +320 | +2.6% | 12,280 | +2.2% | 13,240 | +2.8% |
| 13 KAI Properties | 32,512 | +513 | +1.6% | 32,832 | +1.6% | 32,142 | +1.6% |
| Hoshino Resorts Others | 10,660 | +40 | +0.4% | 10,680 | +0.4% | 10,630 | +0.5% |
| Total for properties operated by outside operators | 111,177 | ▲515 | ▲0.5% | 114,052 | ▲0.6% | 109,609 | ▲0.4% |
| 3 ANA Crowne Plaza Properties | 28,920 | - | - | 30,290 | ▲0.1% | 28,310 | - |
| 2 Hyatt Properties | 23,540 | ▲30 | ▲0.1% | 24,010 | - | 23,160 | ▲0.2% |
| 22 Roadside Properties | 19,482 | +88 | +0.5% | 19,630 | +0.2% | 19,330 | +0.8% |
| 4 the b Properties | 18,710 | ▲540 | ▲2.8% | 19,510 | ▲3.2% | 18,360 | ▲2.7% |
| Others | 20,525 | ▲33 | ▲0.2% | 20,612 | ▲0.4% | 20,449 | ▲0.0% |

Financial operation aiming for financial stability and diversity (1)

As for financial strategy, HRR continues to keep actively working under the COVID-19 pandemic, realizing a firm financial infrastructure and the reduction of risk premium for HRR.

Recent initiatives

- Created an even stronger lender relationship
- Carried out financing with a term equivalent to 9 years in November 2022, the longest financing period for a syndicated loan before the COVID-19 pandemic
- HRR and the lenders jointly realized financing using "Funds-Supplying Operations to Support Financing for Climate Change Responses" of the Bank of Japan
- Diversified financing methods by establishing a sustainability finance framework in addition to our green finance framework

Latest refinancing and new borrowings

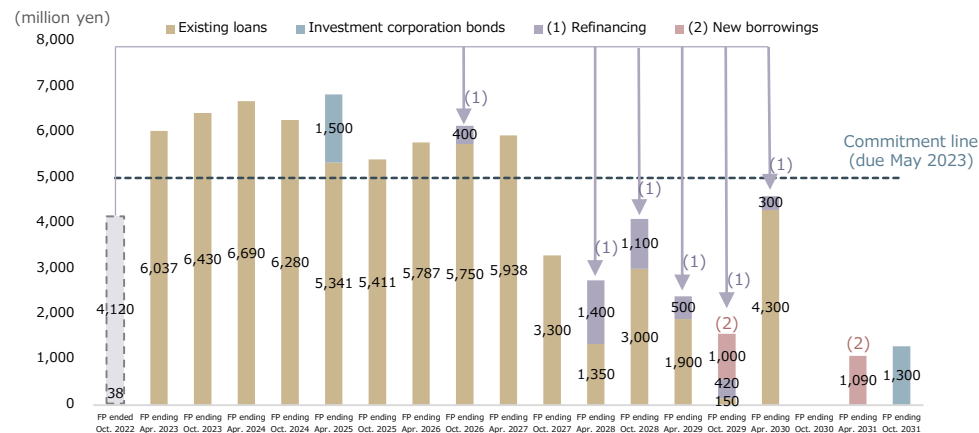
(1) Refinancing in October 2022 (up to 7.5 years)
(including green loans totaling 1.22 billion yen)

| Lenders | Loan Syndication (total of five banks) with MUFG Bank, Ltd. as Arranger (Note 1) | | | | | |
|---------------------------------------|----------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing date | October 31, 2022 | | | | | |
| Period (year) | 4.0 | 5.5 | 6.0 | 6.5 | 7.0 | 7.5 |
| Amount borrowed (total amount) | 0.40 billion yen (2 banks) | 1.40 billion yen (3 banks) | 1.10 billion yen (3 banks) | 0.50 billion yen (3 banks) | 0.42 billion yen (3 banks) | 0.30 billion yen (3 banks) |
| (Total 4.12 billion yen) | | | | | | |
| Borrowing rate (annual rate) (Note 2) | 0.7060% | 0.9015% | 0.9680% | 1.0840% | 1.1120% | 1.1860% |

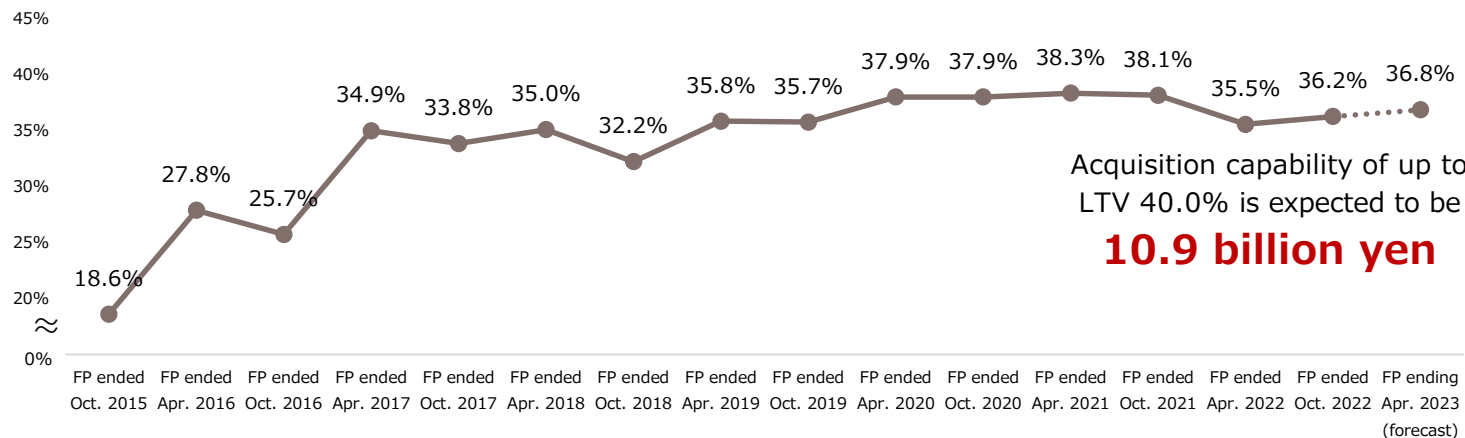
(2) New borrowing (up to 8.4 years)
(green loans only)

| Lenders | MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. | |
|---------------------------------------|-----------------------------------------------------------------------------|----------------------------|
| Borrowing date | November 30, 2022 | |
| Period (years) | 6.9 | 8.4 |
| Amount borrowed (total amount) | 1.00 billion yen (3 banks) | 1.09 billion yen (3 banks) |
| (Total 2.09 billion yen) | | |
| Borrowing rate (annual rate) (Note 2) | 1.11300% or 1.10856% | 1.33800% or 1.32203% |

Diversification of repayment dates (following new borrowings)



LTV control



Acquisition capability of up to LTV 40.0% is expected to be

10.9 billion yen

Key financial indicators (after new borrowings)

Long-term interest-bearing debt ratio 100.0%

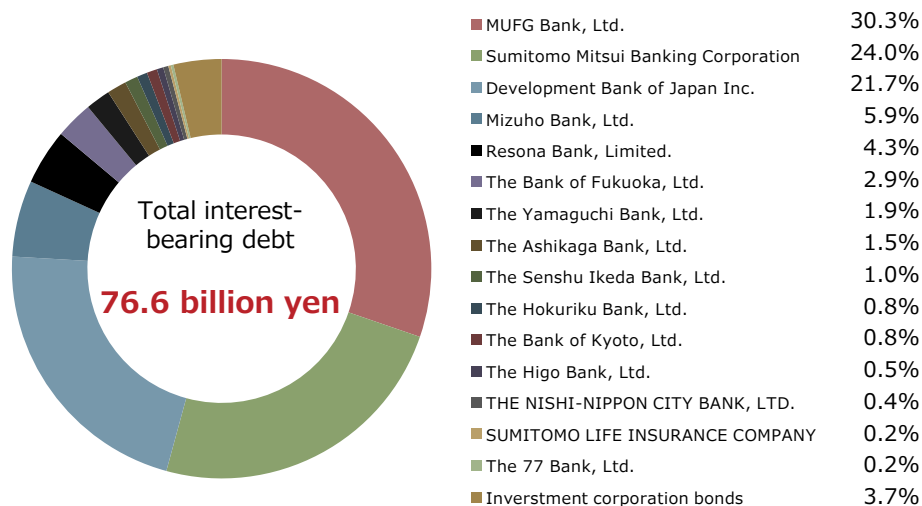
Fixed interest rate ratio 100.0%

Average remaining period 3.4 years

Average interest rate 0.77%

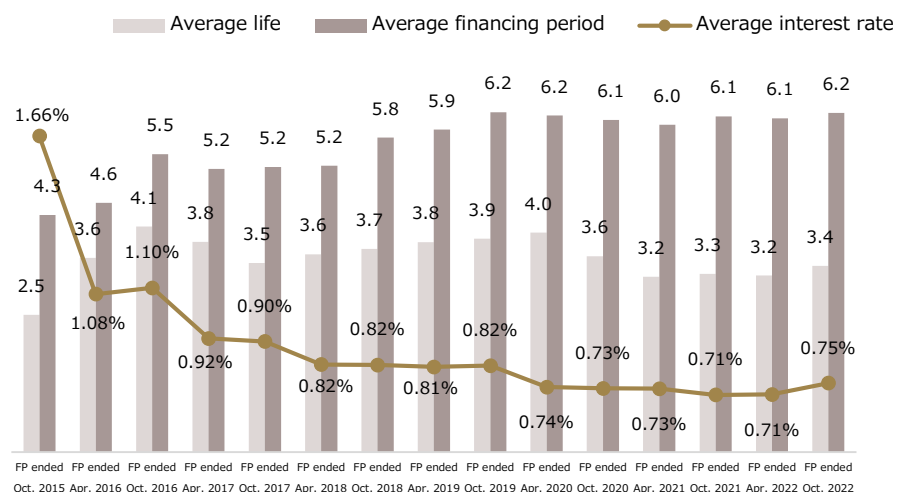
Financial operation aimed for financial stability and diversity (2)

Lender formation



As of December 15, 2022

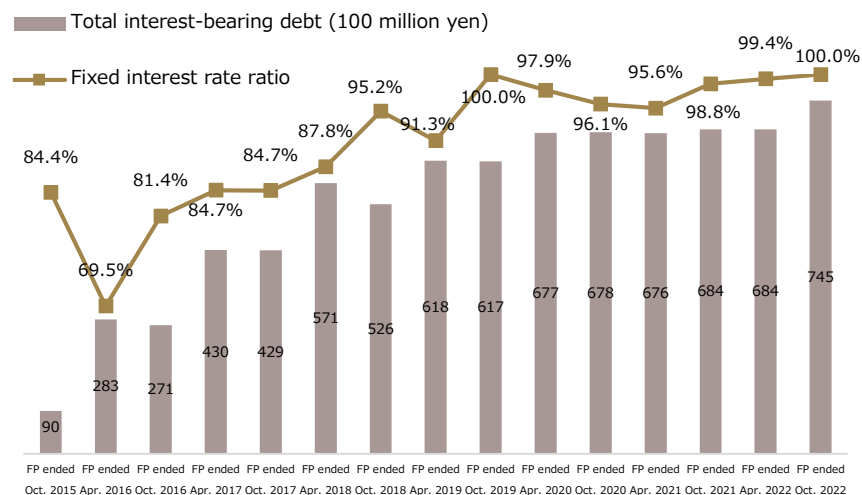
Procurement conditions



Status of credit ratings, etc.

| | | | |
|---------------------------------|----------------------------------------|----------------------------------|-------------------------|
| Rating agency | Japan Credit Rating Agency, Ltd. (JCR) | | |
| Rating target/evaluation target | Long-term issuer rating | Sustainability finance framework | Green finance framework |
| Rating/overall assessment | A (stable) | SU1 (F) | Green1 (F) |

Total interest-bearing debt and fixed interest rate ratio



Establishment of sustainability finance framework

- A new sustainability finance framework was established to maximize unitholder value by enhancing the sustainability of HRR. Received the highest "Comprehensive Assessment SU1 (F)" from Japan Credit Rating Agency, Ltd. (JCR)
- Selected "KAI Kaga" as an eligible sustainability property based on the framework

Concept behind the role and cycle of lodgings in the region

HRR believes that the role of a hotel in the region is to propose a solution to help the whole local community achieve wellbeing and output to contribute to the region's economic cycle, including related population growth, and the resulting achievement of an updated market and community structure.

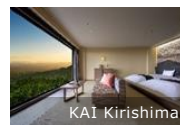
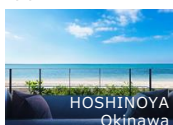
Received "3 stars" in 2022 GRESB Real Estate Assessment and "A level" for GRESB Public Disclosure (for the second consecutive year)

- HRR received "3 stars" in GRESB Real Estate Assessment for the second consecutive year
- Continuing from last year, HRR was highly recognized for its initiatives for ESG information disclosure, and received the highest "A level" for GRESB Public Disclosure



Received stars in BELS Assessment for another four properties

- Received the highest "5 stars" in BELS Assessment for the four properties including "HOSHINOYA Okinawa", "KAI Nagato", "KAI Kirishima" and "KAI Beppu" in October 2022

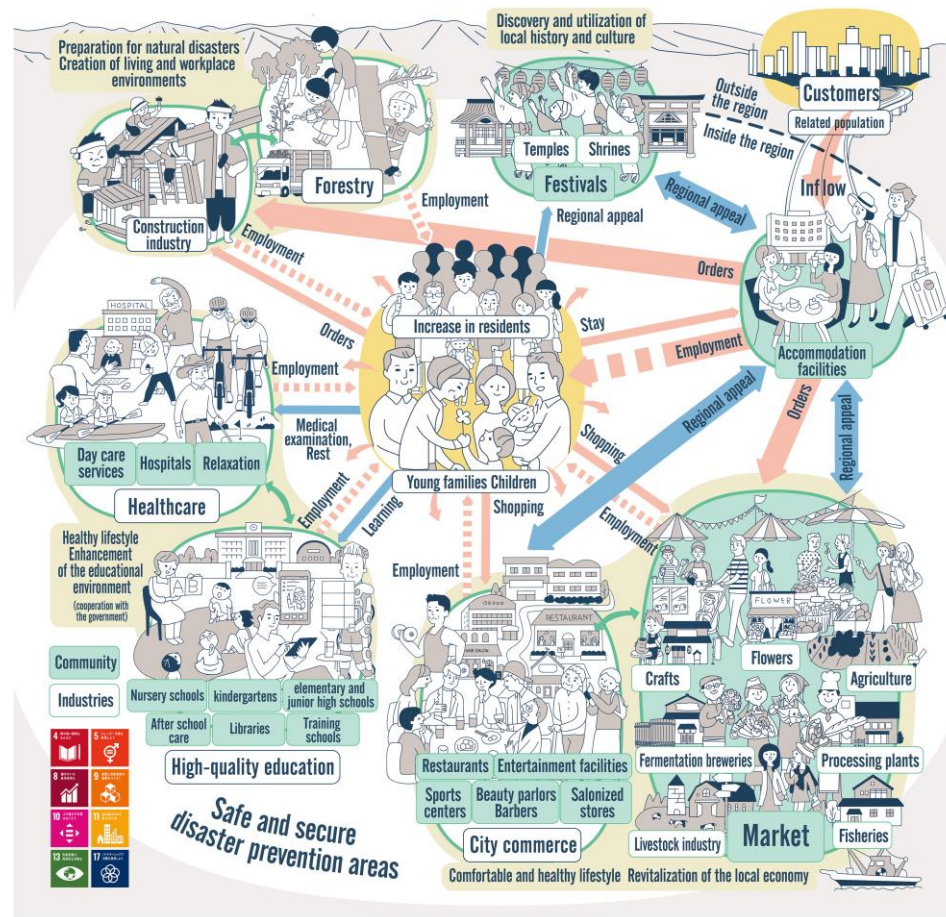


Sharing HRR's SDGs initiatives with all lessees to conduct better activities

- From 2020, HRR distributed a Sustainability Guide to all the tenant employees for the purpose of deepening the significance of and jointly conducting SDGs activities under our sustainability policy
- Continued initiatives through 2022 and expanded the scope of SDGs activities



Concept behind the role and cycle of lodgings in local communities (Note)



Expansion of the scope of eligible assets for investment to tourism-related assets toward the realization of a sustainable and attractive "travel" and regional society

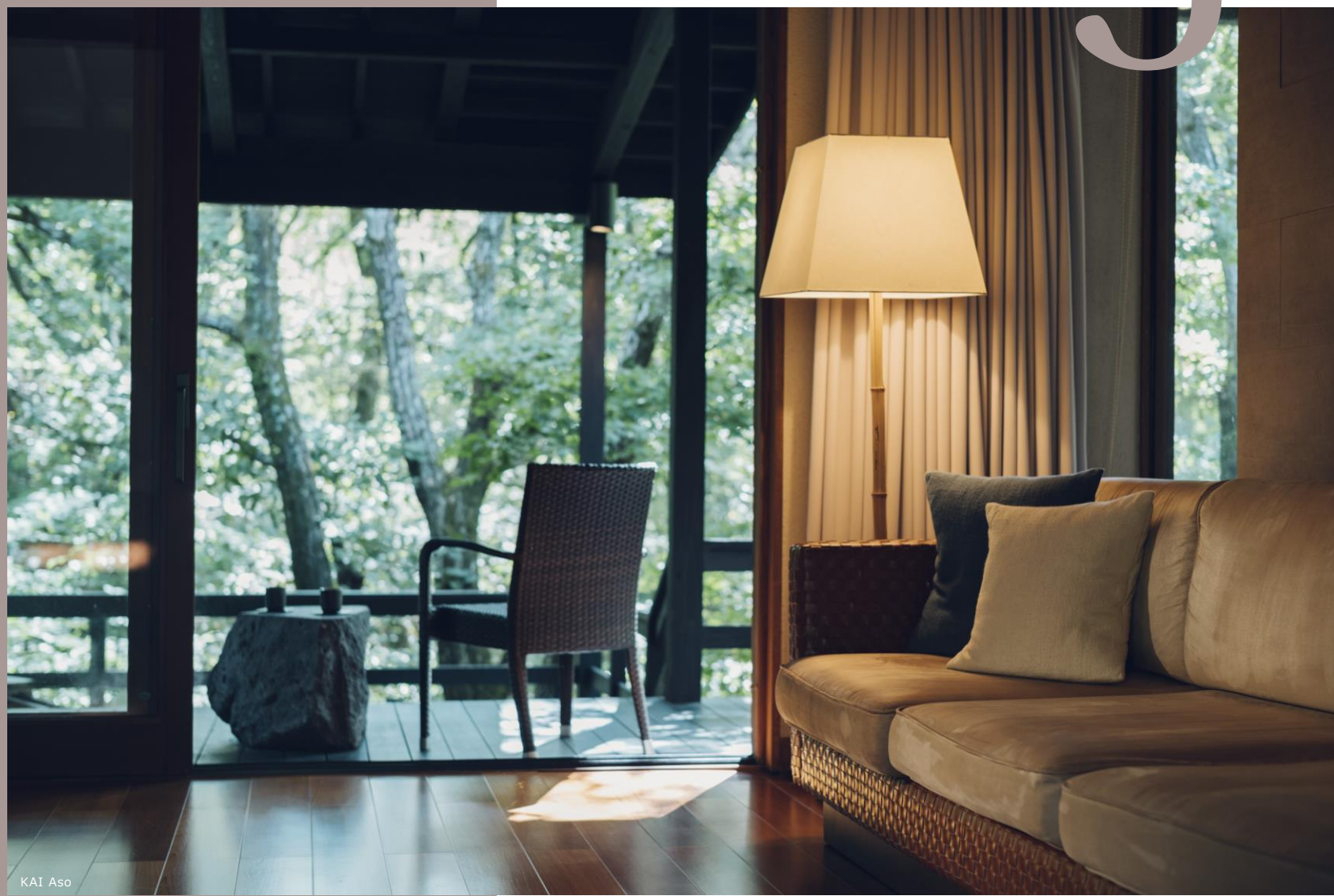
- We aim to conserve and increase the attractiveness of local traditions, culture, industries, scenery, and ecosystems that are essential for "travel" by investing in such tourism-related assets, contribute to both Japan's attractive tourism industry and sustainable local communities, and become a "tourism-oriented country REIT" which attempts to promote sustainable growth of our portfolio.
- At the General Meeting of Unitholders to be held in January 2023, we plan to submit a proposal to amend rules.

TOPICS

CHAPTER 3

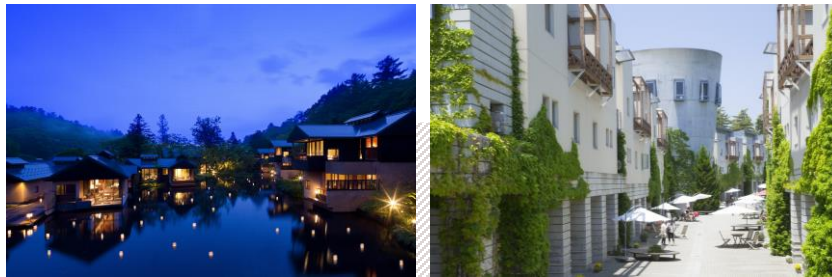
Future operation strategy

Hoshino
Resorts
REIT



Vision of Hoshino Resorts REIT

Japanese tourism REIT designed to maximize investor value by benefiting from long-term tourism industry growth in Japan.



**Hoshino
Resorts
REIT**



AUM

Over 300 billion yen in the medium term

- Added to the Tokyo Stock Exchange REIT Core Index
- Higher liquidity
- Risk dispersion

Property composition

Over 50% consisting of Hoshino Resorts operators

- Ensuring sustainable competitive ability and revenue stability
- Tourism market revitalization
- Working with the community to create sustainable economic frame

Internal growth

Growth through collaboration with operators

- Attractive investment paired with unique “soft” power
- Rebranding opportunities
- Advantageous operator selection

Financial base

Both long-term stability and dynamic procurement

- Long-term fixation and financing cost reduction
- LTV control to secure acquisition capacity
- Better credit rating

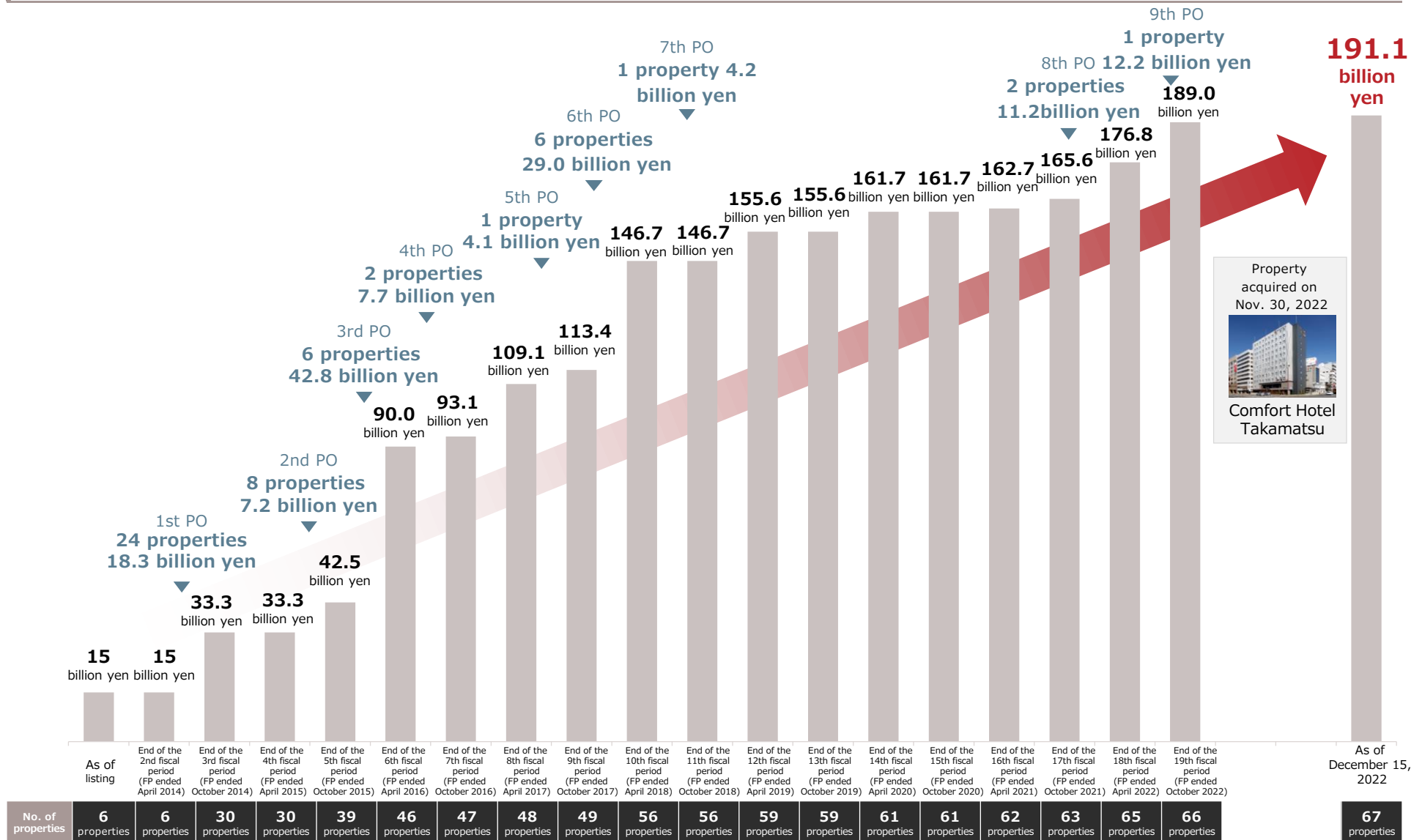
ESG initiatives

Long-term investor value growth and contributions to the future of the global environment and the tourism industry

- Setting medium- and long-term targets for reducing GHG emissions and carrying out concrete activities to avoid stranded assets
- Defining the roles of lodging facilities in the community and building economic cycles
- Activities for fostering a nature-positive economy

Steady growth of asset size

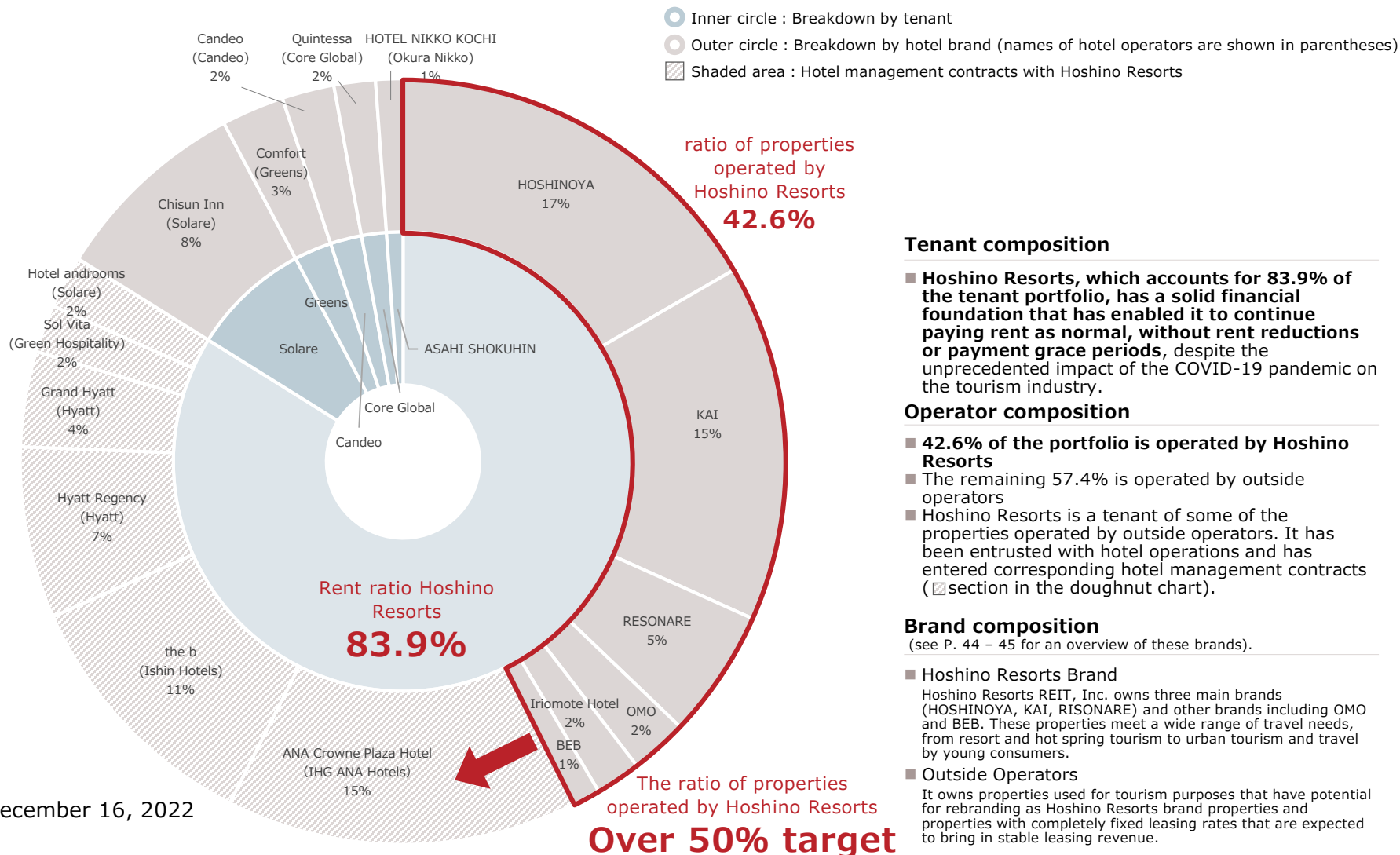
Asset scale in terms of acquisition price



Portfolio structure

We are aiming for a Hoshino Resorts-managed property composition ratio of over 50%, which is expected to bring in stable, long-term cash flow.

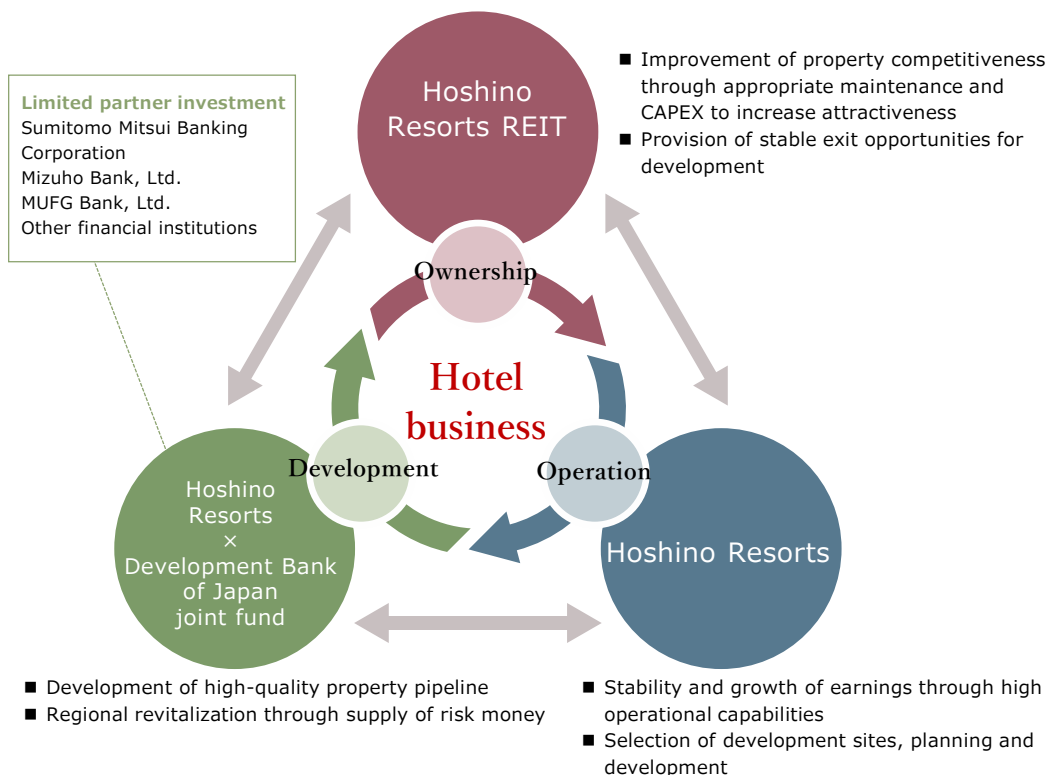
Portfolio structure (based on acquisition price)



Abundant acquisition opportunities through DBJ joint fund, a jointly managed fund by Hoshino Resorts and Development Bank of Japan

Under the strong partnership created by HRR (ownership), Hoshino Resorts Group (operation) and the DBJ joint fund (development), HRR has realized external growth through continuous acquisition of competitive, high-quality properties. We will continue playing our role in the three-party growth cycle, with the aim of enhancing sustainable external growth and improving portfolio quality.

HRR basic strategy: Three-party growth cycle

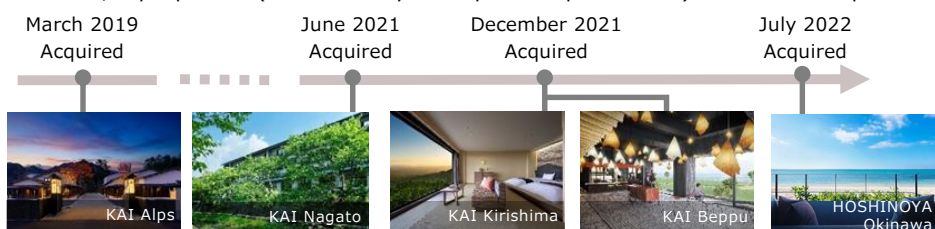


Background behind the creation of this fund

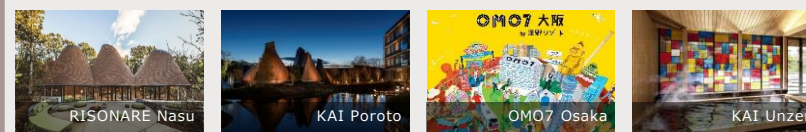
- Since 1992, Hoshino Resorts has employed strategies focused on "operation" and has grown by leveraging these powerful operational capabilities.
- In 2005, Hoshino Resorts became a hot spring ryokan operation partner with investment from Goldman Sachs. It expanded its operation sites, while separating "ownership" and "operation", but then, with the global financial crisis, Hoshino Resorts became responsible for "ownership" as well.
- In 2013, HRR listed publicly, and by taking on a stable "ownership" role, it enabled Hoshino Resorts to focus exclusively on "operation", and HRR grew by leveraging Hoshino Resorts' powerful operational capabilities.
- The growth of HRR's "ownership" functions has helped improve the probability of development outcome success, and, in 2015, brought about the formation of the DBJ Joint Fund, which is responsible for the comparatively risky hotel business "development".
- Until then, Hoshino Resorts had handled "revitalization" projects, but with the formation of the DBJ Fund, it became able to open the facilities and offer the services which Hoshino Resorts want.
- We believe that the close collaboration between HRR, Hoshino Resorts Group, and the Joint Fund helps enhance the competitiveness of HRR's portfolio while at the same time further strengthening Hoshino Resorts' operation capabilities and customer drawing power.

9 properties operated by Hoshino Resorts Group have been completed or are under development through the DBJ joint fund

Of them, 5 properties (29.2 billion yen acquisition price basis) have been acquired by HRR



Hoshino Resorts x DBJ joint fund owned properties



List of the property pipeline

HRR has abundant investment opportunities created by the management capabilities of Hoshino Resorts Group.

List of the major sponsor pipelines

Facilities owned by Hoshino Resorts Group

| Start of operation | Name of facility |
|--------------------|-------------------------------|
| 1992 | RISONARE Guam |
| 1995 | Karuizawa Hotel Bleston Court |
| 2003 | Bandaisan Onsen Hotel |
| 2008 | KAI Atami (under renovation) |
| 2013 | KAI Nikko |
| 2017 | Surfjack Hotel & Swim Club |
| 2019 | RISONARE Kohamajima |

Facilities owned by DBJ joint fund

| Start of operation | Name of facility |
|--------------------|--------------------------------------------------|
| 2019 | RISONARE Nasu |
| 2020 | HOSHINOYA Okinawa (22.53% co-ownership interest) |
| 2022 | KAI Poroto |
| 2022 | OMO7 Osaka |
| 2022 | KAI Unzen |

Hoshino Resorts Group development projects (part)

| Start of operation | Location |
|--------------------|--------------------------------------------------------------------|
| 2023 (planned) | Kumamoto-shi, Kumamoto (OMO5 Kumamoto) |
| 2024 (planned) | Nara-shi, Nara (former Nara Prison) |
| 2025 (planned) | Shimonoseki-shi, Yamaguchi (RISONARE Shimonoseki (tentative name)) |
| 2025 (planned) | Katsuyama-shi, Fukui |
| 2026 (planned) | Yokohama-shi, Kanagawa (OMO7 Yokohama) |
| 2026 (planned) | HOSHINOYA Lodge Niseko (tentative name) |
| TBA | Asuka-mura, Nara |
| TBA | Wazuka-cho, Kyoto |
| TBA | Gotanda, Shinagawa-ku, Tokyo |

Facilities owned by WBF (Note)

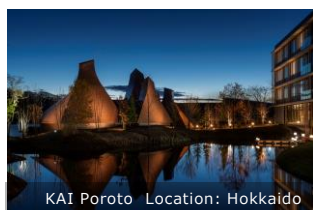
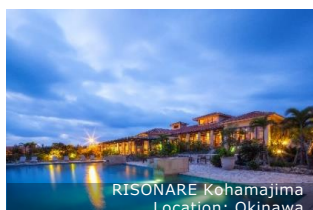
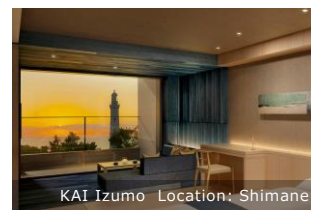
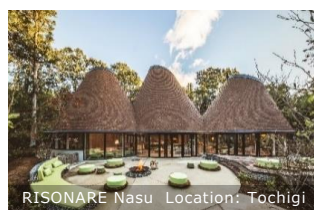
| Start of operation | Name of facility |
|--------------------|-----------------------------------|
| 2010 | Hotel WBF Kushiro |
| 2014 | Hotel WBF Grande Hakodate |
| 2015 | Hotel WBF Grande Asahikawa |
| 2018 | Hotel WBF Namba Kuromon |
| 2019 | Hotel WBF Hakodate Watatsumino Yu |
| 2019 | Hotel WBF Fourstay Sapporo |

Mezzanine loan receivables / silent partnership investments

| Start of operation | Name |
|--------------------|---------------------------------------------------------|
| 2023 (planned) | OMO Kansai Airport |
| TBA | OkuhidaonsenryokanGK Silent Partnership Equity Interest |

Facilities owned by a third party (part)

| Start of operation | Name of facility |
|--------------------|--------------------------------|
| 2004 | RISONARE Tomamu |
| 2004 | Tomamu The Tower |
| 2005 | Aomoriya |
| 2005 | Oirase Keiryu Hotel |
| 2010 | KAI Tsugaru |
| 2016 | HOSHINOYA Tokyo |
| 2017 | HOSHINOYA Bali |
| 2017 | KAI Anjin |
| 2018 | OMO5 Tokyo Otsuka |
| 2018 | KAI Sengokuhara |
| 2019 | HOSHINOYA Guguan |
| 2020 | BEB5 Tsuchiura |
| 2021 | OMO3 Kyoto Toji |
| 2021 | OMO5 Kyoto Sanjo |
| 2021 | Hoshino Resorts KASUKE Tiantai |
| 2021 | OMO5 Okinawa Naha |
| 2021 | OMO5 Kyoto Gion |
| 2022 | OMO3 Tokyo Akasaka |
| 2022 | OMO3 Sapporo Susukino |
| 2022 | OMO5 Otaru |
| 2022 | OMO5 Kanazawa Katamachi |
| 2022 | BEB5 Okinawa Seragaki |
| 2022 | KAI YuFuin |
| 2022 | KAI Izumo |
| TBA | OMO1 Tokyo Kawasaki |



Measures for the COVID-19 pandemic and future opening

Hoshino Resorts Group quickly implemented initiatives such as microtourism, stays avoiding the three C's (Crowded places, Close-contact setting, Confined and enclosed spaces), and regional cooperation projects in the wake of the COVID-19 pandemic. HRR believes that Hoshino Resorts Group has maintained and improved its business performance and shown its ability to respond to crises and create demand through the initiatives. HRR considers that Hoshino Resorts Group's high management capability is being re-evaluated because of the unprecedented crisis. In fact, Hoshino Resorts Group has accelerated its business expansion by making progress in many opening projects under the COVID-19 pandemic.

List of facilities opened between 2020 and 2023



Source: Hoshino Resorts Group

TOPICS

Hoshino Resorts Group's major initiatives under the COVID-19 pandemic

■ Proposal of microtourism and suggestion of stays to avoid three C's

Since April 2020, ahead of other tourism business operators, Hoshino Resorts Group has advocated "microtourism" and proposed "stays to avoid the three C's" as new ways of travel during the period of the pandemic.

■ Declaring measures against coronavirus aiming for the highest level

In order to enable people to enjoy their extraordinary life with peace of mind, Hoshino Resorts Group has developed "a buffet for the new normal" and a "congestion check service for the large bathhouse" and has rapidly evolved the existing services.

■ Regional cooperation projects

In order to protect local industries and traditional cultures and encourage local people to rediscover the appeal of local communities, Hoshino Resorts Group worked actively with businesses affected by the COVID-19 pandemic to help support the local economy.

■ Marketing evolution and microtourism establishment

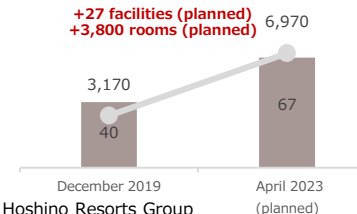
Since 2021, Hoshino Resorts Group has divided the country into 11 microtourism business regions and disseminated information on regional attractions in cooperation with the local media in each region. Hoshino Resorts Group has been continuously working to capture demand for microtourism since the early days of the COVID-19 pandemic. As a result, demand for many of Hoshino Resorts Group properties has become firmly established, and Hoshino Resorts Group has been able to secure a certain level of performance even during the COVID-19 pandemic.

Opening from 2020 to 2023

- Between 2020 and April 2023, Hoshino Resorts Group plans to open an additional 27 facilities (with a total of 3,800 rooms).
- Hoshino Resorts Group is expanding its bases nationwide in anticipation of a revival in demand for tourism after the pandemic, centering on the luxury hot spring ryokan brand "KAI" which performed well even amid the COVID-19 pandemic and the urban tourism brand "OMO".

Number of facilities
Total number of guest rooms

+27 facilities (planned)
+3,800 rooms (planned)



Source: Hoshino Resorts Group

CHAPTER 4

ESG initiatives

**Hoshino
Resorts
REIT**



The condition of our planet's environment is worsening day by day, with a growing number of disasters caused by climate change. HRR believes that it is vital to use sustainable methods to promote "Creating Shared Value (CSV)," a source of competitiveness in the modern era, by contributing to the environment and society while generating profits, helmed by the powerful leadership of executives and management personnel. In order to meet the expectations of stakeholders with respect to environmental, social, and governance issues, the Asset Management Company, as a member of the tourism industry, will speedily and thoroughly address these global issues through the leadership of its executives, who can turn these issues into real estate value, social value, and corporate value.

CSV: Creating Shared Value

The concept of CSV was developed by Michael Porter, an American management scholar. In the CSV approach, commercial enterprises create both economic value and social value by meeting society's needs (solving social issues).

Building and promoting ESG unique to the tourism industry

From the perspective of real estate management, Hoshino Resorts Group will build an ecosystem unique to the tourism industry: building design and construction, local communities, and employee well-being.

Ecosystem unique to the tourism industry

Maximization of property value

Infrastructure, facilities, and equipment

Roadmap established with the goal of carbon neutrality by 2050

Indices

- Achieving unique ESG initiatives that combine economic and social values (CSV: Creating Shared Value)
- Creation of energy-conservation checklists and improvement schedules for properties
- Visualization and target-setting of energy consumption and management
- Medium- to long-term plan to improve hardware (tangible elements such as facilities, equipment and tools) through tenant satisfaction surveys

Local community

Matching regional culture and economy unique to the tourism industry

Indices

- Voluntary activities to respond to climate change and social issues
- Cooperation in maintenance and conservation of the local natural environment and contribution to the economy and employment
- Disaster-Ready response
- Maintaining balanced biodiversity and protecting ecosystems
- Working to increase the number of people settled in local areas
- Local health and community
- Local agriculture and fisheries industries and food
- Local education

Employees (including tenants)

Employee well-being

Indices

- Ensuring employee productivity and work comfort through regular tenant satisfaction surveys
- Proposals for career development and diversity

Environmental operation of HRR

Sustainability targets

For total assets held by HRR, the Asset Management Company's goal is to reduce annual energy usage by 1% in accordance with the Act on Rationalizing Energy Use (the Energy Conservation Act).

HRR recognizes energy-saving and the reduction of greenhouse gases as important environmental challenges for the lodging industry. HRR has established individual policies and is striving to reduce its environmental impact. HRR is working on applying ingenuity and implementing measures led by the concept of not placing the burden of endurance on guests or staff members.

Hoshino Resorts Group's environmental management

Ecosystem of prosperous coexistence

Hoshino Resorts Group sees hotels and local communities as being inseparable. In other words, greater local allure directly contributes to an increase in the hotel business. Likewise, when hotels share the allure of their areas, it helps increase the area's brand power. Based on this thought, Hoshino Resorts Group is conducting activities rooted in the region.

Hoshino Resorts Group believes that such activities rooted in the region are part of its sustainable corporate competitiveness and that the local technologies, agricultural, forestry and fishery products, tourism resources, etc., that exist in the region are all sources of value.

Hoshino Resorts Group also believes that environmental management requires development in the areas of ecotourism, zero-emissions operations, and energy grids without environmental impacts.



Hoshino Resorts Group carries out unique initiatives based on the above philosophy.

Creating new value for local communities and real estate by responding to environmental and social issues

HOSHINOYA Karuizawa - "EIMY" self-sufficient energy system

Energy In My Yard is the concept of using as much of our energy as possible from the renewables of our own places. In addition to hydroelectric power generation, which has been used for about 100 years, Hoshino Resorts Group also utilizes heat pumps that use geothermal heat and hot spring water discharge, taking advantage of the facility's characteristics.

Hydroelectric power generation facilities to provide part of power for a heat pump



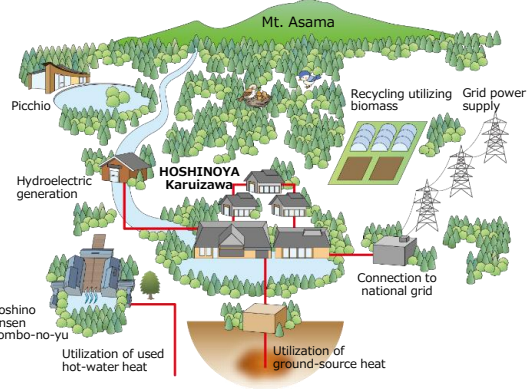
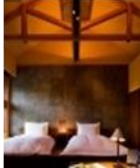
Heat pump system uses ground-source thermal and hot spring water outflow as a thermal source for air conditioning and hot water supply



Sorting waste into 28 categories in order to promote resource recycling



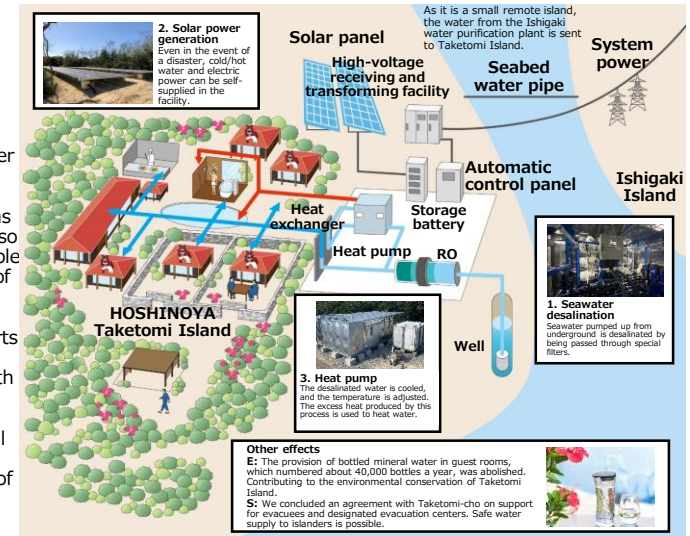
Vents letting in natural air called furo ducts are installed in the ceiling of each guest room



HOSHINOYA Taketomi Island - Utilization of seawater desalination equipment and cooperation with local communities

At HOSHINOYA Taketomi Island, Hoshino Resorts Group has installed a hot water supply heat pump unit utilizing seawater desalination heat sources (Note) that enables self-sufficiency in drinking water through seawater desalination. This unit not only reduces CO₂ emissions by 46 tons per year but also provides water to the people of the island in the event of a disaster.

In addition, Hoshino Resorts Group has entered into a partnership agreement with Taketomijima Regional Foundation for the conservation of the natural environment and sustainable island culture of Taketomi Island.



Iriomote Hotel - Japan's first eco-tourism resort activity on Iriomote Island, a World Natural Heritage Site

Iriomote Island was registered as a World Natural Heritage site in July 2021. Hoshino Resorts Group is working to become Japan's first "eco-tourism resort" to create a sustainable tourism system while protecting the island's natural environment with the involvement of guests.

Ecological hotel management

Hoshino Resorts Group works to achieve zero emissions.

- Stop providing and selling plastic (PET) bottles
- Installing water servers
- Introduction of detergent-free smart laundries



Beach cleaning

Employees clean the beach to preserve the marine environment.

Nature tours to experience the charm and value of the island

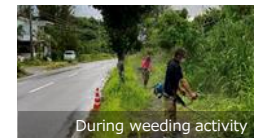
Hoshino Resorts Group works to protect and preserve biodiversity, including endangered and endemic species.

- Iriomote cat trace tour
- Holding "World Heritage School" for people to learn about the natural environment

Endangered Iriomote cat conservation activities

In order to prevent the Iriomote cat, an endangered species, from being killed on roads, Hoshino Resorts Group conducts weeding activities to increase visibility on the road.

- Holding "Iriomote Wildcat School"



Environmental (E) Initiatives

Environmental performance^(Note 1)

Energy consumption

| Period ^(Note 2) | FY2019 | FY2020 | FY2021 |
|-----------------------------------------------------------------------------|---------|---------|---------|
| No. of properties ^(Note 3) | 56 | 57 | 61 |
| Energy consumption (MWh) | 155,083 | 124,934 | 163,116 |
| Energy consumption per basic unit ^(Note 4) (kWh/m ²) | 342.2 | 272.0 | 330.4 |

GHG emissions

| Period ^(Note 2) | FY2019 | FY2020 | FY2021 |
|--------------------------------------------------------------------------------------------------------|--------|--------|--------|
| No. of properties ^(Note 3) | 56 | 57 | 61 |
| Greenhouse gas (GHG) emissions (t-CO ₂) | 50,133 | 41,827 | 51,274 |
| Greenhouse gas (GHG) emissions per basic unit ^(Note 5) (kgCO ₂ /m ²) | 110.6 | 91.1 | 103.9 |

Water consumption

| Period ^(Note 2) | FY2019 | FY2020 | FY2021 |
|----------------------------------------------------------------------------------------|-----------|-----------|-----------|
| No. of properties ^(Note 3) | 58 | 60 | 63 |
| Water consumption (m ³) | 1,881,761 | 1,336,263 | 1,508,187 |
| Water consumption per basic unit ^(Note 6) (m ³ /m ²) | 4.3 | 2.9 | 3.1 |

Waste

| Period ^(Note 2) | FY2019 | FY2020 | FY2021 |
|-----------------------------------------|--------|--------|--------|
| No. of properties ^(Note 3) | 11 | 11 | 50 |
| Amount of waste (t) | 1,937 | 1,036 | 2,441 |
| Recycling ratio ^(Note 7) (%) | 29.7 | 35.5 | 17.6 |

Green lease agreements

- Green leases are those between building owners and tenants where agreements and memorandums regarding the reduction of environmental burden, such as through real estate energy-saving and other measures, and the improvement of the work environment are exchanged and independently agreed upon, and the details of these agreements are put into practice.
- By implementing green lease agreements, HRR aims to link the reduction of light and heat expenses, etc. with improving the global environment and increasing profits.

Green lease agreements concluded (as of October 31, 2022)

| Number of properties with a green lease agreement executed | Execution ratio based on leasable floor area ^(Note 8, 9) |
|------------------------------------------------------------|---------------------------------------------------------------------|
| 34/66 properties | 81.6% |

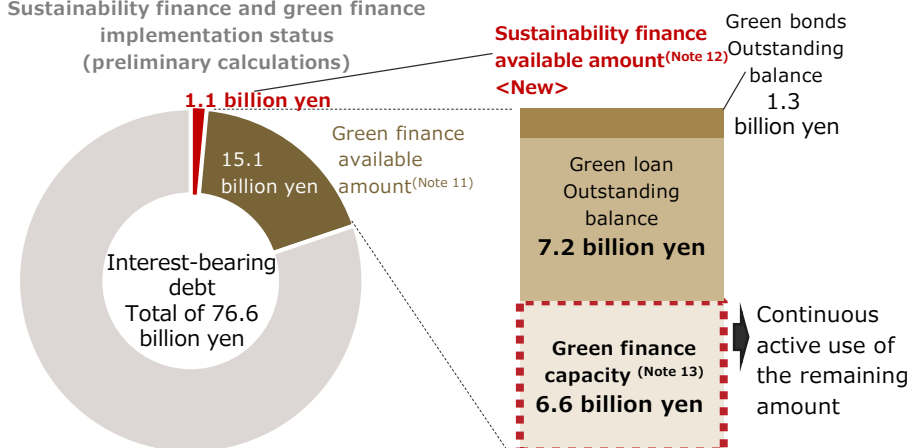
External sustainability evaluation^(Note 10)

| Year of acquisition | Property name (evaluated building(s)) | BELS | CASBEE |
|---------------------|---------------------------------------------------|-------|----------------|
| 2019 | KAI Kinugawa (Lobby and guestroom building, etc.) | ★★★★★ | |
| | Quintessa Hotel Osaka Shinsaibashi | ★★★ | |
| 2020 | KAI Alps (Front building) | ★★★★★ | |
| | BEB5 Karuizawa | ★★ | |
| 2021 | KAI Kaga (New building) | ★★★★★ | |
| | Candeo Hotels Sano | ★★★★★ | |
| | Chisun Inn Chiba Hamano R16 | ★★ | |
| | HOSHINOYA Karuizawa (Harunire Terrace) | | S-rank (★★★★★) |
| 2022 | ANA Crowne Plaza Hiroshima | ★★ | |
| | ANA Crowne Plaza Toyama | ★ | |
| | HOSHINOYA Okinawa (Guestroom buildings 1 to 7) | ★★★★★ | |
| | KAI Nagato (Main building) | ★★★★★ | |
| | KAI Kirishima | ★★★★★ | |
| | KAI Beppu | ★★★★★ | |
| | HOSHINOYA Taketomi Island (Some Zuki villas) | ★★★ | |
| | HOSHINOYA Kyoto (Funamachiai) | ★★★ | |

Sustainability finance and Green finance initiatives

- HRR actively engages in sustainability finance and green finance, and it plans to further promote ESG measures through financing.

Sustainability finance and green finance implementation status (preliminary calculations)



Social (S) Initiatives

Conducting a tenant satisfaction survey

Hoshino Resorts REIT, Inc.

A survey was conducted on the satisfaction of tenant employees at 34 of the properties owned by HRR, which included the viewpoints of well-being such as ease of working and health promotion, and 54.0% of the surveys responded.

HRR believes that the maintenance of a comfortable backyard will improve labor productivity and motivation and is implementing planned repairs based on the results of this survey. Based on the wishes of our stakeholders, we at HRR will continue striving to maximize real estate value by making investments that contribute to improving labor productivity and motivation, as well as creating safe and secure places to work.

Measures for employees of the Asset Management Company

Hoshino Resort Asset Management Co., Ltd.

Hoshino Resorts Group believes that a flat organizational culture that promotes diversity is the source of its corporate competitiveness. Hoshino Resorts Group, therefore, prides itself on maintaining a flat organizational hierarchy to the best of its ability and having an organizational culture that urges employees to engage in free and lively debates about what the company should do regardless of age or gender, owing to personal relationships where one can say what they want, at any time, to anyone. The Asset Management Company also conducts an annual employee satisfaction survey on its employees to create a comfortable working environment. Personnel data of the Asset Management Company is as follows.

Personnel data of the Asset Management Company (as of December 31 of each fiscal year)

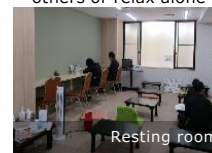
| | 2019 | 2020 | 2021 |
|---------------------------------------------|-------|------|-------|
| Total number of employees | 24 | 27 | 34 |
| Male | 13 | 14 | 21 |
| Female | 11 | 13 | 13 |
| Percentage of men | 54% | 52% | 62% |
| Percentage of women | 46% | 48% | 38% |
| Percentage of men in managerial positions | 100% | 100% | 83% |
| Percentage of women in managerial positions | 0% | 0% | 17% |
| Annual turnover rate | 23.1% | 4.2% | 10.7% |
| Overtime hours worked (monthly average) | 20 | 23 | 27 |

Examples of renovations performed to increase comfort and improve work productivity

TOPICS

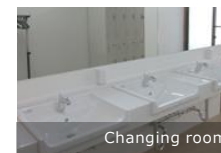
"KAI Enshu"

Designed to allow employees to choose whether to chat with others or relax alone



Resting room

Addition of washstands, expansion of mirrors, etc.



Changing room

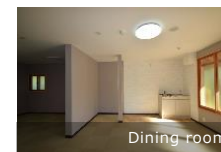
"KAI Tamatsukuri"

Created spacious tatami room



Break room for women

Expanded dining room



Dining room

Contribution to the local community

Hoshino Resorts Group "KAI" - handwork time

- At KAI, guests can watch up close the rare skills of craftsmen, writers, and producers who have inherited the local culture, as well as experience "handwork time."
- Through this project, HRR believes that helping to promote local culture and have it inherited and supporting the local economy will lead to an improvement in Hoshino Resorts Group's management capabilities.

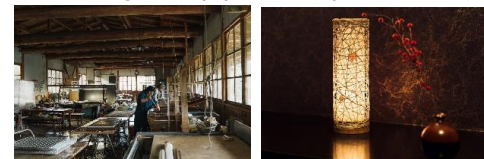
KAI Matsumoto + veteran Kikyogahara winery "Goichi Wine Hayashi Winery "

Deepen your appreciation of the world of wine by harvesting and wine tasting, learning from a winemaker dedicated to every step of winemaking, starting with grape-growing



KAI Kawaji + karasuma washi paper made from 100% Daigo Nasu paper mulberry

Visit "Washi No Sato", where karasuyama washi paper is made, and experience papermaking yourself with the guidance of traditional craftspeople



CHAPTER 5

About Hoshino Resorts

Hoshino
Resorts
REIT



Hoshino Onsen Ryokan (at the time of its opening)

"The travel and tourism industry will be a leading industry in maintaining world peace."

Led by this idea, Hoshino Resorts is a company that dreams big and will work steadily to bring the people of the world together in friendship over the century to come.



History

| | | |
|-----------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| | 1904 | Began development of hot spring in Karuizawa |
| | 1914 | Opened Hoshino Onsen Ryokan |
| | 1991 | Yoshiharu Hoshino, Hoshino Resorts' 4th and current CEO, joins Hoshino Onsen and is appointed its representative |
| Phase (1) | 1992 | Announcement of company's future vision as an operation company whose main business does not consist of property ownership |
| | 1995 | Company name changed to Hoshino Resorts Co., Ltd. |
| | 2001 | RISONARE Yatsugatake begins operations |
| | 2003 | Hoshino Resorts Alts Bandai begins operations |
| Phase (2) | 2004 | Hoshino Resorts Tomamu begins operations |
| | 2005 | Goldman Sachs becomes hot springs ryokan operation investment partner |
| | | Opened HOSHINOYA Karuizawa |
| | 2010 | Master brand strategy is launched |
| | 2011 | KAI brand is launched |
| | | RISONARE brand is launched |
| | 2013 | Hoshino Resorts REIT, Inc. is listed on the Tokyo Stock Exchange |
| Phase (3) | 2015 | Hoshino Resorts' development system is improved through the creation of a jointly operated fund together with the Development Bank of Japan. |
| | 2016 | Opened HOSHINOYA Tokyo |
| | 2017 | Opened HOSHINOYA Bali |
| | 2018 | OMO brand is launched |
| | 2019 | BEB brand is launched |
| | 2021 | Acquisition of WBF as a subsidiary |
| Phase (4) | As of December 2022, Hoshino Resorts operates 63 facilities in Japan and 4 facilities overseas | |

| | |
|-----------------------|--------------------------------------------------------------------------------------------|
| [Phase (1)] 1991-2000 | Developing know-how as a hotel operator |
| [Phase (2)] 2001-2010 | Large resort and hot spring ryokan revitalization projects and launch of three core brands |
| [Phase (3)] 2011-2020 | Creation of a business model that separates ownership, operation, and development |
| [Phase (4)] 2021~ | Sharing Japanese ryokans with the world |

Hoshino Resorts' strengths

Hoshino Resorts

“Seven Spheres of Delight”



**HOSHINOYA
Flagships**

Authentic Japan with modern comfort



RISONARE

Recreation — the art of creating anew



KAI

Destinations for blissful bathing and dining



OMO

Instant access to the lively local scene



BEB

Kicked-back stays with the crew



**Other Unique
Lodgings**

Getaways with a sense of place

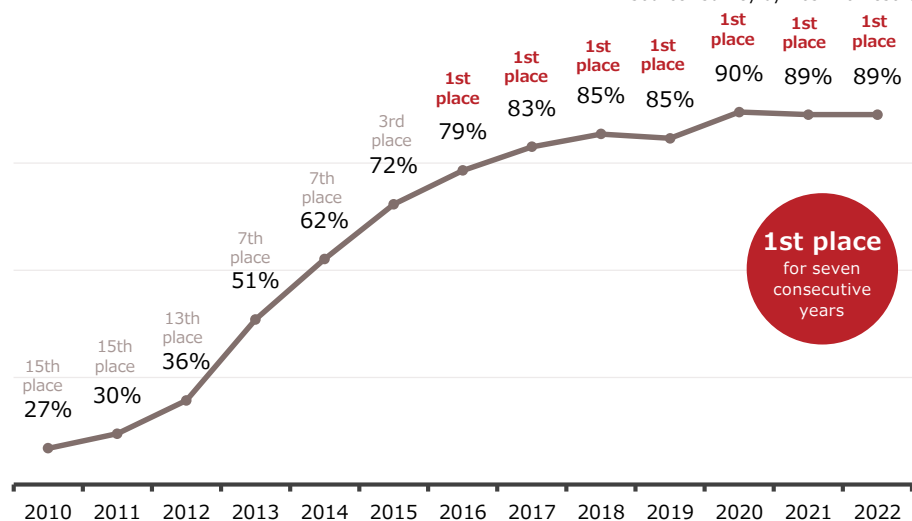


**Daytrip
Destinations**

Thermal soaks and thrilling slopes

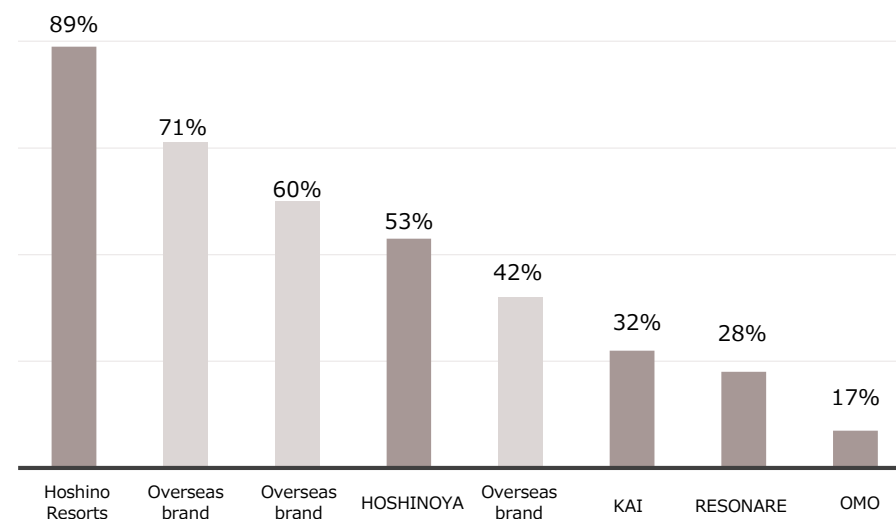
Awareness of the hotel brand "Hoshino Resorts" (in Japan)

Source: Survey by Hoshino Resorts



Awareness by hotel brand (2022)

Source: Survey by Hoshino Resorts



Three key points for building long-term customer draw, developed through our history as a resort operator



When Hoshino Resorts operates a hotel, it focuses on providing the hotel with a long-term competitive advantage. We believe that creating sustainable customer draw that is unaffected by changes in the market environment will become even more important in the future.

One of the main reasons that customers consistently give for choosing a hotel is that the hotel is new and clean. Over the multi-decade lifecycles of hotels, new competitors are constantly appearing. It is vital not to allow oneself to get drawn into competition where the newness of facilities confers an advantage. A hotel model that is reliant on physical facilities is one in which newcomers always have an advantage. That's why it is vital to create a model of competition that is not driven by physical facilities -- a model in which being a pioneer is advantageous. Hoshino Resorts' approach uses three core "soft" strengths developed through its 108 year history of hotel and resort operation.

CEO, Hoshino Resorts Yoshiharu Hoshino

Flat organization culture

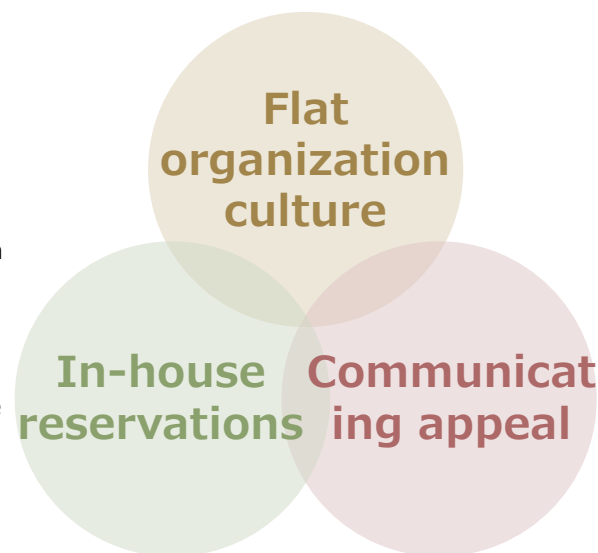
- Independent PDCA cycle through the sharing of management information
- Hierarchy-free organization in which members can actively engage in debate and discussion

Smooth reservations through our own website

- Website designed with a focus on convenience, such as providing optimal rates and advance reservations for activities
- High profits through the high percentage of reservations made directly from our website (60% to 70%)
- Maintain equal footing with OTAs, providing mutual synergistic benefits

Communicating appeal

- Multitasking
Each employee can perform front desk, guestroom, restaurant, and other duties, improving productivity
⇒The time that is freed up is used in development aimed at providing facilities with greater allure
- Ongoing, year-long communication of new appeal
The development of new attractions and enticements for the season to come is conducted by each facility, not the head office
- Close ties with the community
Showcasing what an area has to offer improves local brand power and creates an even stronger collaborative relationship between Hoshino Resorts and the community



Examples of local collaboration projects

Local collaboration projects are being conducted with business and craftspeople that support local industry and culture in regions throughout Japan. Collaboration fields have focused on “food”, “traditional crafts”, “festivals”, and other areas which have been impacted by the COVID-19 pandemic.^(Note)

| Collaboration themes | Kyusyu,Okinawa | Chubu,Hokuriku, Kinki,Chugoku | Kanto | Tohoku | Hokkaido | Nation wide |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Food loss prevention | | |  Go-KINJO Delivery Ranger x OMO5 Tokyo otsuka  Strawberry farmer x KAI Nikko, Kawaji, Kinugawa  Charter boat and long-established confectioner x HOSHINOYA Tokyo |  Hirosaki apple farming assistance x KAI Tsugaru  Gastronomy fair x Hoshino Resorts Aomoriya |  Neighborhood delivery café x OMO7 Asahikawa  Development of tea yokan x KAI brand | |
| Preserving traditional crafts, Helping creators |  Yachimun creator x Hoshino Resorts Banta Cafe  Sanshin performer x HOSHINOYA Taketomi Island |  Shimada Tea Industrial Promotion Association x KAI Enshu  Shinshu pickle shop x KAI Alps |  Mashiko ware artist x KAI Nikko, Kawaji, Kinugawa  Odawara Lantern shop x KAI Hakone  Artist x KAI Sengokuvara | | | |
| Activity | |  Enshu handheld firework pyrotechnician x KAI Enshu  Izumo brewery x KAI Tamatsukuri |  Wine festival x RISONARE Yatsugatake  Nasu discovery BOX x RISONARE Nasu |  Nebuta master x Hoshino Resorts Aomoriya  Hirosaki neputa artist x KAI Tsugaru |  Fireworks x Hoshino Resorts Tomamu | |
| Collaboration with tourism operators | | |  Autumn skybus x KAI Nikko, Kawaji, Kinugawa  Night skybus Tokyo x HOSHINOYA Tokyo |  Skybus Tokyo x Hoshino Resorts Oirase Keiryu Hotel | | |



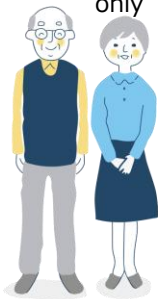
The images with icons at left are activities conducted in concert with the Ministry of Agriculture, Forestry and Fisheries' #GenkiItadakimasuProject (which translates to “Healthily and Happily Eating Project,” a project that supports the consumption of ingredients from Japan that have lost their buyers due to the COVID-19 pandemic).

Development of small-mass marketing

Hoshino Resorts Group has adopted a small-mass marketing strategy that aims to create demand for each of a wide variety of small masses (customer base that is not the majority but has a certain market size) and provides services tailored to customers' age groups and behavior patterns. (Note 1)

Seniors

Hot spring ryokan subscription (Note 2) service "Hot Spring Touring KAI One Year Pass" for those aged 70 or over only



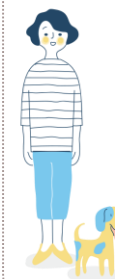
Millennial generation Generation Z

Development of "BEB," a sub-brand targeting people in their 20s



Dog lovers

Expansion of the number of hotels and ryokans where guests can stay with their dogs to 46 from 9

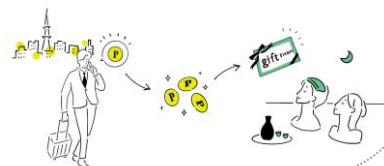


Business

Service collaboration with "WeWork Japan", a flexible office provider



Hoshino Resorts Group's first reward points program "OMO Points"



Hokkaido residents

Seicomart Club members only "Travel Accumulation Hokkaido Travel Project"



New market

Tie-up with "HafH," a travel subscription service provided by KabuK Style Inc.



Appendix

CHAPTER

6






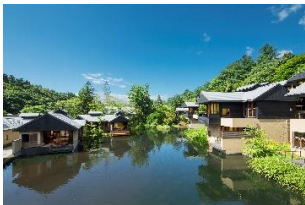






Hoshino
Resorts
REIT

Overview of owned properties by brand (1)

Hoshino Resorts REIT, Inc. owns five diverse brands operated by Hoshino Resorts.











As of December 15, 2022

| Operator | Hoshino Resorts | | | | |
|---------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Brand name |  |  |  |  |  |
| Genre | Flagship | Family resort | High-end hot spring ryokan | Urban hotel | Casual hotel |
| Overview of facility | A brand that provides people with overwhelmingly extraordinary experiences through unique concepts | Western-style hotels combining refined design with a wealth of activities | Sophisticated hot spring ryokans with a comfortable Japanese aesthetic where guests can rediscover regional appeal | Urban tourism hotels that go beyond mere places to sleep, instead making trips even more exciting | More than a Japanese pub, but not quite a full journey - hotels where everyone can kick back and relax |
| Annual ADR (Note 1) | Approx 75,000 yen ^(Note 2) | Approx 43,000 yen | Approx 37,000 yen ^(Note 3) | Approx 11,000 yen | Approx 15,000 yen ^(Note 4) |
| Representative facilities |  HOSHINOYA Karuizawa |  RISONARE Yatsugatake |  KAI Hakone |  OMO7 Asahikawa |  BEB5 Karuizawa |
| Number of owned facilities | 5 | 2 | 13 | 1 | 1 |
| Total acquisition value (ratio) | 31,803 million yen (16.6%) | 8,250 million yen (4.3%) | 28,823 million yen (15.1%) | 4,619 million yen (2.4%) | 2,170 million yen (1.1%) |

Overview of owned properties by brand (2)

Hoshino Resorts REIT, Inc. also invests in properties operated by companies other than Hoshino Resorts which are capable of producing long-term, stable cash flow.

As of December 15, 2022

| | | | | | |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Operator | SHR Roadside Inn Co., Ltd. | IHG ANA Hotels Group Japan LLC, | Hyatt International Asia Pacific Limited | Ishin Hotels Group Co., Ltd. | |
| Brand name |  |  |  |  |  |
| Genre | Roadside hotels | City hotels | City hotels | City hotels | City hotels |
| Overview of facility | Lodging-focused hotels near expressway interchanges and major arterial roads | Upscale hotels that combine the world-class services of Crowne Plazas with the high-quality hospitality of ANA hotels | Iconic luxury hotels that offer grand stays | Hotels designed to maximize the value of connections | Stylish city hotels located in major cities across the nation |
| Annual ADR (Note) | Approx 6,000 yen | Approx 13,000 yen | Approx 29,000 yen | Approx 16,000 yen | Approx 10,000 yen |
| Representative facilities |  Chisun Inn Fukushima Nishi IC |  ANA Crowne Plaza Toyama |  Grand Hyatt Fukuoka |  Hyatt Regency Osaka |  the b akasaka |
| Number of owned facilities | 22 | 3 | 1 | 1 | 4 |
| Total acquisition value (ratio) | 15,995 million yen (8.4%) | 28,401 million yen (14.9%) | 7,700 million yen (4.0%) | 16,000 million yen (8.4%) | 20,800 million yen (10.9%) |

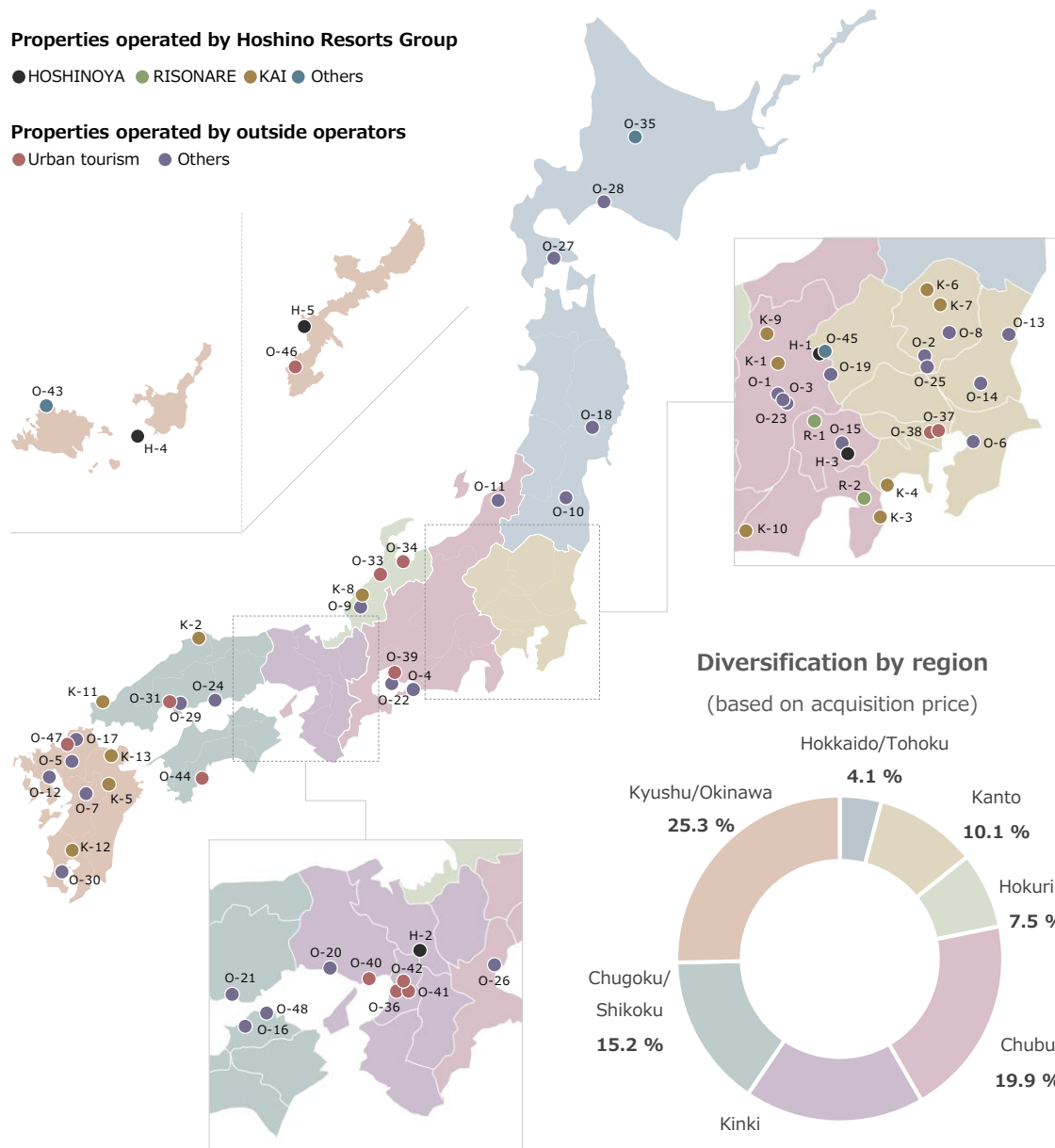
Status of portfolio

Properties operated by Hoshino Resorts Group

● HOSHINOYA ● RISONARE ● KAI ● Others

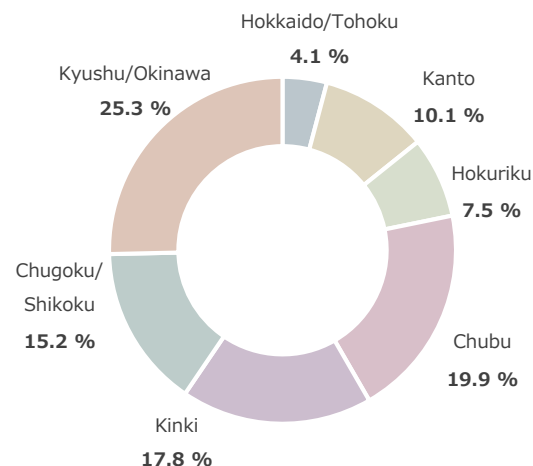
Properties operated by outside operators

● Urban tourism ● Others



Diversification by region

(based on acquisition price)



As of December 15, 2022

| Categ ory | Property no. | Property name |
|-----------|--------------|---------------|
|-----------|--------------|---------------|

Properties operated by Hoshino Resorts Group

| | |
|------|---------------------------|
| H-1 | HOSHINOYA Karuizawa |
| H-2 | HOSHINOYA Kyoto |
| H-3 | HOSHINOYA Fuji |
| H-4 | HOSHINOYA Taketomi Island |
| H-5 | HOSHINOYA Okinawa |
| R-1 | RISONARE Yatsugatake |
| R-2 | RISONARE Atami |
| K-1 | KAI Matsumoto |
| K-2 | KAI Tamatsukuri |
| K-3 | KAI Ito |
| K-4 | KAI Hakone |
| K-5 | KAI Aso |
| K-6 | KAI Kawaji |
| K-7 | KAI Kinugawa |
| K-8 | KAI Kaga |
| K-9 | KAI Alps |
| K-10 | KAI Enshu |
| K-11 | KAI Nagato |
| K-12 | KAI Kirishima |
| K-13 | KAI Beppu |
| O-35 | OM07 Asahikawa |
| O-43 | Iriomote Hotel |
| O-45 | BEB5 Karuizawa |

Properties operated by outside operators

| | |
|------|------------------------------------|
| O-31 | ANA Crowne Plaza Hiroshima |
| O-33 | ANA Crowne Plaza Kanazawa |
| O-34 | ANA Crowne Plaza Toyama |
| O-36 | Hyatt Regency Osaka |
| O-37 | the b Akasaka |
| O-38 | the b Sangenjaya |
| O-39 | the b Nagoya |
| O-40 | the b Kobe |
| O-41 | Quintessa Hotel Osaka Shinsaibashi |
| O-42 | hotel androoms Osaka Hommachi |

| Categ ory | Property no. | Property name |
|-----------|--------------|---------------|
|-----------|--------------|---------------|

| | |
|------|-----------------------------------|
| O-44 | Hotel Nikko Kochi Asahi Royal |
| O-46 | Sol Vita Hotel Naha |
| O-47 | Grand Hyatt Fukuoka |
| O-1 | Chisun Inn Shiojiri Kita IC |
| O-2 | Chisun Inn Sano Fujioka IC |
| O-3 | Chisun Inn Suwa IC |
| O-4 | Chisun Inn Toyokawa IC |
| O-5 | Chisun Inn Tosu |
| O-6 | Chisun Inn Chiba Hamano R16 |
| O-7 | Chisun Inn Kumamoto Miyukifueda |
| O-8 | Chisun Inn Utsunomiya Kanuma |
| O-9 | Chisun Inn Fukui |
| O-10 | Chisun Inn Fukushima Nishi IC |
| O-11 | Chisun Inn Niigata Chuo IC |
| O-12 | Chisun Inn Omura Nagasaki Airport |
| O-13 | Chisun Inn Hitachinaka |
| O-14 | Chisun Inn Tsuchiura Ami |
| O-15 | Chisun Inn Kofu Isawa |
| O-16 | Chisun Inn Marugame Zentsuji |
| O-17 | Chisun Inn Munakata |
| O-18 | Chisun Inn Iwate Ichinoseki IC |
| O-19 | Chisun Inn Karuizawa |
| O-20 | Chisun Inn Himeji Yumesakibashi |
| O-21 | Chisun Inn Kurashiki Mizushima |
| O-22 | Candeo Hotels Handa |
| O-23 | Candeo Hotels Chino |
| O-24 | Candeo Hotels Fukuyama |
| O-25 | Candeo Hotels Sano |
| O-26 | Candeo Hotels Kameyama |
| O-27 | Comfort Hotel Hakodate |
| O-28 | Comfort Hotel Tomakomai |
| O-29 | Comfort Hotel Kure |
| O-30 | Chisun Inn Kagoshima Taniyama |
| O-48 | Comfort Hotel Takamatsu |

Properties operated by Hoshino Resorts

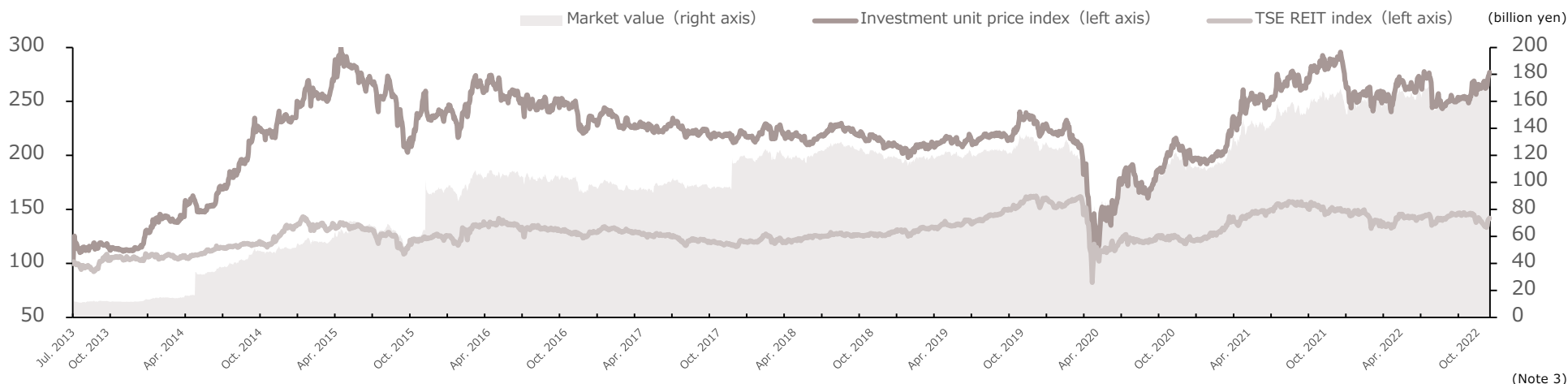
| Name of property | Nov. 2020 ~ Oct. 2021 | Nov. 2021 ~ Oct. 2022 | Change |
|---------------------------|--------------------------|--------------------------|--------|
| HOSHINOYA Karuizawa | 0.2% | 1.8% | +1.6pt |
| HOSHINOYA Kyoto | 0.1% | 4.3% | +4.2pt |
| HOSHINOYA Fuji | 0.4% | 2.3% | +1.9pt |
| HOSHINOYA Taketomi Island | 0.2% | 0.5% | +0.3pt |
| HOSHINOYA Okinawa | - | 1.1% | +1.1pt |
| RISONARE Yatsugatake | 0.0% | 0.1% | +0.1pt |
| RISONARE Atami | 0.0% | 0.1% | +0.1pt |
| KAI Matsumoto | 0.0% | 0.6% | +0.5pt |
| KAI Tamatsukuri | 0.0% | 0.1% | +0.1pt |
| KAI Ito | 0.0% | 0.3% | +0.3pt |
| KAI Hakone | 0.0% | 0.8% | +0.8pt |
| KAI Aso | 0.1% | 0.3% | +0.2pt |
| KAI Kawaji | 0.0% | 0.1% | +0.1pt |
| KAI Kinugawa | 0.0% | 0.2% | +0.2pt |
| KAI Kaga | 0.0% | 0.1% | +0.0pt |
| KAI Alps | 0.0% | 0.3% | +0.3pt |
| KAI Enshu | 0.0% | 0.1% | +0.1pt |
| KAI Nagato | 0.0% | 0.1% | +0.1pt |
| KAI Kirishima | - | 0.1% | +0.1pt |
| KAI Beppu | - | 0.2% | +0.2pt |
| OMO7 Asahikwa | 0.4% | 0.3% | -0.1pt |
| Iriomote Hotel | 0.0% | 0.0% | +0.0pt |
| BEB5 Karuizawa | - | 0.1% | +0.1pt |

Properties operated by outside operators

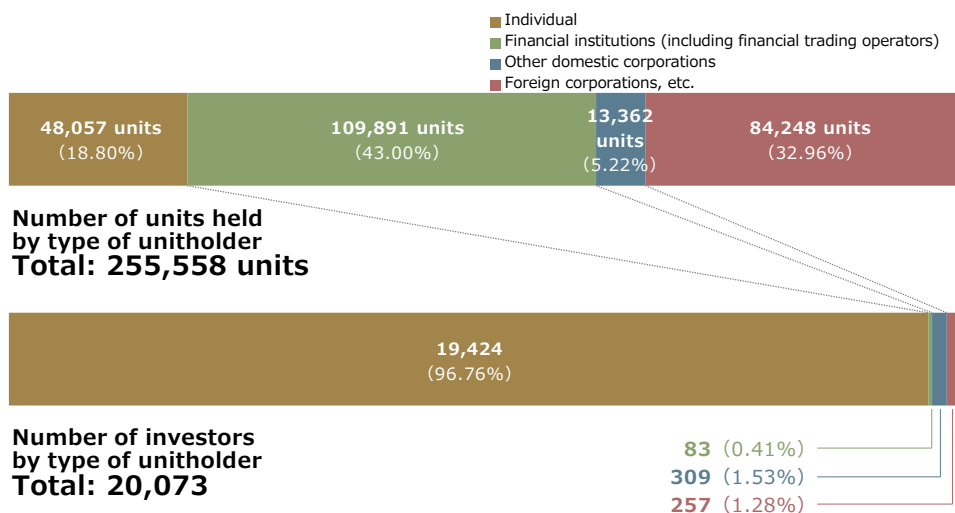
| Name of property | Nov. 2020 ~ Oct. 2021 | Nov. 2021 ~ Oct. 2022 | Change |
|------------------------------------|--------------------------|--------------------------|---------|
| 22 Roadside Properties | 0.0% | 0.0% | +0.0pt |
| ANA Crowne Plaza Hiroshima | 1.2% | 5.5% | +4.3pt |
| ANA Crowne Plaza Kanazawa | 0.1% | 1.3% | +1.2pt |
| ANA Crowne Plaza Toyama | 0.1% | 1.9% | +1.8pt |
| Hyatt Regency Osaka | 2.4% | 26.8% | +24.4pt |
| Grand Hyatt Fukuoka | 1.8% | 6.3% | +4.5pt |
| the b akasaka | 1.3% | 2.3% | +1.0pt |
| the b sangenjaya | 0.2% | 1.5% | +1.3pt |
| the b nagoya | 0.4% | 1.7% | +1.3pt |
| the b kobe | 0.1% | 1.9% | +1.8pt |
| hotel androoms Osaka Hommachi | 0.0% | 0.9% | +0.9pt |
| Sol Vita Hotel Naha | 0.1% | 0.0% | -0.1pt |
| Quintessa Hotel Osaka Shinsaibashi | 8.2% | 1.0% | -7.2pt |
| Overall portfolio | 0.4% | 2.0% | +1.6pt |

Change in market value and investment unit price/ Information on unitholders as of the end of the fiscal period ended October 2022

Change in market value and investment unit price (Note 1)



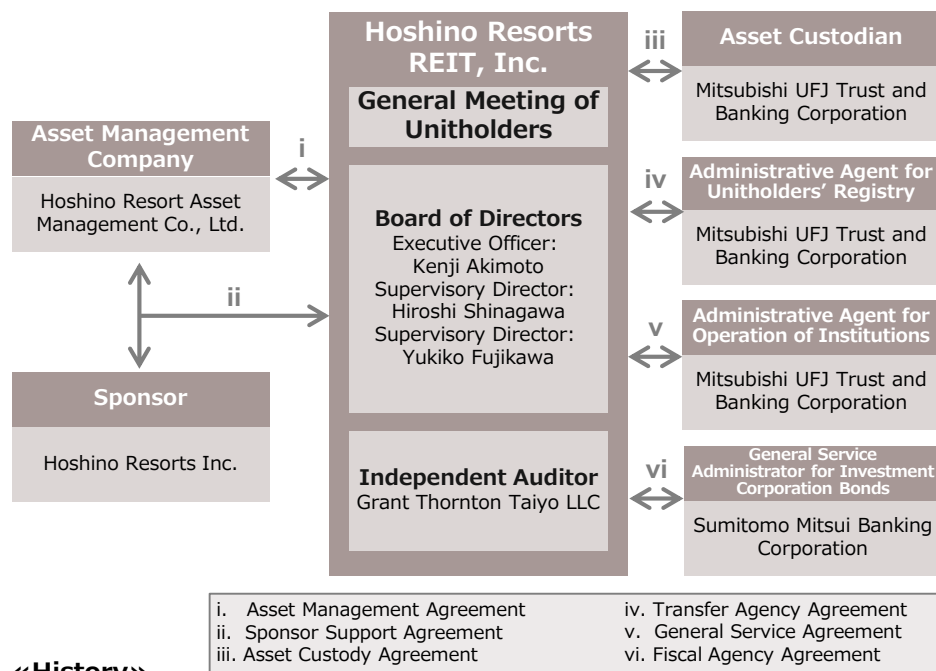
Composition of unitholders (as of October 31, 2022) (Note 2)



| Major unitholders | Number of investment units held (units) | Ratio(%) |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 42,641 | 16.68 |
| Custody Bank of Japan, Ltd. (Trust account) | 34,284 | 13.41 |
| BNP PARIBAS SECURITIES SERVICES SINGAPORE /JASDEC/CLIENT ASSET(Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 19,777 | 7.73 |
| The Nomura Trust and Banking Co., Ltd. (Investment trust account) | 11,394 | 4.45 |
| K.K. Horizon Hotels. Pty. Ltd. | 4,732 | 1.85 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank Settlement & Clearing Services Department) | 4,038 | 1.58 |
| SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 2,998 | 1.17 |
| J.P. MORGAN BANK LUXEMBOURG S.A. 381572 (Standing proxy: Mizuho Bank Settlement & Clearing Services Department) | 2,987 | 1.16 |
| STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank Settlement & Clearing Services Department) | 2,884 | 1.12 |
| JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank Settlement & Clearing Services Department) | 2,790 | 1.09 |
| Total | 128,525 | 50.29 |

Overview of Hoshino Resorts REIT, Inc. and Asset Management Company

Structure of Hoshino Resorts REIT, Inc.



«History»

February 28, 2013

Application for registration of Hoshino Resorts REIT, Inc. was filed by the organizer (Hoshino Resort Asset Management Co., Ltd.) under Article 69-1 of the Act on Investment Trusts and Investment Corporations (Investment Trusts Act)

March 6, 2013

Hoshino Resorts REIT, Inc. was registered and established under Article 166 of the Investment Trusts Act

March 25, 2013

Application for registration of Hoshino Resorts REIT, Inc. was filed under Article 188 of the Investment Trusts Act

April 10, 2013

Hoshino Resorts REIT, Inc. was registered by the Prime Minister under Article 187 of the Investment Trusts Act (registration number 84, filed with the Director of the Kanto Local Finance Bureau)

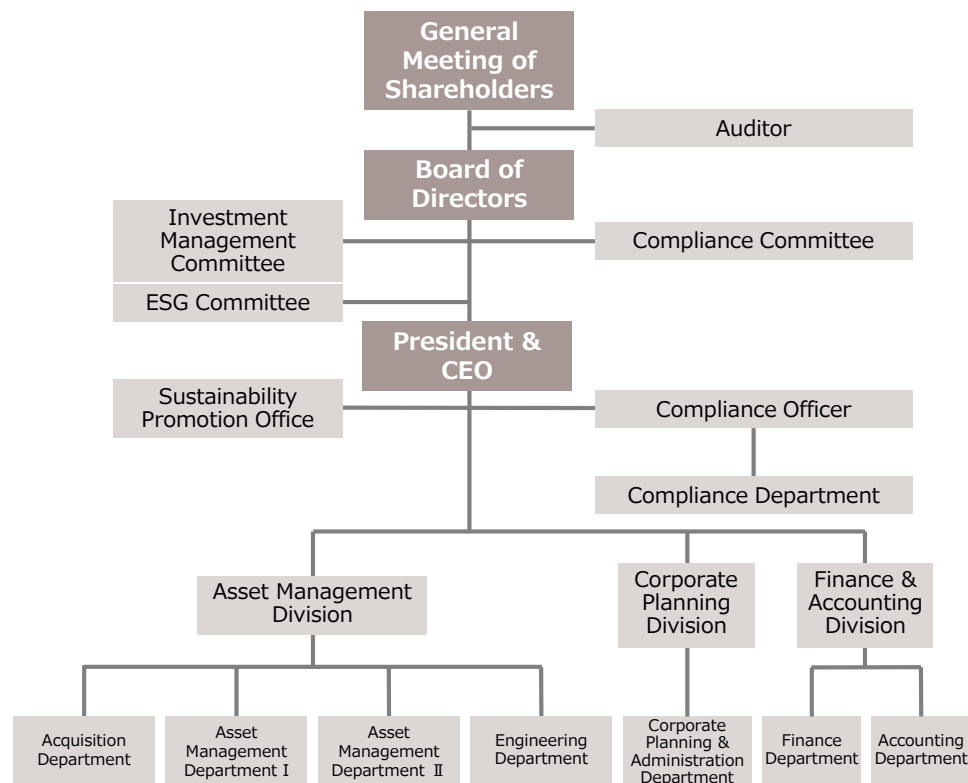
July 12, 2013

Hoshino Resorts REIT, Inc. was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (securities code: 3287)

July 16, 2013

Asset management started

Structure of Asset Management Company



«Overview»

Name

Address

Date of Establishment

Paid-in Capital

Shareholder

Registration and Licenses

Hoshino Resort Asset Management Co., Ltd.

6-18, Kyobashi 3-chome, Chuo-ku, Tokyo

May 14, 2010

100 million yen

Hoshino Resorts Inc. 100%

Registration as a Financial Instruments Business: Director of Kanto Local Finance Bureau (Kin-sho) No. 2405 Discretionary Real Estate Transaction License: The Minister of Land, Infrastructure, Transportation and Tourism No.74 Building Lots and Buildings Transaction Business License: The Governor of Tokyo No. (3) 94316

P7

Note 1: The timing of floating rents arising and the specific calculation methods vary depending on the property. The starting dates of floating rent are stated as November 1, 2022 (20th FP) for Iriomote Hotel; May 1, 2023 (21st FP) for BEB5 Karuizawa; November 1, 2023 (22nd FP) for KAI Nagato; November 1, 2023 (22nd FP) for KAI Beppu; November 1, 2024 (24th FP) for OMO7 Asahikawa; November 1, 2024 (24th FP) for HOSHINOYA Okinawa; and May 1, 2025 (25th FP) for KAI Kirishima. Therefore, floating rent will not arise prior to those said dates regardless of the amounts of sales or profits of the hotels, ryokans, or ancillary facilities. This also applies hereafter.

Note 2: Periods during which states of emergency were declared for Tokyo are indicated as "States of Emergency." This also applies hereafter.

P8

Note: Since split of investment units was implemented on November 1, 2016, distribution per unit for the 7th FP and before indicated are one-half of the actual amount considering the split.

P10

Note 1: Factors differ depending on property.

Note 2: On November 1, 2022, the rent format for KAI Tamatsukuri changed from "fixed rent + floating rent (standard: facility sales)" to "fixed rent + floating rent (standard: facility profit)".

P12

Note 1: When calculating percentages, in conjunction with the opening of RISONARE Osaka (within Hyatt Regency Osaka), the acquisition price of Hyatt Regency Osaka was divided between Hyatt Regency Osaka and RISONARE Osaka based on their respective numbers of guestrooms. This also applies hereafter.

Note 2: This includes refinancing in May 2022.

Note 3: The "total amount financed" is the sum of the amount paid in for the capital increase through the May 2021 Third-Party Allotment, the November 2021 Public Offering, and the July 2022 Public Offering.

P13

Note: Flights to/from Seoul resumed on November 23, 2022. As of December 8, flights to/from Taipei are scheduled to resume from January 19, 2023. The dates of resumptions of flights to/from Hong Kong and Shanghai have yet to be decided. Please see the Takamatsu Airport website for the latest information regarding flights.

P14

Note 1: The information presented on this page and the following page is accurate as of the date of the date of publication of this material and is subject to change without notice in the future.

Note 2: The room shown in the photo is the Atelier Room Deluxe.

P18

Note 1: Properties acquired after May 2018 are not included.

Note 2: Figures prior to October 2019 are not shown for "BEB5 Karuizawa" (opened in February 2019), as it does not have annual operating results until October 2019.

P19

Note 1: As "BEB5 Karuizawa" opened in February 2019, the year-on-year performance for January 2020 is not available. In addition, January 2021 and January 2022 are calculated by comparison with January 2020. Furthermore, since the operation was not stable for a certain period after opening, February and March 2021 and February and March 2022 are calculated in comparison with February and March 2020, respectively.

Note 2: Properties acquired after January 2019 are not included.

P21

Note: Of the 5 HOSHINOYA properties, HOSHINOYA Okinawa was acquired on July 1, 2022, so when calculating figures for comparing results to those of the end of the fiscal period for this property, the figures indicated in the real estate appraisals, etc., as of the time of acquisition of the property were used.

P22

Note 1: The "loan consortium arranged by MUFG Bank (consisting of five banks)" refers to MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, the Bank of Fukuoka, Ltd., and Bank of Kyoto, Ltd.

Note 2: HRR has fixed the "borrowing rate (annual)" by applying fixed interest or entering into an interest rate swap agreement. This also applies hereafter.

P24

Note: This conceptual diagram was created by the Asset Management Company to present information such as HRR's sustainability investment policies in a clear and understandable way. It does not constitute a guarantee of the accuracy or future actualization of the information presented.

P30

Note: "WBF" collectively refers to two companies, WBF Hotel & Resorts Co., Ltd. and White Bear Family Co., Ltd., and their subsidiaries, etc. The same applies hereinafter.

P34

Note: "Hot water supply heat pump unit utilizing seawater desalination heat sources" was developed by Zeneral Heatpump Industry Co., Ltd. and Energia® Inc. for use at HOSHINOYA Taketomi Island, and a patent for the system's technology has been applied for as of the date of this document's release.

P35

Note 1: The indicated figures are based on the figures provided by the operators of individual properties.

Note 2: Data are collected from April to March each year.

Note 3: Of the properties owned by HRR, those with 100% of the area of data acquisition are covered.

Note 4: Primary units are calculated as (energy consumption of owned properties for which data has been acquired for 100% of the property area) ÷ primary unit denominator (total area (m2) of owned properties for which data has been acquired for 100% of the property area).

Note 5: Primary units are calculated as (greenhouse gas (GHG) emissions of owned properties for which data has been acquired for 100% of the property area) ÷ primary unit denominator (total area (m2) of owned properties for which data has been acquired for 100% of the property area).

Note 6: Primary units are calculated as (water consumption of owned properties for which data has been acquired for 100% of the property area) ÷ primary unit denominator (total area (m2) of owned properties for which data has been acquired for 100% of the property area).

Note 7: A recycling rate is calculated as (waste recycled from the property with 100% of the area of data acquisition among the properties owned) ÷ (waste generated from the property with 100% of the area of data acquisition among the properties owned).

Note 8: The leasable floor area is the area indicated in leasing agreements for each property.

Note 9: The "Execution ratio based on leasable floor area" is calculated using the following formula. "Execution ratio based on leasable floor area" = total leasable area of properties that have concluded green lease agreements ÷ total leasable area of properties in portfolio x 100

Note 10: For some properties, evaluations are performed on an individual building basis. When that is the case, the evaluation results shown are those of the building (the evaluated building) with the highest evaluation for each property.

Note 11: "Green finance available amount" is calculated by multiplying the total acquisition price of properties that meet eligibility criteria as of the date of this document by the LTV forecast for April 30, 2023, based on the Green Finance Framework developed by HRR.

Note 12: "Sustainability finance available amount" is calculated by multiplying the total acquisition price of properties that meet eligibility criteria as of the date of this document by the LTV forecast for April 30, 2023, based on the Sustainability Finance Framework developed by HRR.

Note 13: "Green finance capacity" is calculated by deducting the principal balance of green loans and green bonds that HRR has executed as of the date of this document from the amount of green finance available.

P41

Note: This page contains examples of major local collaboration projects that have been carried out by Hoshino Resorts by the date of this document's creation. It does not constitute a guarantee that these projects are currently being implemented as of the date of this document's creation.

P42

Note 1: The services indicated on this page are some of the services offered by Hoshino Resorts Group as of the day of the creation of this document. These services also include services provided by properties other than those owned by HRR.

Note 2: Due to popular demand, this service has sold out and applications for the service are no longer being accepted. It is unknown when applications will be accepted again.

P44

Note 1: The Annual ADR is a reference value calculated based on the period between November 2018 and October 2019.

Note 2: Annual ADR for the HOSHINOYA brand is indicated for four HOSHINOYA properties and does not include HOSHINOYA Okinawa.

Note 3: Annual ADR for the KAI brand is the ADR for 13 KAI properties other than KAI Enshu, KAI Nagato, KAI Kirishima and KAI Beppu.

Note 4: Annual ADR for BEB5 Karuizawa is a reference value calculated based on the average ADR for the nine-month period between February and October 2019.

P45

Note: The Annual ADR is a reference value calculated based on the period between November 2018 and October 2019. Annual ADR for Grand Hyatt Fukuoka was calculated based on the period from January to December 2019.

P48

Note 1: The starting date for the above graph is July 11, 2013, which was the business day preceding the listing day. The investment prices have been converted into an index by setting one-half of 510,000 Yen (the issue price at the public offering conducted on July 11, 2013) as 100 (considering the investment unit 2-for-1 split on November 1, 2016), and the investment unit prices for October 26, 2016 (final trading day before split) and earlier were similarly adjusted to half their former price before conversion. In addition, the TSE REIT index was re-indexed by setting the closing price of July 11, 2013 as 100.

Note 2: The ratios in the parentheses following the number of units held by type of unitholder represent the ratio of units held by each type of unitholder to the total number of issued investment equity units. The ratios in the parentheses following the number of investors by type of unitholder represent the ratio of investors by each type of unitholder to the total number of investors owning Hoshino Resorts REIT, Inc.. Each is rounded down to the second decimal place.

Note 3: Ratio indicates the ratio of the number of investment units held to the total investment units issued and outstanding, rounded down to two decimal places. Given the merger carried out on October 1, 2022, in which K.K. Horizon Hotels. Pty. Ltd. was the company surviving the absorption-type merger and HRO Inc. and KK IHB were the companies absorbed in the absorption-type merger, the number of investment units owned by K.K. Horizon Hotels. Pty. Ltd. was calculated as the sum of the number of investment units owned by K.K. Horizon Hotels. Pty. Ltd. as listed in the investors' registry and the number of investment units owned by HRO Inc. and KK IHB. The results of this calculation are reflected in the ordering of the chart and the percentages used therein.

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Asset Management Company: Hoshino Resort Asset Management Co., Ltd. (Financial instruments business operator, Director of Kanto Local Finance Bureau (Kin-sho) No. 2405, Member of the Investment Trusts Association, Japan)