



Supplementary Explanatory Materials: Press Releases Issued on June 15, 2022

"Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units"
"Notice Concerning Acquisition and Lease of Domestic Real Estate (HOSHINOYA Okinawa (77.47% co-ownership))"

Securities Code: 3287

<https://www.hoshinoresorts-reit.com/en/>

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

June 15, 2022

This document contains and organizes additional information pertaining to press releases “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Concerning Acquisition and Lease of Domestic Real Estate (HOSHINOYA Okinawa (77.47% co-ownership))” dated June 15, 2022. For details of this public offering (defined on page 4), please refer to the “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated June 15, 2022.

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REIT Securities Issuer: Hoshino Resorts REIT, Inc. (securities code: 3287)

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)



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

Investment Highlights

- 1 Aiming to achieve a medium-term target of 300 billion yen in assets^(Note 1), accelerated the growth phase with a view to increasing the ratio of properties operated by Hoshino Resorts Group^(Note 2) to more than 50%
- 2 Realizing sustainable external growth by leveraging Hoshino Resorts Group's growth cycle of "ownership," "operation," and "development"
- 3 Acquiring HOSHINOYA Okinawa, HRR's trophy asset^(Note 3)

(Note 4)



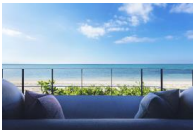
Investment Highlights (1): Aiming to achieve a medium-term target of 300 billion yen in assets, accelerated the growth phase with a view to increasing the ratio of properties operated by Hoshino Resorts Group to more than 50%

Outline of the public offering

HRR will aim for external growth that helps to increase investor value through acquisition of HOSHINOYA Okinawa, Hoshino Resorts Group's flagship brand (Note 1), and efficient financing backed by its good reputation in the capital market.

Outline of the public offering (Note 2)

Assets to be acquired

Property name	HOSHINOYA Okinawa
Lessee and operator	Hoshino Resorts Group (Note 3)
Picture of property	
Acquisition method (Note 4)	Sponsor pipeline (Note 5) (DBJ joint fund development (Note 4))
Completion date (Note 6)	November 2019 (2 years and 7 months)
Planned acquisition date (Note 7)	July 1, 2022
Planned acquisition price (Note 8)	12,210 million yen
Real estate appraisal value (Note 9)	13,300 million yen
To real estate appraisal value (Note 10)	91.8%

	Before the PO (Note 11)	After the PO (Note 12)
No. of properties	65 _{properties}	66 _{properties}
Asset size (Note 13)	176.8 _{billion yen}	189.0 _{billion yen}
Ratio of properties operated by Hoshino Resorts Group	37.9%	42.0%
Unitholders' capital (Notes 14, 18)	117.2 _{billion yen}	124.4 _{billion yen}
NAV per unit (Note 15)	537,090 _{yen}	545,214 _{yen}
LTV (Notes 16, 18)	35.5%	36.2%
Acquisition capability (Notes 17, 18)	14.3 _{billion yen}	12.9 _{billion yen}

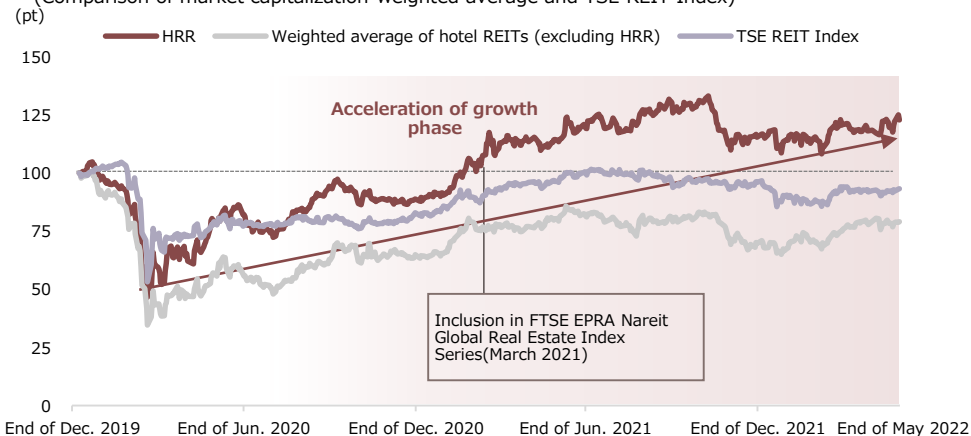
Aim of HRR

1. To increase asset size and improve portfolio quality by acquiring the newest property of "HOSHINOYA", Hoshino Resorts Group's flagship brand
2. To improve the growth potential and stability of earnings by increasing the ratio of properties operated by Hoshino Resorts Group
3. To increase NAV per unit through the public offering at a firm investment unit price in addition to acquisition of property at a reasonable price

Good reputation in the capital market under the COVID-19 pandemic (Note 19)

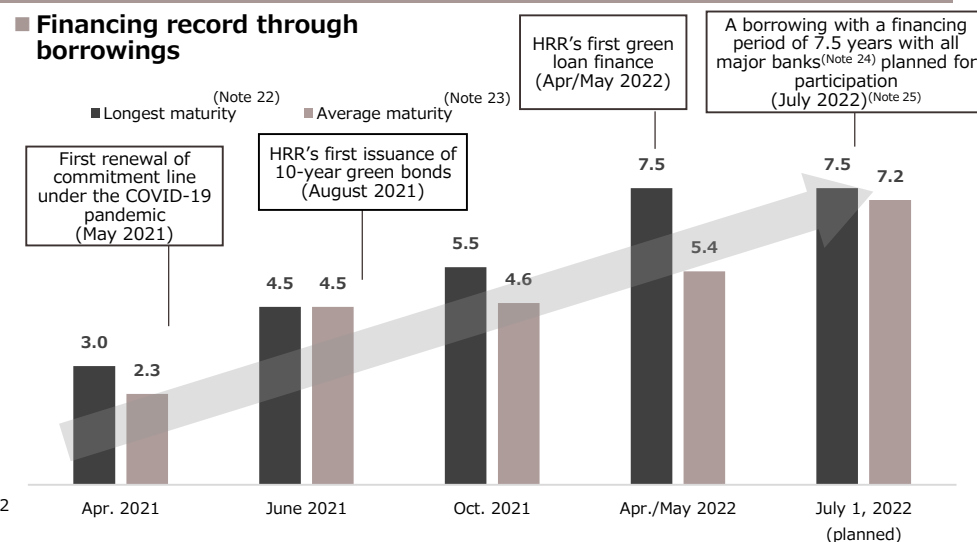
Investment unit price (Note 21) of HRR and Hotel REITs (excluding HRR) (Note 20)

(Comparison of market capitalization-weighted average and TSE REIT Index)



Source: Prepared by the Asset Management Company, based on data from QUICK Corp.

Financing record through borrowings

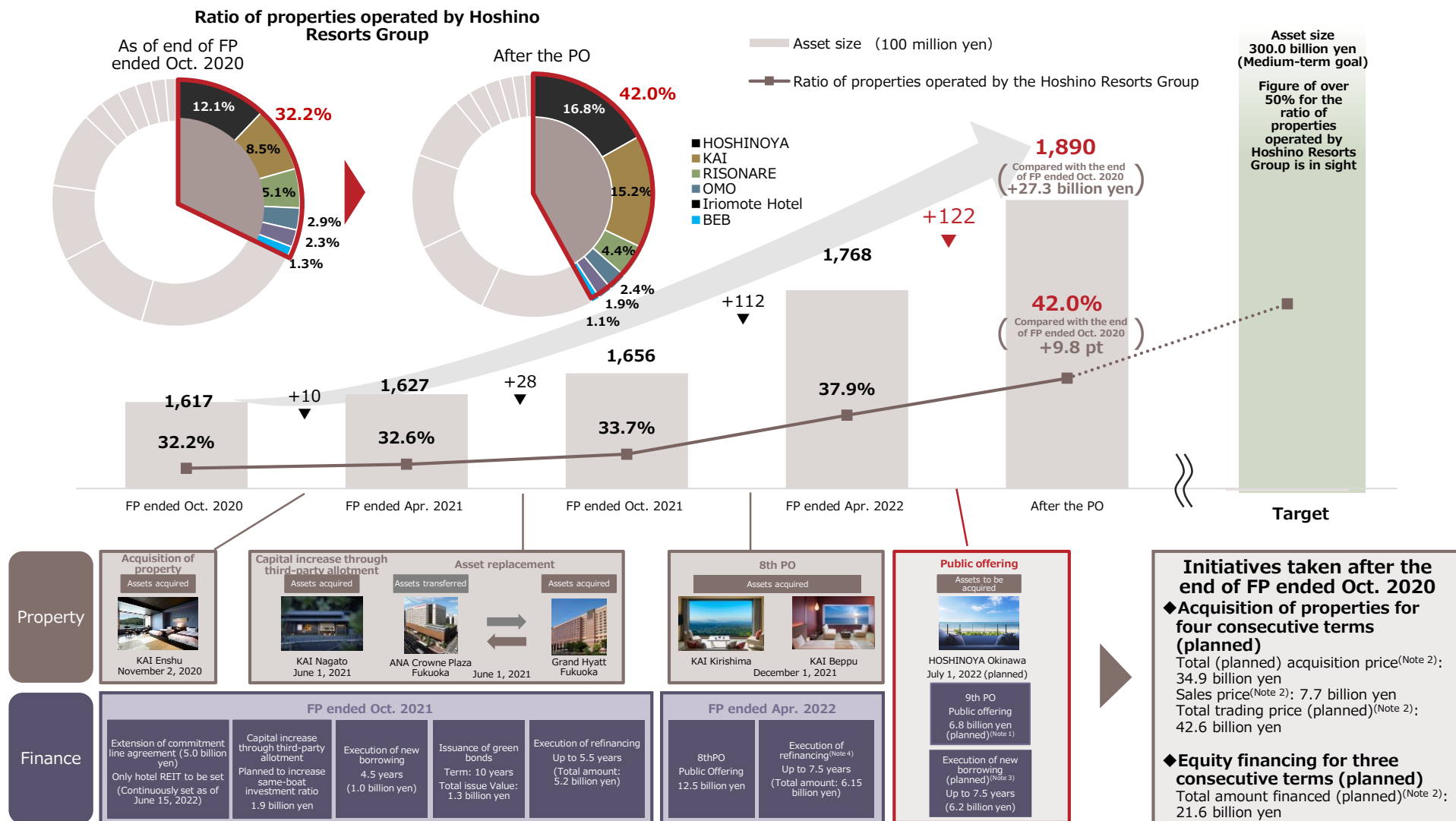


Investment Highlights (1): Aiming to achieve a medium-term target of 300 billion yen in assets, accelerated the growth phase with a view to increasing the ratio of properties operated by Hoshino Resorts Group to more than 50%

Active efforts promoted under the COVID-19 pandemic

HRR will continue to keep actively working for further growth, with the aim of achieving 300.0 billion yen in asset size and over 50% in the ratio of properties operated by Hoshino Resorts Group.

Trend of the asset size of HRR

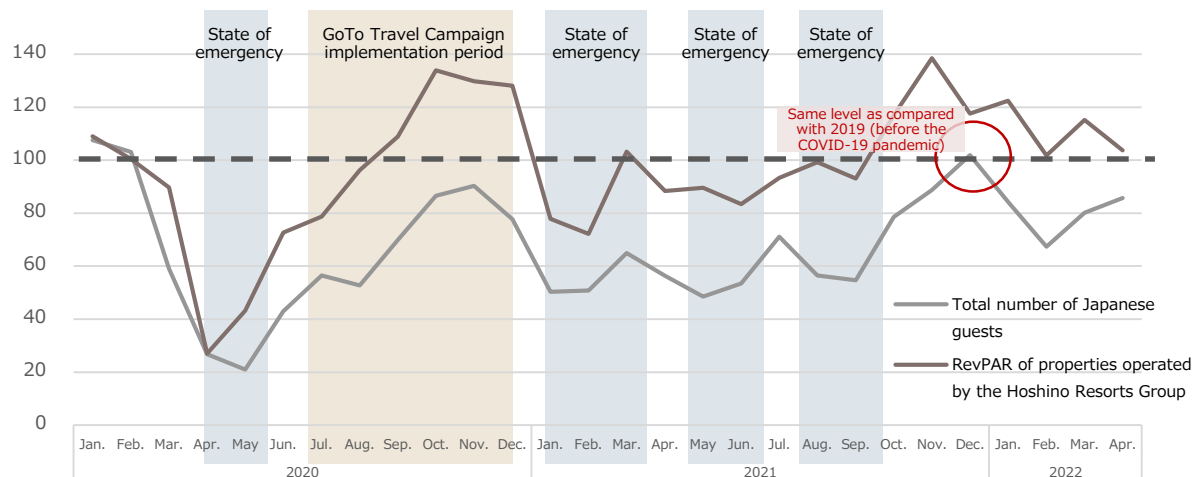


Investment Highlights (1): Aiming to achieve a medium-term target of 300 billion yen in assets, accelerated the growth phase with a view to increasing the ratio of properties operated by Hoshino Resorts Group to more than 50%

Environment surrounding the tourism industry

HRR believes that travel demand, considered an important form of entertainment for many people today, recovered to the same level as before the COVID-19 pandemic in December 2021 and will continue to recover. Hoshino Resorts Group has maintained a solid track record through the COVID-19 pandemic by providing services suitable for microtourism^(Note 1).

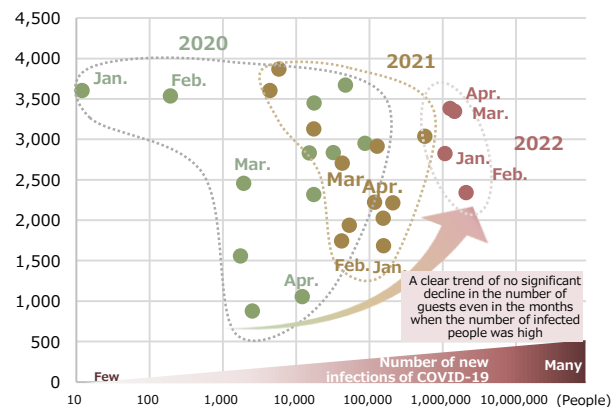
■ Trends in RevPAR^(Note 2) of the total number of guests in Japan and properties operated by Hoshino Resorts Group (2019 monthly figures are indexed at 100)



Source: Prepared by the Asset Management Company based on the Ministry of Land, Infrastructure, Transport and Tourism's "Accommodation Survey"

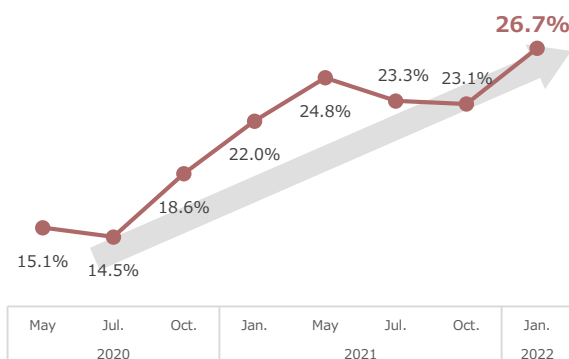
■ Relationship between the monthly total number of Japanese guests and the number of new infections

Monthly total number of Japanese guests (10,000 people)



Source: Prepared by the Asset Management Company based on the Ministry of Land, Infrastructure, Transport and Tourism's "Accommodation Survey" and the Ministry of Health, Labour and Welfare's "Open Data" on COVID-19

■ Changes in the number of people who want to travel more than ever after the COVID-19 pandemic has been resolved



Source: Prepared by the Asset Management Company based on The Japan Travel Bureau Foundation's "Trends of Japanese tourists under COVID-19 pandemic (Part 16)"

Yoshiharu Hoshino, CEO, Hoshino Resorts ~Benefits of travel~



"Travel is essential for modern people"

While the number of travelers dropped sharply because of the government's request, travelers returned quickly as the infections stopped. This means that travel has a more established role as "part of people's lives" than one might imagine and is the opposite of unnecessary and non-urgent. The benefits of travel include stress relief, extraordinary experiences, and communication with family members. Travel is firmly rooted in our daily lives as an event that adds color to our lives. In particular, I felt that the role of travel during the COVID-19 pandemic, which caused a great sense of being cooped up, was recognized as being as necessary as food, clothing, and shelter.

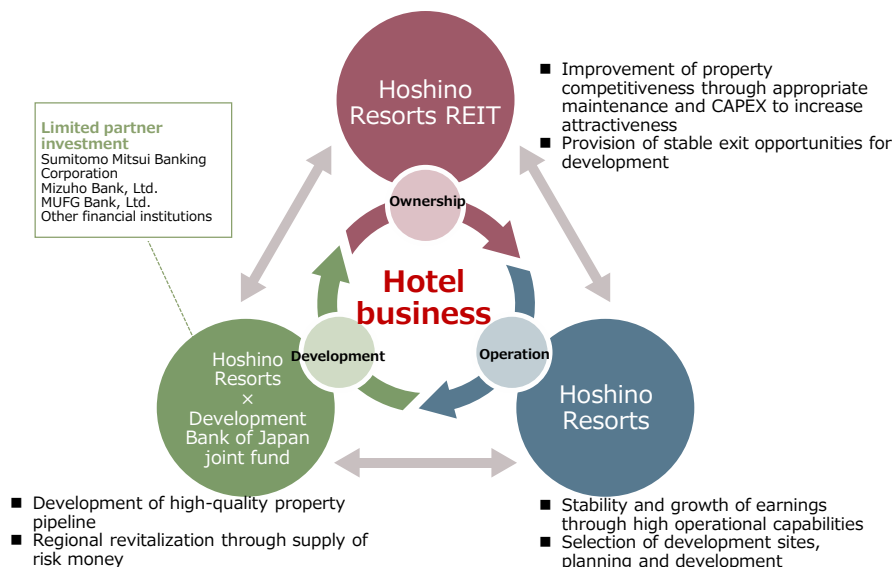
"Even if you don't go far, the benefits of travel will not change"

Hoshino Resorts Group has long promoted microtourism. Customers who can drive one or two hours from home have visited our hotel many times. Many of them said that they had the same pleasure as going abroad and Japanese *ryokans* (inns) and resorts had improved. There was no need to travel overseas because it was just as effective as a normal trip. The COVID-19 pandemic has made me realize once again the great demand and importance of microtourism.

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 (Note 1)

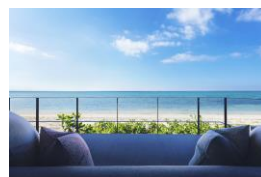


9 properties operated by Hoshino Resorts Group have been completed or are under development through the DBJ joint fund (Note 2)

Of them, 5 properties (29.2 billion yen planned acquisition price basis) have been acquired or are planned to be acquired by HRR



Assets to be acquired

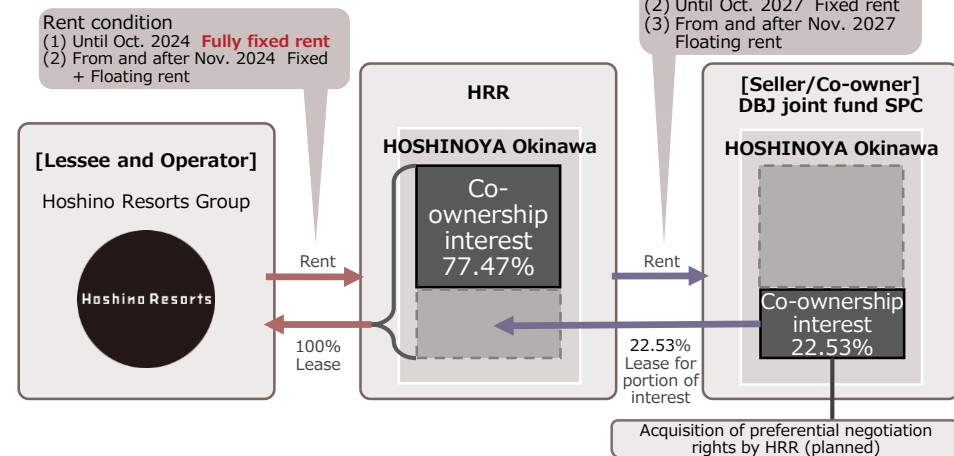


HOSHINOYA Okinawa

By building a structure suitable for the current environment, we expect to acquire properties from Hoshino Resorts x Development Bank of Japan joint fund for the third consecutive fiscal year.

- **External growth embracing opportunity to acquire high-quality, recently built properties at a reasonable price**
Acquisition of the newest facility of "HOSHINOYA", Hoshino Resorts Group's flagship brand, is planned by embracing the opportunity to acquire at a reasonable price (91.8% of the real estate appraisal value), only made possible under the current environment where overheating is difficult in the competition of hotel property acquisition due to the impact of the COVID-19 pandemic. COVID-19 pandemic risk (Note 4) will also be taken into consideration.
- **Reduction of impact of COVID-19 risk through rent specification based on sponsor commitment**
Agreement was reached with Hoshino Resorts to set fully fixed rent for a period of two years and four months after acquisition on the back of its commitment to HRR and operation of the property (Note 5).
- **Planning to obtain preferential negotiation rights for the 22.53% co-ownership interest intended to be held continuously by the joint fund SPC**
Probability of acquisition was increased from the preferential negotiation rights obtained in view of future acquisition of unacquired portions.

Holding structure (Note 6)



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 (Note 1, 2)

Facilities owned by Hoshino Resorts Group

Start of operation	Name of facility
1992	Onward Beach Resort Guam
1995	Karuizawa Hotel Bleston Court
2003	Bandai-san 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 (after acquisition of the assets to be acquired))
2022	KAI Poroto
2022	OMO7 Osaka
2022 (planned)	KAI Unzen

Hoshino Resorts Group development projects (part)

Start of operation	Location
2022 (planned)	Yufu-shi, Oita (KAI Yufuin)
2022 (planned)	Izumo-shi, Shimane (KAI Izumo)
2023 (planned)	Kumamoto-shi, Kumamoto
2024 (planned)	Nara-shi, Nara (former Nara Prison)
2025 (planned)	Yokohama-shi, Kanagawa
2025 (planned)	Shimonoseki-shi, Yamaguchi (RISONARE Shimonoseki (tentative name))
2025 (planned)	Katsuyama-shi, Fukui
TBA	Asuka-mura, Nara
TBA	Wazuka-cho, Kyoto
TBA	Gotanda, Shinagawa-ku, Tokyo

Facilities owned by WBF (Note 3)

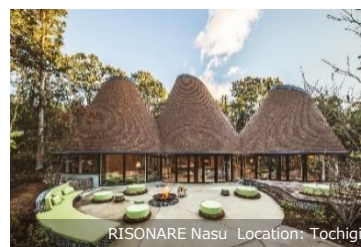
Start of operation	Name of facility
2010	Hotel WBF Kushiro
2014	Hotel WBF Grande Hakodate
2015	Hotel WBF Grande Asahikawa
2018	Hotel WBF Namba Kuromon
2019	Hotel WBF Hakodate Watatsumino Yu
2019	Hotel WBF Fourstay Sapporo

Mezzanine loan receivables(Note 4)/silent partnership investments

Start of operation	Name
TBA	TL55 Specified Purpose Company Class D Loan Receivables (collateral assets: (tentative name) Hotel WBF Grande 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 (planned)	BEB5 Okinawa Seragaki
2022 (planned)	OMO1 Tokyo Kawasaki



Overview of the property



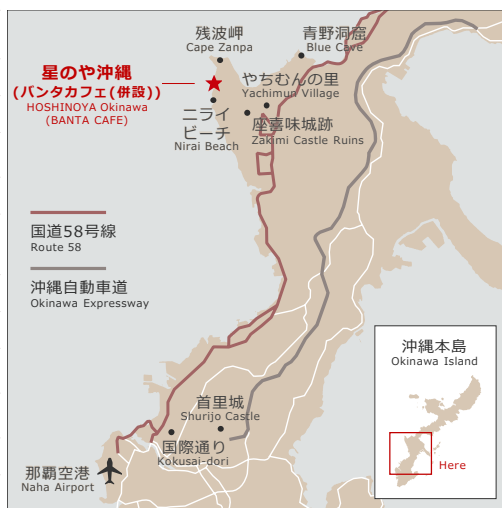
HOSHINOYA Okinawa

Stay at the *gusuku* residence^(Note 1)

Property highlights

- In Okinawa Prefecture, which boasts the same number of visitors as Hawaii^(Note 2), Hoshino Resorts will acquire HOSHINOYA, the flagship brand developed by Hoshino Resorts Group, without any compromise.
- In an area surrounded by a 4.5-meter-high *gusuku* (Okinawan fortress) wall, there is a 40-meter-long infinity pool and ocean front in all rooms. In addition, there is an ocean cafe, "Banta Cafe," where you can enjoy a spectacular view. It has a magnificent sense of scale.
- Blessed with beautiful sea and Okinawan vegetation, the beach resort offers a panoramic view of the sea surrounded by coral reefs from all guest rooms, as well as an attractive facility with a variety of cultural activities to attract customers throughout the year.

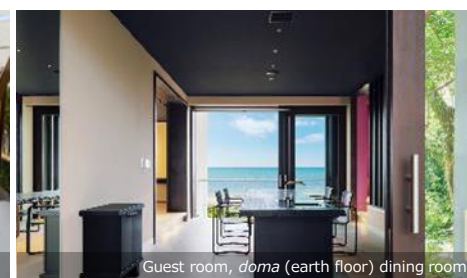
Location	Yomitan-son, Nakagami-gun, Okinawa
Completion date	November 2019
Planned acquisition date	July 1, 2022
Total number of guest rooms	100
Lessee	Hoshino Resorts Group ^(Note6)
Rent type	Fixed + floating (initially, fixed rent for two years and four months)
Operator	Hoshino Resorts Group ^(Note6)
Planned acquisition price	12,210 million yen
Real estate appraisal value	13,300 million yen
Ratio to real estate appraisal value	91.8%
Lease period	20 years
Appraisal NOI yield ^(Note 3)	5.8%
Appraisal NCF yield ^(Note 4)	5.7%
Yield after depreciation ^(Note 5)	4.4%



Gusuku wall



Pool



Guest room, *doma* (earth floor) dining room

About the Concept "Gusuku Residence"

"Gusuku" is a historical site left in Okinawa and the Amami Islands. Generally, it is considered a place where a sanctuary, a settlement where people live, or a castle of influential people is surrounded by stones or stone walls. Hoshino Resorts Group suggests a stay where you can wonder what would have happened if the rich Okinawan lifestyle had been preserved and continued to evolve in a *gusuku*.

TOPICS

Overview of the property



HOSHINOYA Okinawa

Stay at the *gusuku* residence

The attractiveness of this property, where you can experience the nature of Okinawa and have a magnificent sense of scale

- Blessed with beautiful sea and Okinawan vegetation, this is a resort with a superb view of the sea surrounded by coral reefs from all rooms.
- The fields and gardens are designed to fit in with the scenery so that you can enjoy the nature of Okinawa and the peaceful flow of time.
- An infinity pool boasts a total length of 40 meters and features a heating function of up to 40 degrees Celsius that can be used 24 hours a day all year^(Note 1).
- Situated on a cliff with a spectacular view of the ocean, it has an ocean cafe, "Banta Cafe," with an overwhelming scale.
- "Doma dining room" in all guest rooms, where you can enjoy meals and conversation as if you were living in the room, surrounded by the wind and the sound of waves passing through.



Appearance



Pool



Banta Cafe



Guest room, doma (earth floor) dining room



(Note 2)

HOSHINOYA Okinawa Area Map

Overview of the property



HOSHINOYA Okinawa

Stay at the *gusuku* residence

Attractiveness of cultural experiences and activities unique to the property

- Viewing and experiencing Ryukyu dance where you can feel Ryukyu aesthetics and hospitality
- Ryukyu karate training, where you learn the essence and spirit of karate that originated in Okinawa and face yourself
- "Gathering Service," where you can enjoy freshly prepared authentic dishes that have been readied by the chef and easily finished in your guest room at any time you like.
- "Ryukyu Siciliana," where you can enjoy Okinawan ingredients with Sicilian cooking techniques

Commended at "JAPAN TRAVEL AWARDS 2022" (Note)

TOPICS

In this award on the theme of tourism and diversity, HOSHINOYA Okinawa was evaluated as follows: "Although it is a resort where you can fully enjoy doing nothing, it has all the activities you want to experience in Okinawa such as Ryukyu karate, Ryukyu dance, and other cultural experiences, horseback riding on the beach and snorkeling" and received best luxury in the luxury category "facilities and services."



A tour of Yuntaku Garden



Asanagi yonnā (morning) horse riding



Yanbaru eco-tour



Ryukyu dance



Ryukyu Siciliana



Sabani (plank-built fishing boat) steering experience



Gathering dining service



Morning deep-breathing



Ryukyu karate

The macroeconomic environment surrounding Okinawa Prefecture

The number of visitors of Okinawa Prefecture, which is full of charm as a sightseeing spot, was as large as that of Hawaii before the COVID-19 pandemic. The number also shows that Okinawa Prefecture is still very popular as a tourist destination after the COVID-19 pandemic. In addition, Naha Airport, which serves as the gateway to Okinawa Prefecture and connects Japan and overseas, completed developing and expanding the new international passenger terminal building in 2014 and adding a second runway in 2020. HRR expects that tourism demand in Okinawa Prefecture will grow over the medium to long term.

Attractiveness as a sightseeing spot in Okinawa Prefecture

- One of Japan's most popular resort areas with abundant nature and rich activities that take advantage of the highly transparent ocean and warm climate
- Two sites were registered as UNESCO World Heritage sites: "Gusuku Sites and Related Properties of the Kingdom of Ryukyu" in 2000; and the northern part of Okinawa Island in 2021. Okinawa is a globally recognized natural and cultural tourist destination

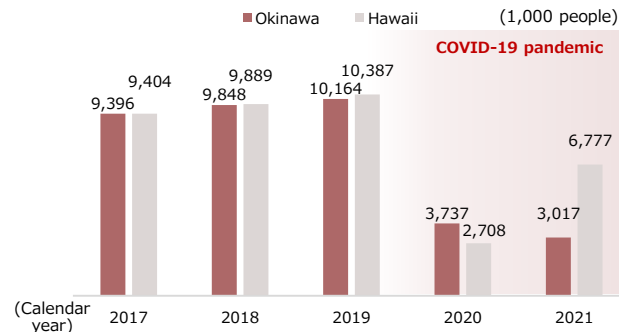
About Yomitan-son

- Located in the central part of the main island of Okinawa, about 60 minutes by car from Naha Airport
- There are many sightseeing spots such as World Heritage Site Zakimi Castle Ruins, Cape Zampa, and Blue Cave.
- Surrounded by a natural coast, you can enjoy unspoiled nature and superb views



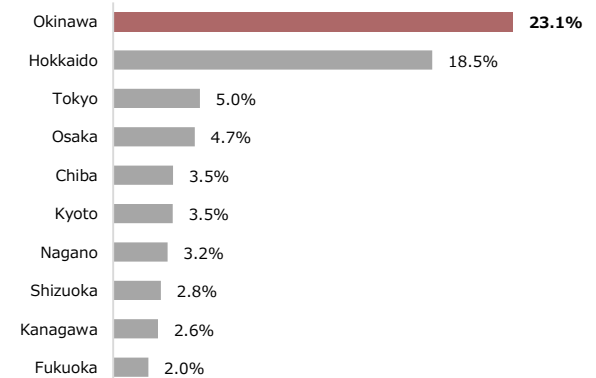
Number of tourists to Okinawa Prefecture and Hawaii before the COVID-19 pandemic^(Note 1)

- The number of visitors of Okinawa Prefecture and Hawaii^(Note 2) before the COVID-19 pandemic was at the same high level, boasting a large tourist market



Source: Prepared by the Asset Management Company based on Okinawa Prefecture's "Overview of Visiting Tourist Statistics" and the Hawaii Tourism Authority's database "TOURISM DATA WAREHOUSE"

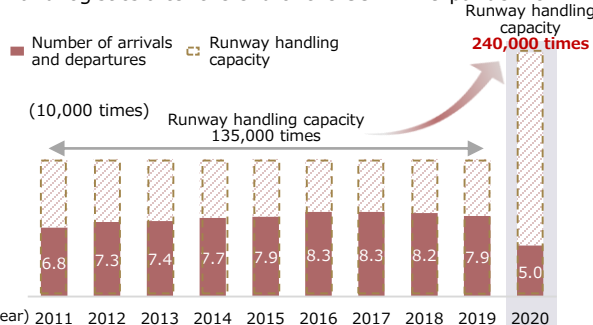
Ranking of prefectures that people want to visit after the pandemic is over^(Note 3)



Source: Prepared by the Asset Management Company based on ASOVIEV Inc.'s "Prefectures that people want to visit when the pandemic calms down"

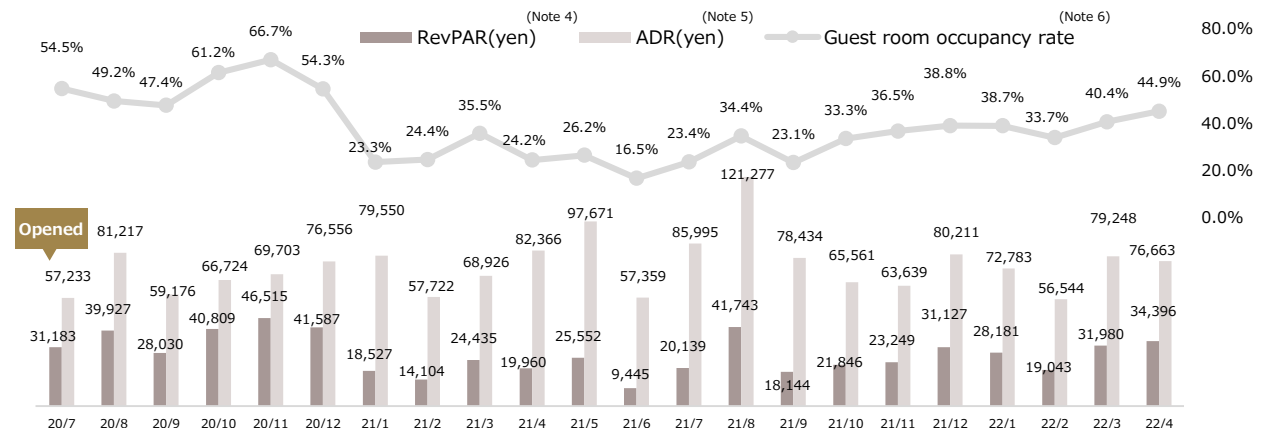
Addition of Naha Airport's second runway

- The operation of Runway 2 started in March 2020, and the runway handling capacity increased about 1.8 times. HRR expects there will be a revitalization of human flow and logistics after the end of the COVID-19 pandemic.



Source: Prepared by the Asset Management Company based on the Ministry of Land, Infrastructure, Transport and Tourism's "2020 Airport Management Status Report" and press release "Regarding Sharing of the Naha Airport Additional Runway Project"

HOSHINOYA Okinawa Monthly Operation Results





1. Hoshino Resorts Group's initiatives
2. Financial highlights
3. ESG initiatives
4. Summary of operating results
5. Rent type
6. Status of portfolio

APPENDIX

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.

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^(Note 1).

■ 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.

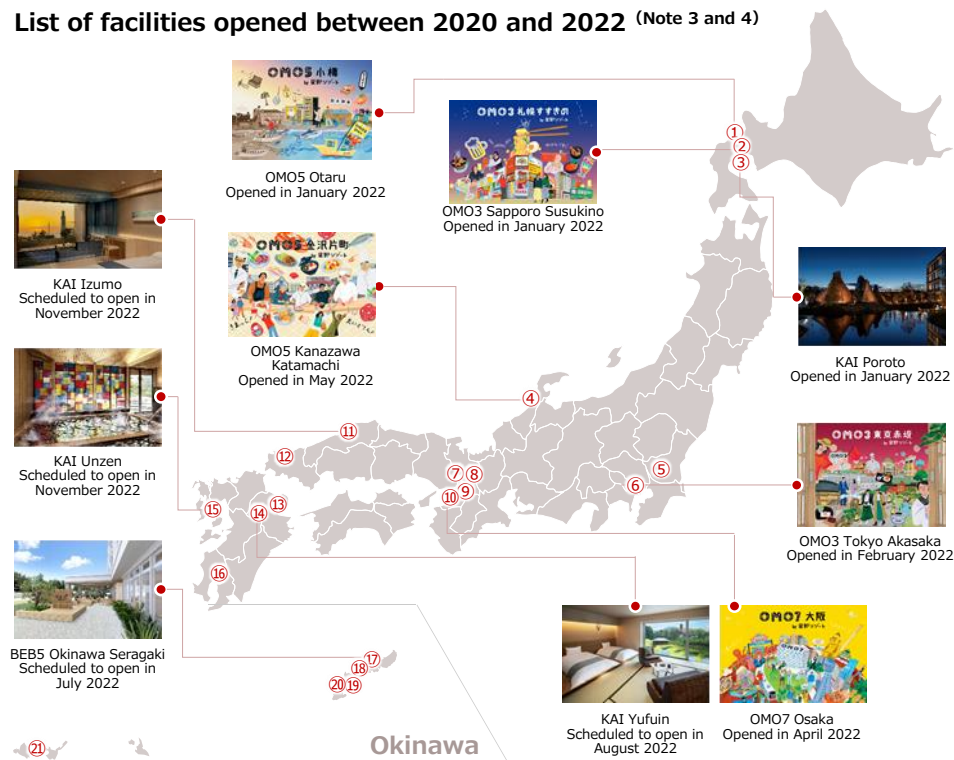
■ Regional cooperation projects

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

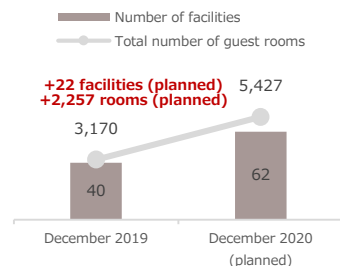
Since 2021, Hoshino Resorts Group has divided the country into 11 microtourism business regions^(Note 2) and disseminated information on regional attractions in cooperation with the local media in each region. Hoshino Resorts Group has been continuously working to capture demand for microtourism since 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.

List of facilities opened between 2020 and 2022 (Note 3 and 4)

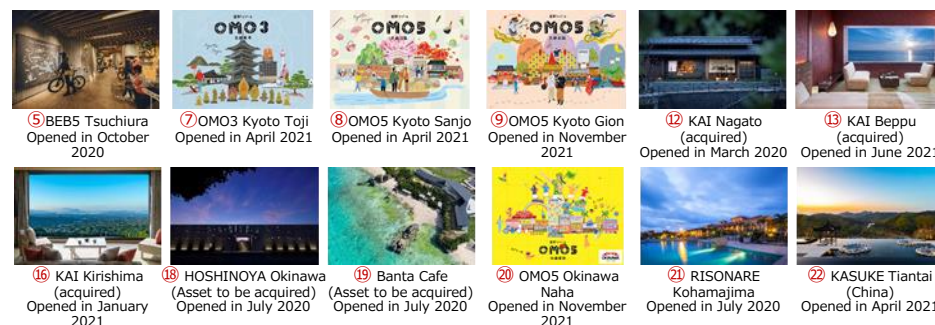


Opening from 2020 to 2022

- Hoshino Resorts Group plans to open 22 new facilities (2,257 rooms in total) from 2020 to December 2022.
- 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".



Source: Hoshino Resorts Group



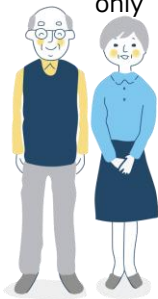
Source: Hoshino Resorts

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



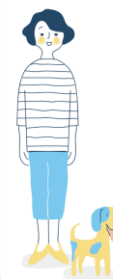
Millennial generation (Note 3) Generation Z

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

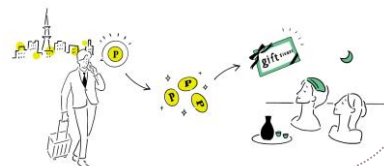


Business

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.



Financial operation where stability and flexibility coexist (1)

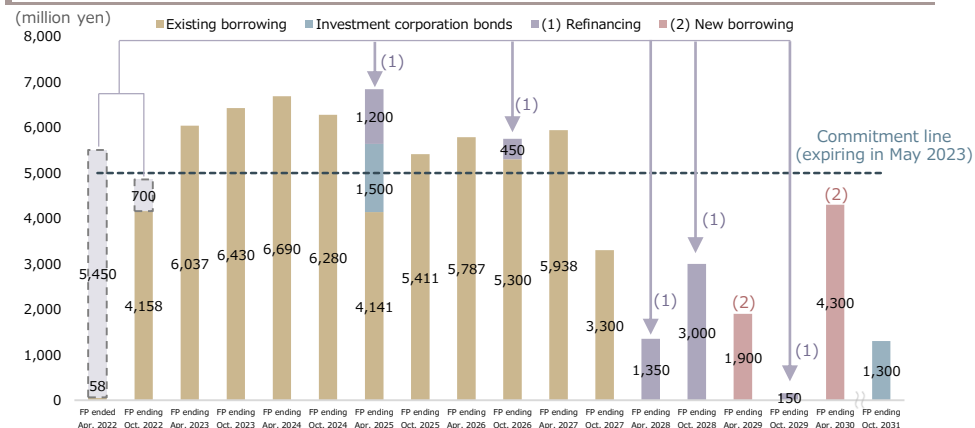
In April and May 2022, HRR did 7.5-year refinancing, the longest financing period to be set since the COVID-19 pandemic in Hotel REITs. Furthermore, for the new borrowing, all participating banks are expected to extend the borrowing to a maximum financing period of 7.5 years. We anticipate this will help to establish long-term fixed-interest-bearing debts and diversify repayment dates. Acquisition capacity of 12.9 billion yen is also expected to be secured after the public offering so that flexibility in property acquisition will be maintained.

Latest refinancing and the new borrowing

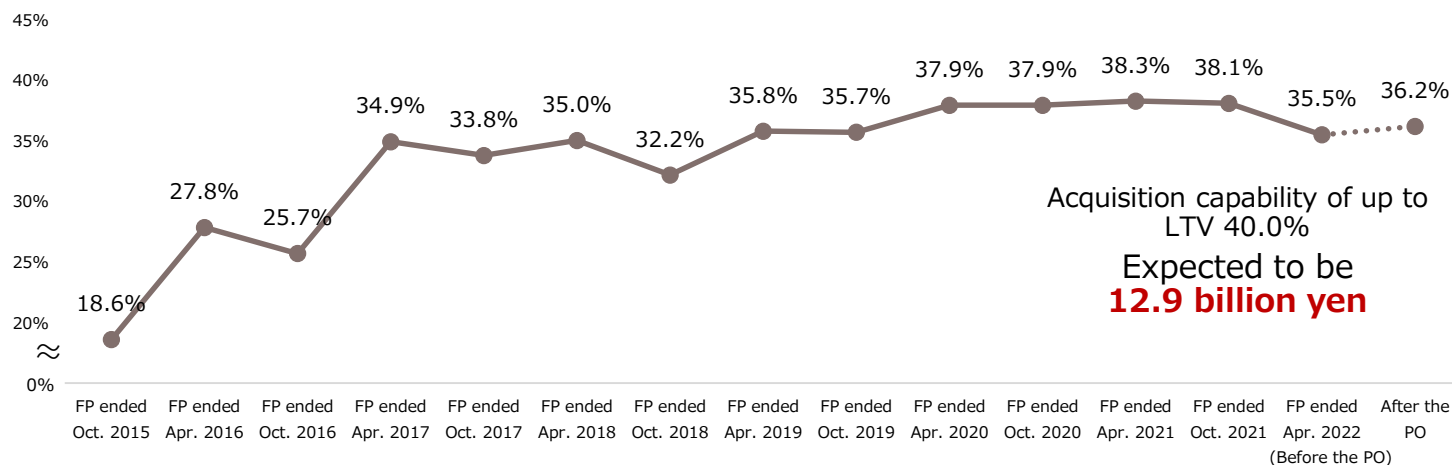
- (1) Apr/May 2022 refinancing (up to 7.5 years) (including the first green loan among Hotel REITs)
- (2) New borrowing (up to 7.5 years) (Notes 3,4)

Lenders	Loan Syndication (total of ten banks) with MUFG Bank, Ltd. as Arranger (Note 1)	Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited., Mizuho Bank, Ltd.
Borrowing date	April 28, 2022 or May 2, 2022	Planned borrowing date	July 1, 2022
Period (years)	3.0 4.5 6.0 6.5 7.5	Period (years)	6.5 7.5
Amount of borrowings (total amount)	1.20 billion yen (4 banks) 0.45 billion yen (2 banks) 1.35 billion yen (4 banks) 3.00 billion yen (4 banks) 0.15 billion yen (1 bank) (Total 6.15 billion yen)	Planned amount of borrowing (total amount)	1.90 billion yen (5 banks) 4.30 billion yen (5 banks) (Total 6.20 billion yen)
Borrowing interest (annual rate) (Note 2)	0.5020% ~ 0.5060% 0.6670% ~ 0.6680% 0.9085% ~ 0.9115% 0.9920% 1.1540%	Borrowing rate (Note 6) (annual rate)	Base rate (Note 7) +0.635% Base rate (Note 7) +0.740%

Diversification status of repayment dates (after the PO)



LTV control



Key financial indicators (after the PO)

Long-term interest-bearing debt ratio (Note 8)
100.0%

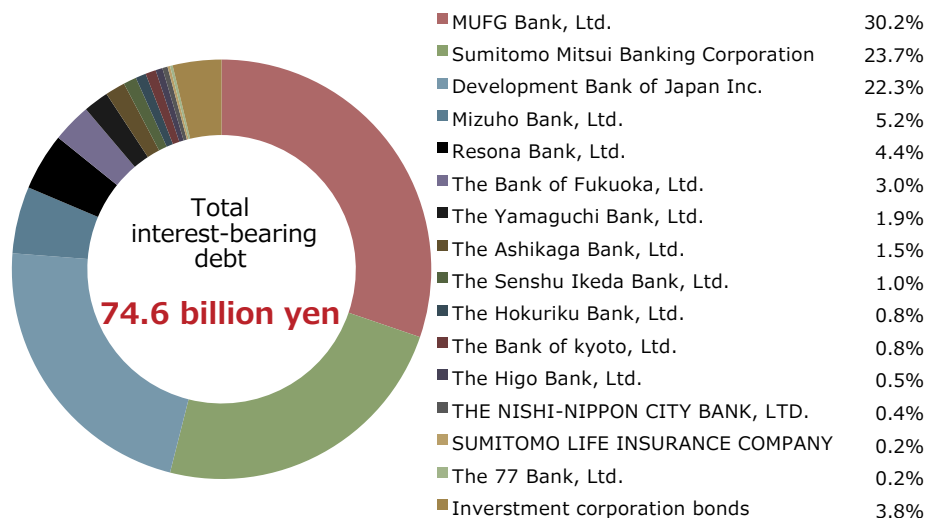
Fixed interest ratio (Note 9)
99.5%

Average remaining period (Note 10)
3.4 years

Average interest rate (Note 11)
0.74%

Financial operations where stability and flexibility coexist (2)

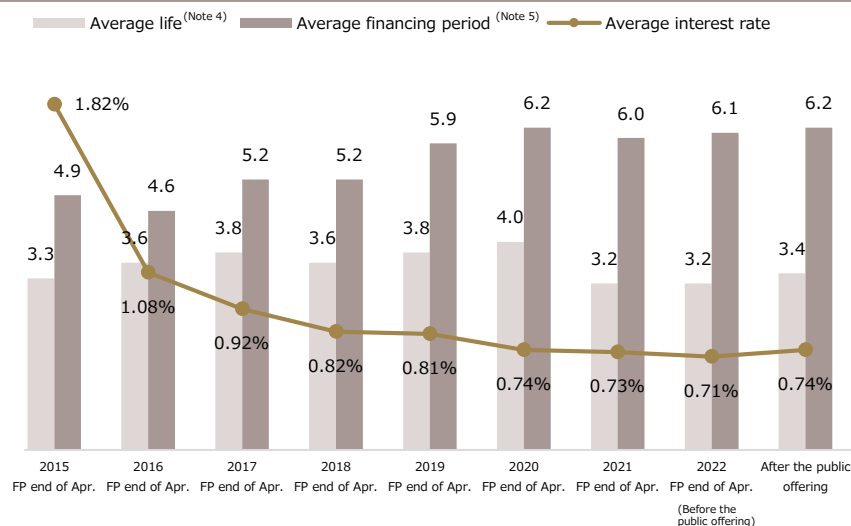
Render Formation (after the public offering)^(Notes 1 and 2)



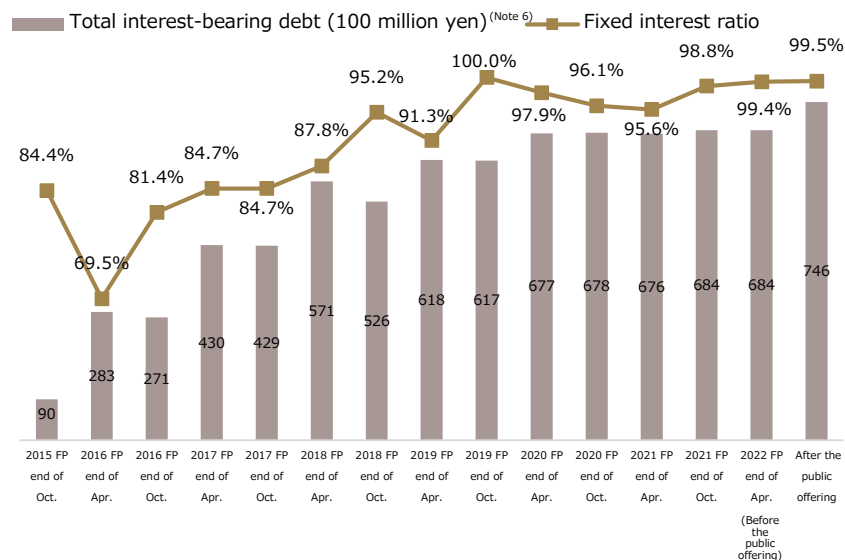
Status of credit ratings, etc.^(Note 3)

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

Procurement conditions



Total interest-bearing debt and fixed interest rate ratio



ESG highlights

Measures against climate change

- The Asset Management Company has declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) regarding the assets management of HRR. Under an appropriate governance system based on the concept of being resilient to climate change, the Asset Management Company is committed to implementing various approaches such as reduction of GHG^(Note 2) emissions based on the following scenario analysis^(Note 1).



Implementation of scenario analysis

Risks (negative impact) and opportunities (positive impact) on HRR business due to change in ESG investment trends in the real estate investment market and climate change such as natural disasters were specifically identified (total risks: 14, total opportunities: 7)^(Note 5).

Based on them, the magnitude of financial impact on HRR due to risks and opportunities that arise was assessed for each of the 4°C and 1.5°C scenarios^(Note 6) from both medium-term (2030) and long-term (2050) perspectives. Measures against each were then arranged^(Note 5).

Obtained “BBB”^(Note 14) MSCI ESG rating

- In April 2022, HRR obtained a “BBB” rating which was an upgrade of 2 notches from the previous “B” rating.
- HRR believes the improved evaluation of “human resource development” and “green building certification” has contributed to the upgrading.



Received “3 stars” in GRESB Real Estate Assessment and “A level” for GRESB Public Disclosure

- In the 2021 GRESB Real Estate Assessment, HRR received “3 stars” in the GRESB Rating which is assigned using a five-point. In comparison with the “2 stars” obtained in 2020 when participating for the first time, evaluation of “risk assessment” and “tenant community” improved.
- HRR was also highly recognized for its initiatives for ESG information disclosure, and received the highest “A level” for the GRESB Public Disclosure, exceeding the “B level” it received in 2020.

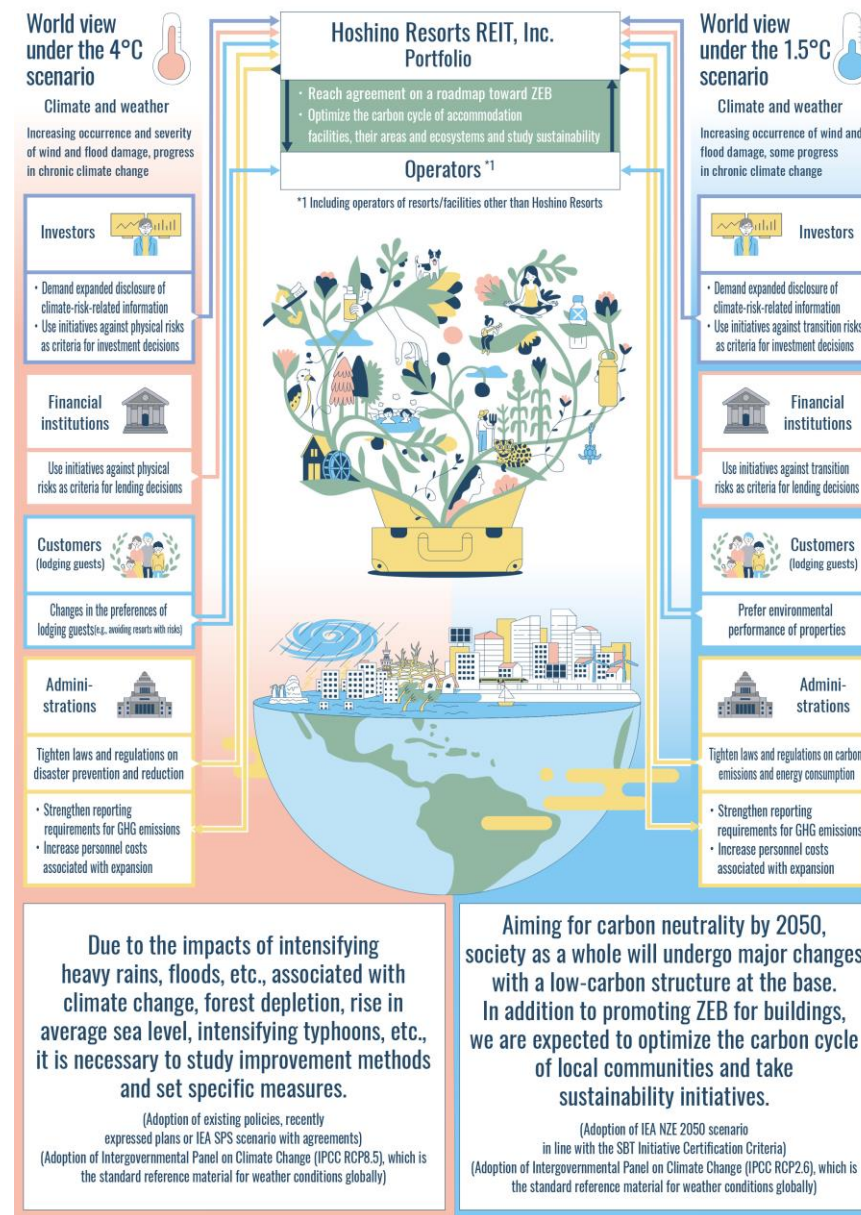


Digitization of prospectus

- By digitizing our prospectus, use of paper, ink and others will be reduced with the aim of making environmentally conscious offerings.
- Reduction of approximately 1.95 million sheets of B5-sized paper^(Note 15) is expected in this offering.
- By preparing pages in color, we plan to make the material easier for investors to read.



World view based on 4°C and 1.5°C scenario^(Notes 3,4,7,8,9,10,11,12,13)



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

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

Indices

- Cooperation in maintenance and conservation of the local natural environment and contribution to the economy and employment
- Conservation of the natural environment
- Disaster-Ready
- Local economies and employment
- 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

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



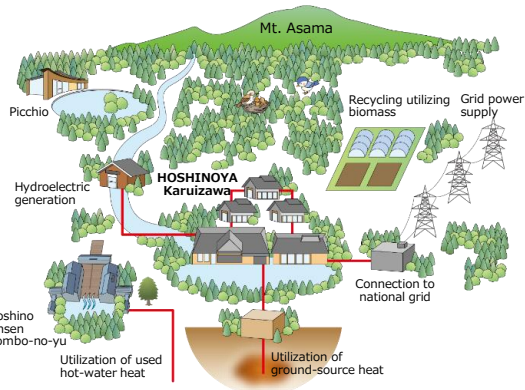
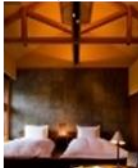
Heat pump system uses ground-source thermal and hot spring water outflow as a thermal source for air conditioning and hot water supply



Sorting waste into 28 categories in order to promote resource recycling



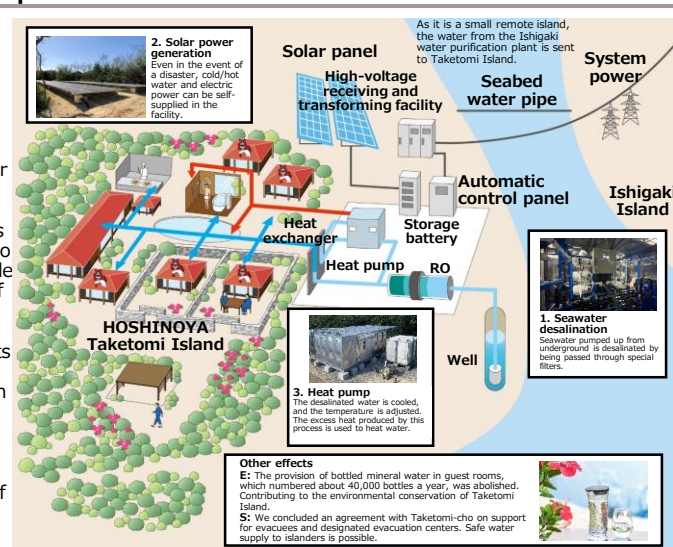
Vents letting in natural air called furo ducts are installed in the ceiling of each guest room



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

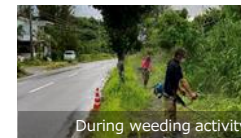
Hoshino Resorts Group works to protect and preserve biodiversity, including endangered and endemic species.

- 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

Energy consumption

Period ^(Note 1)	FY2019	FY2020	FY2021
No. of properties ^(Note 2)	56	57	61
Energy consumption (MWh)	155,083	124,934	163,116
Energy consumption per basic unit ^(Note 3) (kWh/m ²)	342.2	272.0	330.4

GHG emissions

Period ^(Note 1)	FY2019	FY2020	FY2021
No. of properties ^(Note 2)	56	57	61
Greenhouse gas (GHG) emissions (t-CO ₂)	50,133	41,827	51,274
Greenhouse gas (GHG) emissions per basic unit ^(Note 4) (kgCO ₂ /m ²)	110.6	91.1	103.9

Water consumption

Period ^(Note 1)	FY2019	FY2020	FY2021
No. of properties ^(Note 2)	58	60	63
Water consumption (m ³)	1,881,761	1,336,263	1,508,187
Water consumption per basic unit ^(Note 5) (m ³ /m ²)	4.3	2.9	3.1

Waste

Period ^(Note 1)	FY2019	FY2020	FY2021
No. of properties ^(Note 2)	11	11	50
Amount of waste (t)	1,937	1,036.2	2,441.8
Recycling ratio ^(Note 6) (%)	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 April 30, 2022)

Number of properties with a green lease agreement executed ^(Note 8)	Percentage of Execution ratio based on total floor area ^(Note 7 and 9)
33/65 properties	81.2%

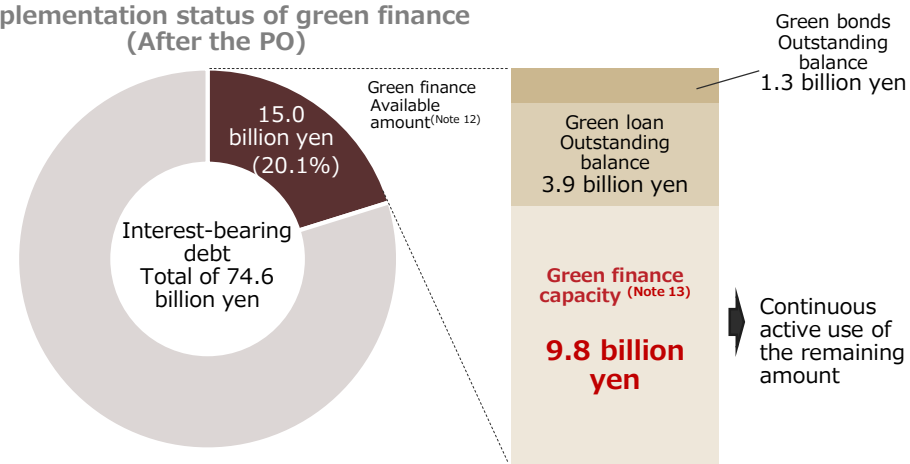
External sustainability evaluation

Year of acquisition	Property name	BELS ^(Note 10)	CASBEE ^(Note 11)
2019	KAI Kinugawa	★★★★★	
	Quintessa Hotel Osaka Shinsaibashi	★★★	
2020	KAI Alps (part subject to evaluation: front building)	★★★★	
	BEB5 Karuizawa	★★	
2021	KAI Kaga (part subject to evaluation: new building)	★★★★★	
	Candeo Hotels Sano	★★★★	
	Chisun Inn Chiba Hamano R16	★★	
	HOSHINOYA Karuizawa (part subject to evaluation: Harunire Terrace)		S-rank (★★★★★)
2022	ANA Crowne Plaza Hiroshima	★★	
	ANA Crowne Plaza Toyama	★	

Green finance initiatives

- HRR will actively utilize sustainability finance, including green bonds and green loans, to promote ESG initiatives from a financial perspective.

Implementation status of green finance (After the PO)



Social (S) Initiatives

Conducting a tenant satisfaction survey

Hoshino Resorts REIT, Inc.

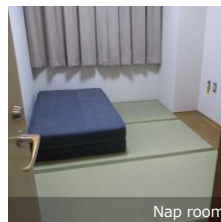
A survey was conducted on the satisfaction of tenant employees at 30 of the properties owned by HRR, which included the viewpoints of well-being such as ease of working and health promotion, and 65.5% of the surveys responded.

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.

Renovation case based on the tenant satisfaction survey KAI Enshu - Improving Comfort and Labor Productivity

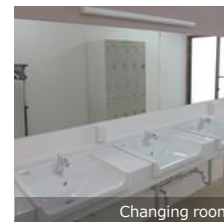
TOPICS

New nap rooms for women



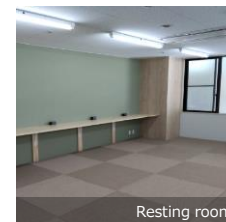
Nap room

Addition of washstands, expansion of mirrors, etc.



Changing room

Replacement of tatami mats and cloth, etc.



Resting room

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

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 Enshu and Marutama Seicha (self-sufficient tea manufacture) in Kita-ku, Hamamatsu-shi

Experience of natural bounties in new tea picking and hand-kneading designated as intangible cultural properties by Shizuoka Prefecture



KAI Kinugawa and “Kurobane Aizome Konya”

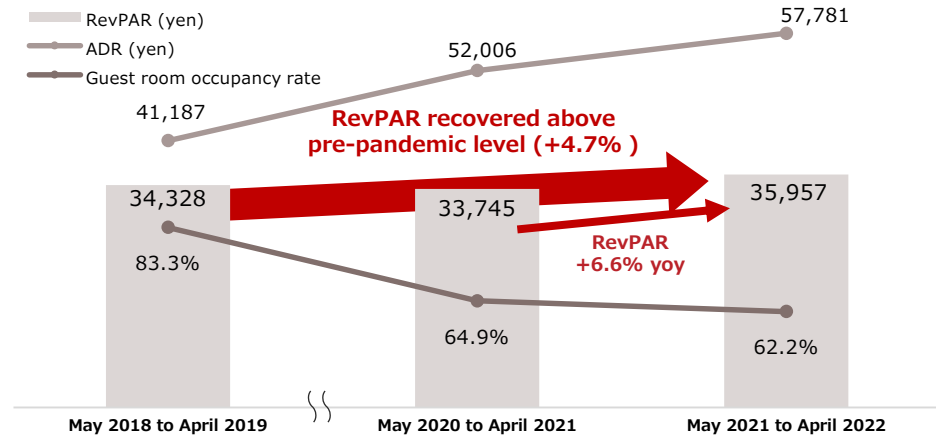
A stay where you can experience various *kurobane* (a costume) indigo dyeing, including a guided tour of the workshop by a young craftsman who has inherited 200 years of history.



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

The properties managed by Hoshino Resorts Group have captured the demand for microtourism under the COVID-19 pandemic. HRR thinks that RevPAR has achieved a strong performance of +6.6% over the previous year and + 4.7% compared with before the COVID-19 pandemic, due to the favorable performance of RISONARE, KAI, and BEB in particular. RevPAR for properties operated by outside operators^(Note 3) showed a recovery trend from the previous year for each brand, showing a significant increase of +15.6% over the previous year.

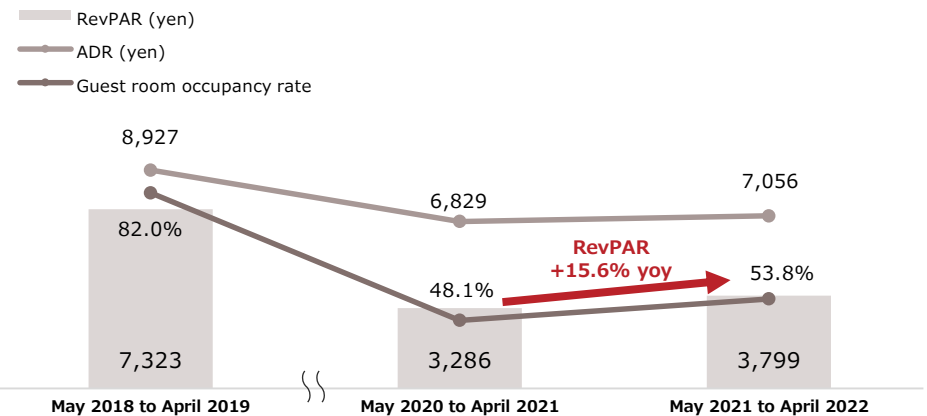
Total properties operated by Hoshino Resorts Group ^(Note 1)



		2018/5 to 2019/4 (1)	2020/5 to 2021/4 (2)	2021/5 to 2022/4 (3)	Compared with before the COVID-19 pandemic (3) - (1)	Compared with the previous year (3) - (2)
(Note 6) HOSHINOYA	Guest room occupancy rate	88.9%	71.8%	66.8%	-22.1pt	-5.0pt
	ADR (yen)	74,623	82,925	90,221	+15,598	+7,296
	RevPAR (yen)	66,320	59,515	60,228	-6,092	+713
(Note 6) RISONARE	Guest room occupancy rate	88.8%	68.7%	73.0%	-15.8pt	+4.3pt
	ADR (yen)	42,863	54,509	63,451	+20,588	+8,942
	RevPAR (yen)	38,064	37,466	46,332	+8,268	+8,866
Strong performance						
KAI 8 properties	Guest room occupancy rate	79.6%	77.2%	77.6%	-2.0pt	+0.4pt
	ADR (yen)	39,260	44,408	47,438	+8,178	+3,030
	RevPAR (yen)	31,256	34,296	36,821	+5,565	+2,525
Strong performance						
OMO7 Asahikawa	Guest room occupancy rate	77.7%	36.5%	29.2%	-48.5pt	-7.3pt
	ADR (yen)	11,507	11,751	13,863	+2,356	+2,112
	RevPAR (yen)	8,935	4,291	4,054	-4,881	-237
(Note 2) BEB5 Karuizawa	Guest room occupancy rate	-	66.1%	76.6%	-	+10.5pt
	ADR (yen)	-	17,823	17,685	-	-138
	RevPAR (yen)	-	11,785	13,553	-	+1,768
Strong performance						

Total of major properties operated by outside operators

(3ANA Crowne Plaza properties, Hyatt Regency Osaka, 22 Roadside properties^(Note 4), and 4 the b properties^(Note 5) are calculated)



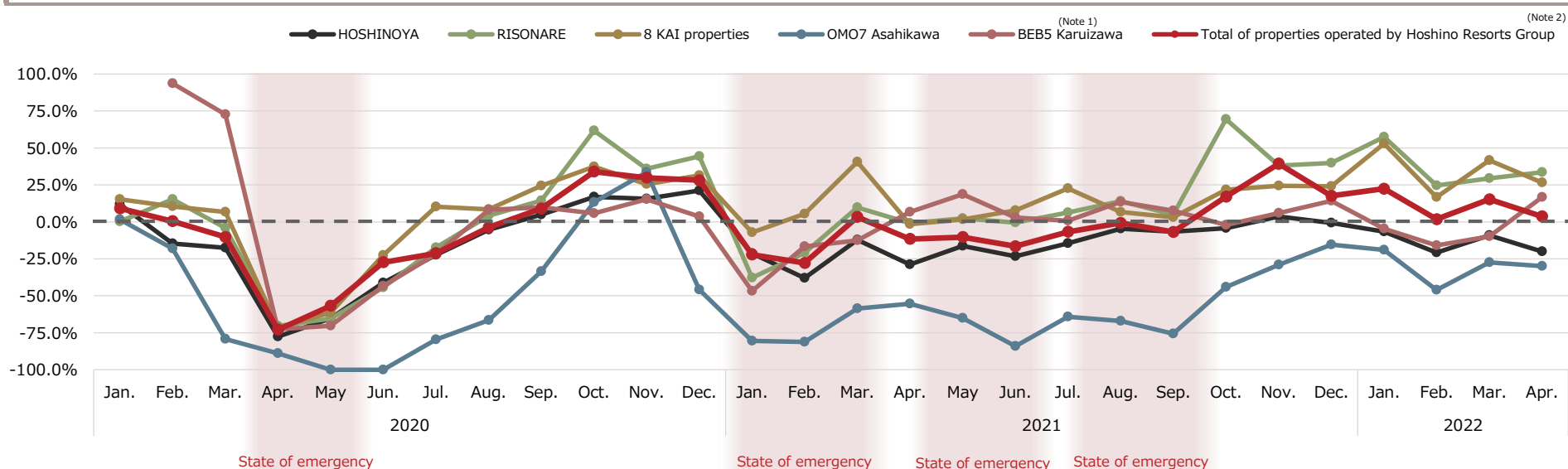
		2018/5 to 2019/4 (1)	2020/5 to 2021/4 (2)	2021/5 to 2022/4 (3)	Compared with before the COVID-19 pandemic (3) - (1)	Compared with the previous year (3) - (2)
ANA Crowne Plaza 3 properties	Guest room occupancy rate	81.0%	33.3%	42.2%	-38.8pt	+8.9pt
	ADR (yen)	13,200	10,745	9,496	-3,704	-1,249
	RevPAR (yen)	10,686	3,580	4,008	-6,678	+428
Hyatt Regency Osaka	Guest room occupancy rate	72.5%	24.4%	25.9%	-46.6pt	+1.5pt
	ADR (yen)	15,305	14,492	14,771	-534	+279
	RevPAR (yen)	11,096	3,535	3,821	-7,275	+286
Roadside 22 properties	Guest room occupancy rate	80.8%	62.4%	65.2%	-15.6pt	+2.8pt
	ADR (yen)	6,084	5,525	5,952	-132	+427
	RevPAR (yen)	4,919	3,450	3,883	-1,036	+433
the b 4 properties	Guest room occupancy rate	93.6%	38.0%	52.2%	-41.4pt	+14.2pt
	ADR (yen)	9,923	5,686	6,175	-3,748	+489
	RevPAR (yen)	9,283	2,161	3,222	-6,061	+1,061

Results from January 2020 to April 2022 (properties operated by Hoshino Resorts Group)

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

In addition, despite the expansion of Omicron variant in Japan, KAI and RISONARE continued to perform well. As a result, the total RevPAR of properties operated by Hoshino Resorts Group for all months from October 2021 exceeded that of 2019.

Rate of change in RevPAR compared with 2019 ^(Note 2)



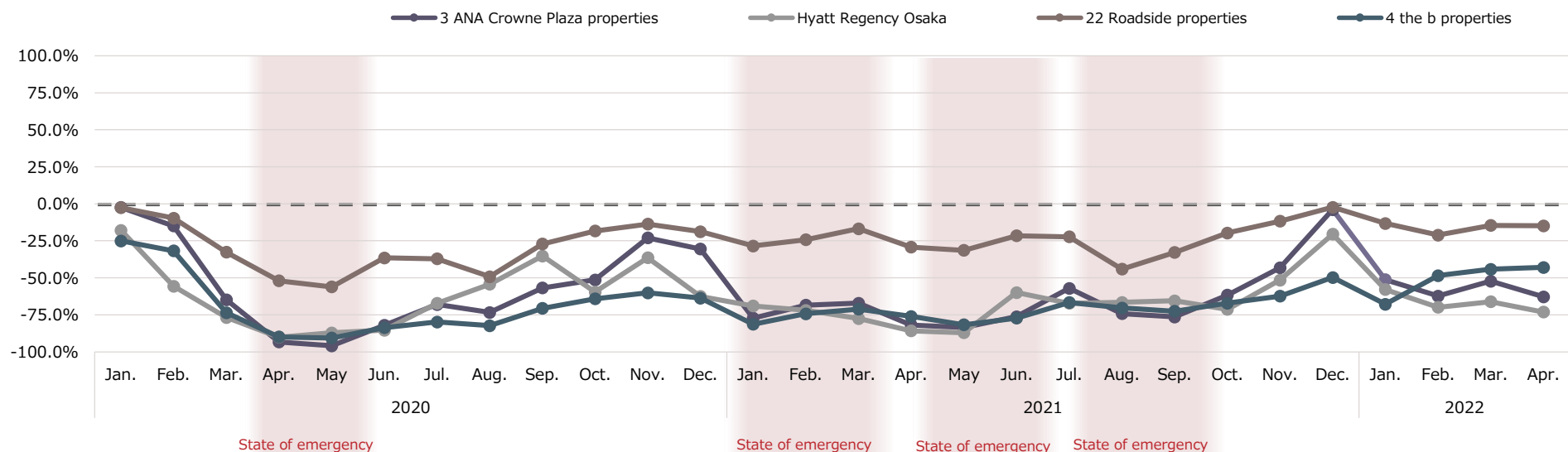
Trends since November 2021 (comments by brand) ^(Note 3)

HOSHINOYA	ADR for all properties remained at high levels, and from November to December 2021, RevPAR generally recovered to the same level as in 2019. On the other hand, due to the influence of the priority measures to prevent the spread of the disease reissued in late January 2022, Kyoto and Taketomi Island had a hard time acquiring guests during the same period. In addition, ancillary income has recovered steadily, including an increase in the eating rate and a recovery in wedding demand.
RISONARE	Both occupancy rate and ADR were favorable thanks to the appeal of "RISONARE's Family Journey" and the enhanced attractiveness of each property's activities. Yatsugatake saw record sales in February and March 2022, and demand for weddings is also recovering. In Atami, demand returned from the Kanto region, the main acquisition area, and the market performed well.
KAI	Despite the priority measures to prevent the spread of the disease that were reimplemented in late January 2022, both occupancy rate and ADR remained at high levels, supported by demand for microtourism. Some properties had record-high occupancy rates and sales per month since their opening. In particular, Kirishima, acquired in December 2021, performed well in December and January, with occupancy generally at full capacity, and continued to operate at high levels.
OMO7 Asahikawa	While the return of travelers from outside Hokkaido has been slow due to the effects of the COVID-19 pandemic, tourism demand from Hokkaido residents has been steadily increasing thanks to supporting measures by local governments such as <i>Domin-wari</i> and <i>Asappi-wari</i> (travel discount campaigns). With the addition of well-received animal rooms and the installation of animal objects in the Plateau (a large public bath and sauna) and lobby lounge, the hotel has further strengthened its differentiation from neighboring hotels, which are mainly targeted at business guests. It has acquired leisure guests and improved the multiple occupancy ratio, thereby maintaining ADR that is generally the same level as 2019.
BEB5 Karuizawa	Although effects of the COVID-19 pandemic in the Kanto region on operations were observed, the impact of the measures taken in the entire Karuizawa-Hoshino area at Christmas and other times contributed to guest acquisition. During the spring break period, demand for wedding services at Hotel Bleston Court recovered, leading to the acquisition of accommodation for weekend attendees, in addition to strong demand for graduation trips by students.

Results from January 2020 to April 2022 (properties operated by outside operators)

Demand has been on a recovery trend since the state of emergency was lifted in October 2021. For example, in December 2021, 3 ANA Crowne Plaza properties and 22 Roadside properties recovered to the same level of RevPAR as in 2019. The rapid expansion of the Omicron variant temporarily slowed the pace of recovery, but 22 Roadside properties remained firm, supported by business demand for vehicle transportation.

Rate of change in RevPAR compared with 2019



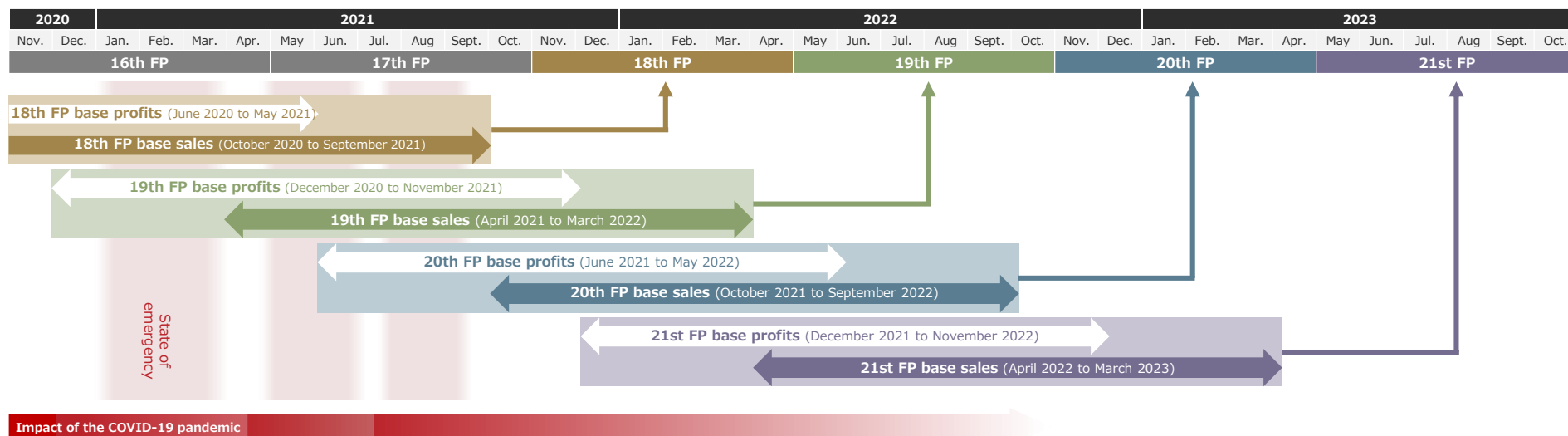
Trends since November 2021 (comments by brand)

3 ANA Crowne Plaza properties	Demand returned in December 2021, mainly for leisure activities, and RevPAR results remained at the same level as in 2019. On the other hand, since the beginning of the new year, due to the priority measures to prevent the spread of the disease, in addition to the cancellations of group travel, the new acquisition of individual guests both for business and leisure activities has been slowing. Since the lifting of the measures in March, demand for accommodation, mainly for leisure, has been on a recovery trend.
2 Hyatt properties	At the end of 2021, Hyatt succeeded in capturing a certain level of demand thanks to the support of measures to stimulate demand, such as the "Osaka Welcome Campaign" and the "Three C's Avoidance Trip to Fukuoka." On the other hand, demand for both business and leisure activities remained sluggish due to the impact of the priority measures to prevent the spread of the disease implemented in January 2022. After the lifting of the measures in April, the recovery in leisure demand has been leading the way but there are also signs that business event bookings are gradually improving.
22 Roadside properties	Under the priority measures to prevent the spread of the disease, leisure demand tended to slow, partly due to restrictions on events. Still, leisure demand remained strong, supported by firm business demand. Since the lifting of the measures, event restrictions have been eased, and leisure demand has shown signs of recovery, with RevPAR approaching the 2019 level.
4 the b properties	Demand for both business and leisure activities is sluggish under the priority measures to prevent the spread of the disease. After the lifting of the measures, there has been a recovery trend, mainly in leisure demand. In Akasaka, since February, the government has been leasing a condominium as a medical facility for people with mild cases of COVID-19, and profits have improved significantly.

Rent type

Rent type		Fixed rent		Fixed rent + floating rent		Fixed rent + floating rent		(After the public offering) Floating rent	
Benchmark index for calculation of floating rent		-		Facility sales		Facility profits		Facility profits	
No. of properties		9		31		25		1	
(Planned) acquisition price	Amount	9.4 billion yen		35.4 billion yen		128.2 billion yen		16 billion yen	
	Ratio	5.0%		18.7%		67.8%		8.5%	
Property name		5 Candeo properties, 3 Greens properties, Hotel Nikko Kochi Asahi Royal		HOSHINOYA Karuizawa, HOSHINOYA Kyoto, RISONARE Yatsugatake, (Note) Kai Matsumoto, Kai Tamatsukuri, Kai Ito, Kai Hakone, Kai Aso, Kai Kawaji, 22 Roadside properties		HOSHINOYA Fuji, HOSHINOYA Taketomi Island, HOSHINOYA Okinawa, RISONARE Atami, 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		Hyatt Regency Osaka	

Reference: Corresponding period for profits or sales that serve as a basis for calculation of floating rent (excluding “Quintessa Hotel Osaka Shinsaibashi”)



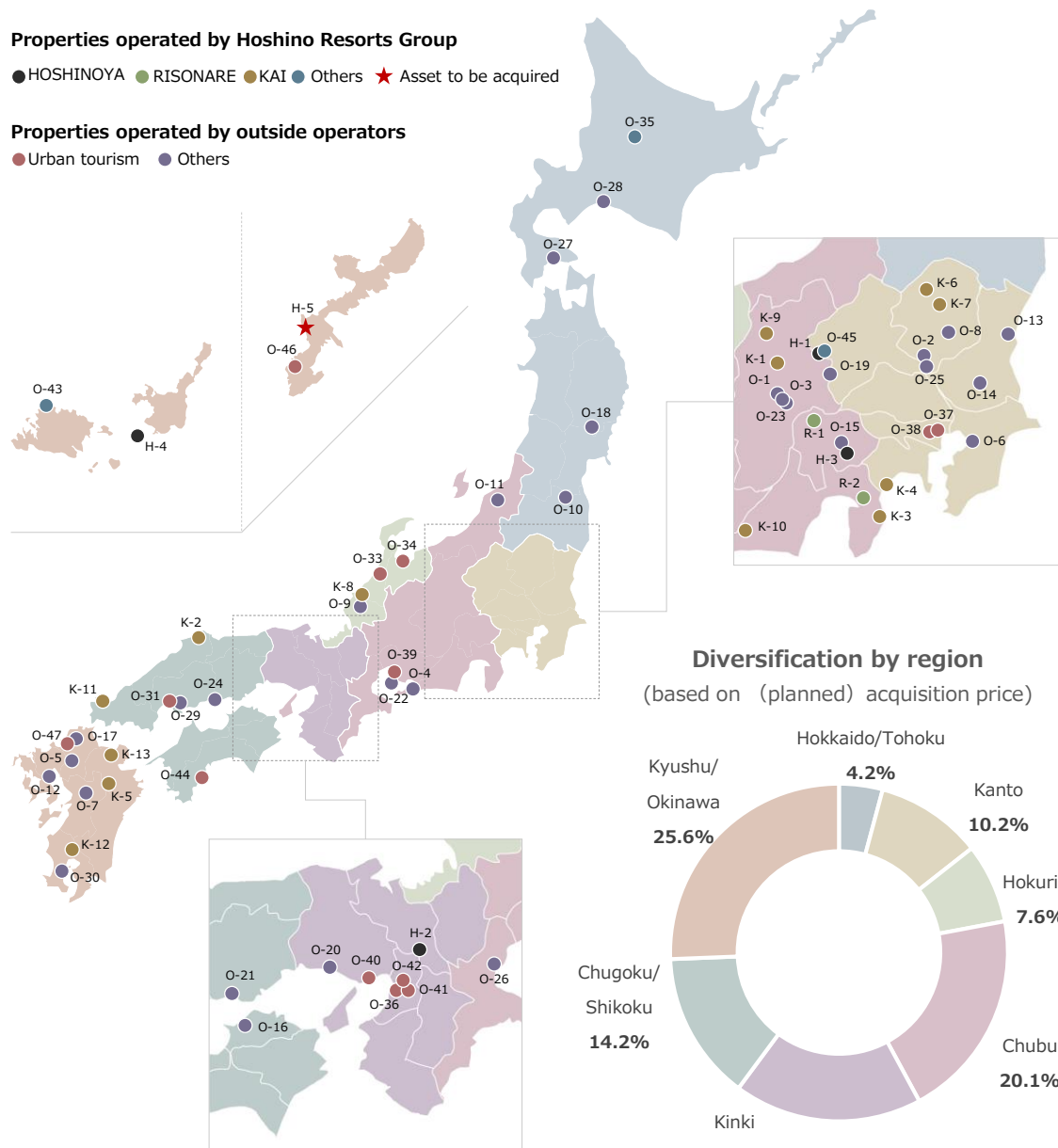
Status of portfolio

Properties operated by Hoshino Resorts Group

● HOSHINOYA ● RISONARE ● KAI ● Others ★ Asset to be acquired

Properties operated by outside operators

● Urban tourism ● Others



(After the public offering)

Categ ory	Property no.	Property name
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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	OMO7 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
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	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

- * In this document, “hotel” refers to accommodation facilities mainly with Western-style structures and facilities, “*ryokan*” to accommodation facilities mainly with Japanese-style structures and facilities and “ancillary facilities” to large facilities such as ski resorts, golf courses, pools and retail stores attached to hotels and ryokans.
- * In this document, “Hoshino Resorts Group” refers to Hoshino Resorts Inc. (hereinafter may be referred to as “Hoshino Resorts” or the “sponsor”) and its parent company and subsidiaries. In addition, “properties operated by Hoshino Resorts Group” refers to hotels, *ryokans* and ancillary facilities operated by Hoshino Resorts Group.

P3

- Note 1: The medium-term targets for asset size are the targets in the Medium-term Management Plan formulated by the Asset Management Company. Such medium-term targets are as of the date of this document, and there is no guarantee that the asset size of HRR will reach the said targets or that the timing for achieving the targets will be realized in the future. In addition, the medium-term targets may be changed or withdrawn due to circumstances such as changes in the investment environment or real estate market conditions. The same applies hereinafter.
- Note 2: “Ratio of properties operated by Hoshino Resorts Group” refers to the ratio of the (planned) acquisition price of properties operated by Hoshino Resorts Group (hotels, *ryokans* (inns), and ancillary facilities operated by Hoshino Resorts Group; the same shall apply hereafter) to the (planned) acquisition price of HRR’s entire portfolio (limited to estate-related assets). The same applies hereinafter.
- Note 3: “Trophy assets” refers to those assets that HRR considers to be of a particularly high standard or high quality in terms of property specifications, size, and the degree of attention from users. The same applies hereinafter.
- Note 4: Photographs in this document, including those on the cover, etc., include photographs of famous tourist attractions in Okinawa Prefecture in the vicinity of the property to be acquired which is other than the property to be acquired.

P4

- Note 1: “Hoshino Resorts Group’s flagship brand” refers to the core brand of Hoshino Resorts Group, which aims to provide an overwhelming and extraordinary experience and world-standard services. It may also be simply referred to as the “Flagship brand.” The same applies hereinafter.
- Note 2: “PO” means HRR’s ninth public offering since its establishment by way of primary offering to raise funds to acquire a new Hoshino-Resort Group property, “HOSHINOYA Okinawa,” with the aim of accelerating the new growth phase that started in November 2020. PO may be also referred to as the “Offering.” The same applies hereinafter.
- Note 3: Yomitan Operations Inc. is expected to apply to the “Hoshino Resorts Group,” which is the lessee and operator. Yomitan Operations Inc. will become a wholly owned subsidiary of Hoshino Resorts Inc. (may be referred to as “Hoshino Resorts” or “Sponsor” hereinafter) at the same time as HRR’s acquisition of the property to be acquired, and will become a corporation under Hoshino Resorts Group.
- Note 4: For “Acquisition method,” please refer to “(a) External growth” in “(iv) Growth strategy” in “(1) Investment policy” in “2. Investment Policy” in “Section 1. Status of Fund” in “Part I. Fund Information” of the Securities Report submitted by HRR. In addition, “DBJ joint fund” refers to the jointly managed fund formed by Hoshino Resorts and Development Bank of Japan Inc. (hereinafter “DBJ”) (may be referred to as “Joint Fund,” “Hoshino Resorts × Development Bank of Japan Joint Fund” or “Hoshino Resorts × DBJ Joint Fund” hereinafter). The same applies hereinafter.
- Note 5: “Pipeline” refers to the opportunities offered to HRR to acquire properties; “Sponsor pipeline” refers to property acquisition opportunities provided to HRR by Hoshino Resorts Group including Hoshino Resorts, the sponsor of HRR. The same applies hereinafter.
- Note 6: “Completion date” is the inspection date of completion of construction stated in the certificate of inspection under the Building Standards Act (Act No. 201 of 1950, including amendments thereto) (hereinafter “Building Standards Act”) for the main building, and the “building age” is shown in parentheses. “Building age” shows the period from the completion date to June 15, 2022, rounded down to the nearest month.
- Note 7: “Planned acquisition date” is the planned acquisition date as of the date of this document’s release, but the planned acquisition date of the asset to be acquired may be changed under a mutual agreement between HRR and the current owner.
- Note 8: “Planned acquisition price” indicates the sales/purchase price of the asset to be acquired stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions), each rounded down to the nearest million yen.
- Note 9: Appraisal of assets to be acquired has been commissioned to the Japan Real Estate Institute, and “real estate appraisal value” indicates the real estate appraisal value stated in the real estate appraisal report with an appraisal date of May 20, 2022, each rounded down to the nearest million yen.
- Note 10: “To real estate appraisal value” indicates the value derived by dividing the planned acquisition price by the real estate appraisal value, and is stated as a percentage, rounded to the first decimal place. The same applies hereinafter.

P4

Note 11: "Before the PO" means April 30, 2022. The same applies hereinafter.

Note 12: "After the PO" refers to July 26, 2022, the date after the PO and the payment for Third-Party Allotment (this refers to the issuance of new investment units by way of Third-Party Allotment of 533 units by HRR, which will be implemented at the HRR Board of Directors' Meeting to be held on June 15, 2022, with Nomura Securities Co., Ltd. as the Allottee; the same shall apply hereinafter). The same applies hereinafter.

Note 13: "Asset size" indicates the total of (planned) acquisition prices of asset (to be) acquired of HRR at each point in time.

Note 14: "Unitholders' capital" before the PO is the amount of total investment as stated in the financial statements prepared in accordance with Article 129 of the Act on Investment Trusts and Investment Corporations for the 18th Period; and that of after the PO, it is the amount obtained by adding the "estimated total Issue Value in the PO" and the "estimated total Issue Value in the Third-Party Allotment" to the total amount of investment before the PO. For the "estimated total Issue Value in the PO" and the "estimated total Issue Value in the Third-Party Allotment," please refer to Note 16 below.

Note 15: "NAV per unit" means net assets per unit based on the appraisal value (or survey value), which is obtained by the following calculation formula, and differs from the amount of net assets per unit shown in the balance sheet. The same applies hereinafter.

NAV per unit = NAV ÷ Number of issued investment units

"NAV" means difference between assets and liabilities of HRR (net amount) when value of real-estate-related assets owned by HRR is appraised based on appraisal value (or survey value), which is obtained by the following calculation formula, and differs from the amount of net assets shown in the balance sheet.

NAV = Net assets*1 – Total distributions*2 + (Total appraisal value (or survey value) of real estate-related assets*3 – Total book value of real estate-related assets*1)

*1: For "net assets" and "total book value of real estate-related assets," the amount on the balance sheet as of the end of each fiscal period is used.

*2: For "total distributions," total distributions on the statement pertaining to cash distributions (including distributions in excess of earnings) in each fiscal period is used.

*3: For "total appraisal value (or survey value) of real estate-related assets," the appraisal value or survey value with the appraisal date of the end of each fiscal period is used.

NAV per unit before the PO (referred to as "NAV per unit (before the PO)" in this Note) and NAV per unit after the PO (referred to as "NAV per unit (after the PO)" in this Note) are obtained by the following calculation formula. These figures are estimates and may differ from the actual NAV per unit at each point in time. The same applies hereinafter.

NAV per unit (before the PO) = NAV (before the PO) ÷ Total number of issued investment units as of the date of this document's release

NAV per unit (before the PO) = NAV as of April 30, 2022

NAV per unit (after the PO) = NAV (after the PO) ÷ Number of issued investment units after the public offering*1

NAV (after the PO) = NAV (before the PO) + Total amount of issue value in the public offering and the Third-Party Allotment*2 + Appraisal value of asset to be acquired – Planned acquisition value of asset to be acquired*3

*1: "Number of issued investment units after the PO" refers to the number of issued investment units as of the date of this document's release plus the number of investment units newly issued through the PO and the Third-Party Allotment. The Third-Party Allotment is based on the premise that all the investment units to be offered are subscribed to by Nomura Securities Co., Ltd. and issued. Therefore, if all or part of the investment units to be offered in the Third-Party Allotment are not subscribed to and not issued, the actual number of investment units newly issued through the PO will be smaller than the above number of units.

*2: "Total amount of issue value in the PO and the Third-Party Allotment" is the estimated amount as of the date of this document's release based on the premise that all the investment units to be offered in the Third-Party Allotment are issued, which is calculated on the basis of the closing price of the investment unit in a regular trading session at the Tokyo Stock Exchange, Inc. (hereinafter "Tokyo Stock Exchange") as of Wednesday, May 25, 2022, and does not necessarily match the actual total amount of issue value in the PO and the Third-Party Allotment. If the actual issue value is lower than the estimated amount, or if all or part of the investment units to be offered in the Third-Party Allotment are not subscribed to and not issued, the total amount of issue value in the PO and the Third-Party Allotment will also decrease. Hence, the actual NAV per unit (after the PO) may be lower.

*3: "Planned acquisition value of asset to be acquired" is the estimated amount calculated by the Asset Management Company on the basis of the estimated amount of planned acquisition price, acquisition cost, etc. based on information obtained by the Asset Management Company as of the date of this document's release, and may differ from the actual figure.

P4

Note 16: "LTV" is the ratio of interest-bearing debt to HRR total assets at a given time. LTV before the PO (hereinafter "LTV (before the PO)") and LTV after the PO (hereinafter "LTV (after the PO)") are the unaudited result of trial calculations found by the following calculation formula, and may differ from actual LTV. The same applies hereinafter.

$$\text{LTV (before the PO)} = (\text{Total interest-bearing debts on the balance sheet as of the end of FYE April 2022}) \div (\text{Total assets on the balance sheet as of the end of FYE April 2022})$$

$$\text{LTV (after the PO)} = (\text{Total interest-bearing debts on the balance sheet as of the end of FYE April 2022} + \text{Estimated change in interest-bearing debts from May 1 to July 26, 2022 (the estimated amount is calculated based on the assumption that there will be no increase due to the Backup Loan as defined in Note 9 on page 16; the same applies hereinafter)}) \div (\text{Total assets on the balance sheet as of the end of FYE April 2022} + \text{Estimated change in interest-bearing debts from May 1 to July 26, 2022} + \text{Estimated total amount of issue value in the PO} + \text{Estimated total amount of issue value in the Third-Party Allotment})$$

The calculation was made with the "estimated total Issue Value in the PO" and the "estimated total Issue Value in the Third-Party Allotment" being 6,854,343,980 yen and 342,396,002 yen, respectively. These amounts are estimates as of the date of this document's release calculated on the basis of the closing price of the investment unit in a regular trading session at the Tokyo Stock Exchange as of Wednesday, May 25, 2022. In addition, the Third-Party Allotment is based on the premise that all the investment units to be offered are subscribed to and issued by Nomura Securities Co., Ltd.

Therefore, these amounts do not necessarily match the actual total amount of issue value in the PO and the actual total amount of issue value in the Third-Party Allotment. If the actual issue value is lower than the estimated amount, or if all or part of investment units to be offered in the Third-Party Allotment are not subscribed to and not issued, the amount of funds raised in the PO or the Third-Party Allotment will be lower than the above amount and consequently actual LTV will be higher than the above. Conversely, if the actual issue value is higher than the above estimated amount, the amount of funds raised in the PO or the Third-Party Allotment will be higher than the above amount and consequently actual LTV will be lower than the above.

Note 17: "Acquisition capability" refers to the capability to acquire properties by raising additional debt funds through borrowing from financial institutions and/or HRR issuing bonds etc., assuming it is possible to raise LTV to a specific value. The same applies hereinafter. Please note that we do not guarantee or promise to procure debt funds or acquire properties with the debt funds to be procured. In addition, the estimated amount of "acquisition capability" before the public offering and after the public offering indicates the amount of acquisition capability if LTV (before the PO) and LTV (after the PO) are raised to 40.0%, rounded down to the nearest 100 million yen. As for the estimated amount of "acquisition capability" after the PO, if the actual total amount of issue value in the PO is smaller or larger than the estimated amount as of the date of this document's release, actual "acquisition capability" after the Offering may be lower or higher than the above amount accordingly. The same applies hereinafter.

Note 18: The figures of "Unitholders' capital," "LTV" and "Acquisition capability" after the PO are estimated figures as of the date of this document's release, and were derived based on the estimated amount of proceeds in the Offering, etc. calculated on the basis of the closing price of the investment unit in a regular trading session at the Tokyo Stock Exchange as of Wednesday, May 25, 2022. Proceeds in the PO may change, and these estimated figures will not necessarily match actual figures of LTV and acquisition capability. The same applies hereinafter.

Note 19: The "COVID-19 pandemic" means that COVID-19 has caused serious impacts on all industries. The same applies hereinafter.

Note 20: "Hotel REITs" refers to six investment corporations listed on the Tokyo Stock Exchange that held accommodation facilities such as hotels and ryokans at 80% or more based on the (planned) acquisition price as of May 31, 2022, and are five listed investment corporations specializing in hotels and *ryokans* provided by the Association for Real Estate Securitization as well as Invincible Investment Corporation. Of hotel REITs, five investment corporations other than HRR are referred to as "Hotel REITs (excluding HRR)," which are MORI TRUST Hotel Reit, Inc, Invincible Investment Corporation, Japan Hotel REIT Investment Corporation, Ichigo Hotel REIT Investment Corporation and Oedo Onsen Reit Investment Corporation. The same applies hereinafter.

Note 21: Figures derived by indexing the price of investment unit as of December 30, 2019 as 100 are shown.

Note 22: "Longest maturity" means the term (in years) of the longest maturity of the borrowings at each point in time.

Note 23: "Average maturity" is the weighted average of the borrowing period of each loan at each point in time, weighted by the amount of each loan; provided, however, that for July 1, 2022, the figure is the average maturity calculated based on the assumption that the Backup Loan is not implemented, and does not consider the term of Backup Loan.

Note 24: "All major banks" refers to MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd. and Mizuho Bank, Ltd. that are all lenders in the New Loan (refers to the new loan scheduled to be executed in July in parallel with the Offering; the same shall apply hereinafter).

Note 25: The scheduled drawdown date of July 1, 2022 and the longest maturity of 7.5 years are based on the contents of the Term Sheet referenced by the Notice of Consideration for New Loan issued by the financial institution ("Letter of Intent on Loan" hereinafter), but the scheduled drawdown date, longest maturity and other details of the actual New Loan may differ from these figures.

P5

- Note 1: It is an estimated amount calculated on the basis of the closing price of the investment unit in regular trading at the Tokyo Stock Exchange as of Wednesday, May 25, 2022.
- Note 2: "Total (planned) acquisition price" is the sum of purchase prices of the subject property as stated in the purchase agreement for the property (excluding consumption tax, local consumption tax, sales commissions, and other expenses), and the "sales price" is a purchase price of the subject property as stated in the purchase agreement for the property (excluding consumption tax, local consumption tax, sales commissions, and other expenses), both rounded down to the nearest unit. In addition, "total trading price (planned)" shows the sum of total acquisition (planned) price and the sale price, and "total amount financed (planned)" is the sum of amount paid in for the capital increase through third-party allotment in May 2021 and the previous PO, plus the estimated total amount of Issue Value for the PO and the Third-Party Allotment. Total amount financed (planned) is an estimated amount calculated on the basis of the closing price of the investment unit in a regular trading at the Tokyo Stock Exchange as of Wednesday, May 25, 2022. The same applies hereinafter.
- Note 3: Longest maturity of 7.5 years and estimated financing amount of 6.2 billion yen for the New Loan are based on the contents of the Term Sheet referenced by the Letter of Intent on Loan, but the longest maturity, estimated financing amount, and other details of the actual New Loan may differ from these figures.
- Note 4: This includes refinancing in May 2022.

P6

- Note 1: "Microtourism" refers to a travel style in which people spend time in nearby places while avoiding the 3C's (crowded spaces, closed spaces, close-contact settings), advocated by Hoshino Resorts Group as the new way to travel while balancing prevention of the spread of infection with local economies in the context of the COVID-19 pandemic. The same applies hereinafter.
- Note 2: "RevPAR" refers to Revenue Per Available Room, and indicates the figure derived by dividing the total room revenue for a certain period by the total number of guest rooms available during the same period, indexed with the 2019 monthly results as 100.

P7

- Note 1: The diagram in "HRR's Basic Strategy: Tri-Party Growth Cycle" is an image to clearly explain HRR's basic strategy and its strategy for expansion of pipelines, and does not guarantee or promise that the stated strategy can be realized.
- Note 2: It describes properties that have been developed or are under development by the Joint Fund, and except for assets acquired and to be acquired, there is no specific plan for HRR to acquire the properties listed on page 7, nor is there any guarantee that HRR will acquire them in the future.
- Note 3: This is a conceptual image of the framed concept for the development of "OMO" brand properties, and does not indicate the appearance, etc. of the said property. In addition, the said image includes items to be emphasized in the marketing strategy of the property, such as local specialties, places of interest, and other tourist resources related to the area where the "OMO" brand property is located, but they are not included in the assets owned by the Joint Fund. The same applies hereinafter.
- Note 4: "COVID-19 pandemic risk" refers to the risk that HRR's revenues will be adversely affected, such as a decrease in HRR's rental revenues, due to stagnation or deterioration of the hotel's operational performance as a result of the spread of COVID-19. The same applies hereinafter.
- Note 5: The actual party to the lease agreement will be Yomitan Operations Inc. which is scheduled to be established through an incorporation-type demerger from Yomitan Hotel Management Co., Ltd. However, since Yomitan Operations Inc. has not yet been established as of the date of this document, the terms of the agreement are agreed upon with Hoshino Resorts, which is scheduled to become the 100% parent company of Yomitan Operations Inc.
- Note 6: In the diagram shown in "Holding Structure," Yomitan Operations Inc. is expected to apply to "Hoshino Resorts Group," which is the lessee and operator. The said corporation will become a wholly owned subsidiary of Hoshino Resorts around the same time as HRR's acquisition of the property to be acquired, and will become a corporation under Hoshino Resorts Group.

P8

- Note 1: Facilities for which "(planned)" is stated in "start of operation" have not commenced operation as of the date of this document's release, and the schedule to commence operation as of the date of this document's release is shown and may be changed in the future.
- Note 2: There is no specific plan for HRR to acquire the properties stated in the "List of Key Sponsor Pipelines," nor is there any guarantee that HRR will acquire them in the future.
- Note 3: "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.
- Note 4: When an SPC is used for real estate securitization, it is common to use capital-like financing (equity) together with debt financing such as loans and bond issues. As a means of raising debt financing, loans that are subordinated to loans from banks and other financial institutions in terms of repayment ranking, etc., may be implemented. Such loans are called mezzanine loans, and loans that have priority over mezzanine loans are called senior loans.

Accompanying Notes 5

P9

- Note 1: This is a concept invented by Hoshino Resorts Group to demonstrate the appeal of the property to customers, and does not guarantee or promise the current status of facilities of the property and any service offered in the facilities.
- Note 2: For visitor counts for Okinawa and Hawaii prior to the COVID-19 pandemic, please refer to “Pre-COVID-19 Pandemic Visitor Counts for Okinawa and Hawaii” on page 12 of this document. The same applies hereinafter.
- Note 3: “Appraisal NOI yield” indicates figures calculated by the Asset Management Company by dividing Net Operating Income, which was derived by subtracting operating expenses from operating revenue stated in the real estate appraisal report or research report (hereinafter referred to as the “real estate appraisal report, etc.”) of “HOSHINOYA Okinawa,” by the planned acquisition price of “HOSHINOYA Okinawa,” rounded to the first decimal place. “Appraisal NOI yield” was calculated by the Asset Management Company, and is not the figure stated in the real estate appraisal report, etc. Net operating income is income before deducting depreciation. It is different from Net Cash Flow (NCF), which is derived by adding interest on security deposit, etc. to and deducting capital expenditures from net operating income. In addition, net operating income by the direct capitalization method is used.
- Note 4: “Appraisal NCF yield” indicates figures calculated by the Asset Management Company by dividing Net Cash Flow (NCF) for one year stated in the real estate appraisal report, etc. of “HOSHINOYA Okinawa,” by the planned acquisition price of “HOSHINOYA Okinawa,” rounded to the first decimal place. Net Cash Flow (NCF) is derived by adding interest on security deposits, etc. to and deducting capital expenditures from net operating income, and net income by the direct capitalization method is used. “Appraisal NCF yield” is calculated by the Asset Management Company, and is not the figure stated in the real estate appraisal report, etc.
- Note 5: “Yield after depreciation” indicates figures calculated by the Asset Management Company by dividing the figure derived by deducting estimated depreciation as of the date of this document’s release from Net Operating Income, which was derived by subtracting operating expenses from operating revenue stated in the real estate appraisal report, etc. of “HOSHINOYA Okinawa,” by the planned acquisition price of “HOSHINOYA Okinawa,” rounded to the first decimal place. Estimated depreciation as of the date of this document’s release uses the estimated amount calculated by the Asset Management Company by multiplying the planned acquisition price and the estimated amount of acquisition cost, etc. by the depreciation rate using the straight line method based on the useful life, taking into account information obtained by the Asset Management Company such as the engineering report. “Yield after depreciation” was calculated by the Asset Management Company (result of trial calculations), and is not the figure stated in the real estate appraisal report, etc. In addition, net operating income by the direct capitalization method is used.
- Note 6: Yomitan Operations Inc. is expected to apply to “Hoshino Resorts Group.” The said corporation will become a wholly owned subsidiary of Hoshino Resorts around the same time as HRR’s acquisition of the property to be acquired, and will become a corporation under Hoshino Resorts Group.

P10

- Note 1: Use of HOSHINOYA Okinawa is not guaranteed 24 hours a day, 7 days a week, and may be restricted due to inspections of facilities in accordance with laws and regulations, weather conditions, or other unavoidable reasons.
- Note 2: The illustrations in the “HOSHINOYA Okinawa Area Map” are distributed by Hoshino Resorts Group at “HOSHINOYA Okinawa” to describe the location and the conceptual image of “HOSHINOYA Okinawa” facilities. The shape of facilities, distances between facilities, time required, people and other items described do not necessarily correspond to the actual HOSHINOYA Okinawa and its surrounding environment.

P11

- Note: “JAPAN TRAVEL AWARDS 2022” is an initiative organized by Shiitake Creative Inc. to broadly invite tourism-related products, services, initiatives, people, etc. that travelers can experience, and to commend outstanding accomplishments in each category.

P12

- Note 1: The number of visitors to Okinawa Prefecture is the total number of people who visited Okinawa Prefecture in each year (excluding Okinawa residents), whether for tourism or not, and the number of visitors to the State of Hawaii is the total number of people who visited Hawaii in each year.
- Note 2: “Hawaii” refers to the entire State of Hawaii, not just the Big Island.
- Note 3: The survey conducted by ASOVIEW Inc. is based on the questionnaire results for its members and does not guarantee or promise that the actual percentage or ranking of the number of travelers by prefecture in the post-COVID-19 period will match the results of said survey.
- Note 4: “RevPAR” refers to Revenue Per Available Room, and indicates the figure derived by dividing the total room revenue for a certain period by the total number of guest rooms available during the same period, rounded down to the nearest specified unit. The same applies hereinafter.
- Note 5: “ADR” refers to Average Daily Rate, and indicates the figure derived by dividing the total room revenue for a certain period by the total number of guest rooms sold (total number of occupied rooms) during the same period, rounded down to the nearest specified unit. The same applies hereinafter.
- Note 6: “Guest room occupancy rate” is the figure obtained by the following formula and rounded to the first decimal place. The same applies hereinafter.

$$\text{Guest room occupancy rate} = \text{Number of guest rooms sold} \div \text{Number of guest rooms available} \times 100$$

Accompanying Notes 6

P14

- Note 1: "The period of the pandemic" refers to the period in and after April 2020 when COVID-19 had spread across the nation and been prolonged, and a *new normal* to prevent the infection had prevailed.
- Note 2: "Microtourism business regions" refers to business zones designated by Hoshino Resorts Group with the entire country segmented into 11 areas, in order to promote its microtourism measures. These business zones are a concept uniquely established by Hoshino Resorts Group, and do not necessarily match the actual customer-attracting scope of each facility located in the business zones.
- Note 3: Regarding the real estate in the "List of facilities opening in 2020–2022," those described as "scheduled to open" have not commenced operation as of the date of this document's release, and the schedule to commence operation as of the date of this document's release is shown and may be changed in the future.
- Note 4: Except for real estate acquired or to be acquired by HRR, there is no specific plan for HRR to acquire the properties stated in the "List of facilities opening in 2020–2022," nor is there any guarantee that HRR will acquire them in the future.

P15

- Note 1: Each service listed on page 15 is an example of the services provided by Hoshino Resorts Group as of the date of this document. They include services provided at those other than assets owned and to be acquired by HRR.
- Note 2: "Subscription" refers to a form of service based on a monthly fee or flat rate. The same applies hereinafter.
- Note 3: "Millennials" and "Generation Z" refer to the generations born between 1980 and 1995, and 1996 and 2015, respectively.

P16

- Note 1: "Loan Syndication (total of ten banks) with MUFG Bank, Ltd. as Arranger" refers to MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Mizuho Bank, Ltd., The Bank of Fukuoka, Ltd., The Hokuriku Bank, Ltd., The Ashikaga Bank, Ltd., The Yamaguchi Bank, Ltd. and The Bank of Kyoto, Ltd.
- Note 2: "Borrowing rate (annual)" is for borrowings on a floating interest basis, and HRR has entered into an interest rate swap agreement to fix the interest rate.
- Note 3: It is based on the Letter of Intent on Loan. There is no guarantee that the borrowing will actually take place.
- Note 4: "Lender," "Scheduled drawdown date," "Term (years)," and "Borrowing rate (annual)" are based on the Term Sheet referenced by the Letter of Intent on Loan. The actual "Lender," "Scheduled drawdown date," "Term (years)," and "Borrowing rate (annual)" may differ from the description.
- Note 5: "(Total) Amount to be borrowed" is an estimate calculated by the Asset Management Company based on the estimated total amount of Issue Value in the Offering and Third-Party Allotment, according to the amount of borrowings stated in Letter of Intent on Loan and the Term Sheet referenced by the Letter of Intent on Loan. The actual amount borrowed will be determined by the loan agreement to be executed after the Issue Values in Offering and Third-Party Allotment are finalized, which may vary by the total Issue Value in Offering and Third-Party Allotment.
- Note 6: Regarding "Borrowing rate (annual)," HRR has a policy to enter into an interest rate swap agreement to fix the interest rate.
- Note 7: "Basic interest rate" is planned to be the JBA three-month Japanese yen TIBOR (floating rate). However, the schedule is as of the date of this document and may be subject to change.
- Note 8: "Long-term interest-bearing debt ratio" indicates the ratio of borrowings with a period of over one year and HRR issuing bonds with a long-term redemption period to interest-bearing debts.
- Note 9: "Fixed interest ratio" indicates the ratio of fixed-rate borrowings and HRR issuing bonds to the balance of interest-bearing debts. Interest-bearing debts carrying floating rate fixed by an interest rate swap agreement were calculated as interest-bearing debts carrying a fixed rate to which the said fixed rate is applied. In addition, the interest rate on the New Loan (excluding the borrowings that HRR plans to make if the total amount of net proceeds from the public offering and each of the described borrowings is less than the amount required to fund the acquisition of asset to be acquired and related expenses (the "Backup Loan" hereinafter); the same shall apply hereinafter in this page) is calculated using the most economical value of a fixed interest rate that would apply if the New Loan were fixed by an interest rate swap agreement for the term of the loan, as quoted by HRR from several financial institutions as of June 7, 2022. Such interest rates are reference values provided by relevant financial institutions based on interest rate levels, etc. as of June 7, 2022, and the actual interest rates that will apply when fixed by the interest rate swap agreement for the actual borrowing period of the New Loan may be different. The same applies hereinafter.
- Note 10: "Average remaining period" indicates figures weight-averaged based on the balance of each interest-bearing debt for the period after the PO up to the final repayment date, rounded to the first decimal place.
- Note 11: "Average interest rate" is the weighted-average of interest rate on each interest-bearing debt based on the balance of each interest-bearing debt. Loan fees, etc. are not included. Interest rate on interest-bearing debts carrying floating rate is calculated based on JBA three-month Japanese yen TIBOR as of April 26, 2022. Interest-bearing debts carrying floating rate fixed by an interest rate swap agreement were calculated as interest-bearing debts carrying a fixed rate to which the said fixed rate is applied. In addition, the interest rate on the New Loan is calculated using the most economical value of a fixed interest rate that would apply if the New Loan were fixed by an interest rate swap agreement for the term of the loan, as quoted by HRR from several financial institutions as of June 7, 2022. Such interest rates are reference values provided by relevant financial institutions based on interest rate levels, etc. as of June 7, 2022, and the actual interest rates that will apply when fixed by the interest rate swap agreement for the actual borrowing period of the New Loan may be different. The same applies hereinafter.

P17

- Note 1: The total amount of interest-bearing debts after the PO is the sum of balance of interest-bearing debts as of the end of April 2022 and the scheduled borrowing amount of the New Loan (excluding the Backup Loan; the same shall apply hereinafter on this page); provided, however, that the amount to be borrowed by the New Loan is the amount based on the Letter of Intent on Loan, and the actual amount of borrowing may differ from the description. The same applies hereinafter.
- Note 2: The ratio of each financial institution describes a ratio of each financial institution or investment corporation bond as of July 26, 2022 after the PO and the payment of Third-Party Allotment to the total amount of interest-bearing debts after the PO, rounded to the first decimal place; provided, however, that the amount to be borrowed and the lender of the New Loan are based on the Letter of Intent on Loan, and the actual ratio may differ from the description.
- Note 3: Each "Rating" is an overall assessment of the Long-Term Issuer Rating (a credit rating agency's opinion on the issuer's future creditworthiness) and Green Finance Framework by Japan Credit Rating Agency, Ltd. (independent assessment of compliance with the Green Bond Principles (2018 edition), Green Loan Principles (2020 edition), Green Bond Guidelines (2020 edition) and Green Loan Guidelines and Sustainability Linked Loan Guidelines (2020 edition)), and is not a rating assigned to the investment units. In addition, there are no credit ratings for the investment units that have been or will be provided or made available or will be made available for inspection by credit rating agencies at the request of HRR.
- Note 4: "Average life" indicates figures weight-averaged based on the balance of each interest-bearing debt for the period from each point in time to the final repayment date, rounded to the first decimal place.
- Note 5: "Average financing period" is the weighted average of the funding period for each interest-bearing debt at each point in time, based on the balance of each outstanding interest-bearing debt, rounded to the first decimal place.
- Note 6: "Total interest-bearing debt" is a balance of interest-bearing debts at each point in time.

P18

- Note 1: "Scenario analysis" refers to the process of identifying and assessing the potential range of outcomes of future events under conditions of uncertainty. For example, in the case of climate change, scenarios can be used to help organizations explore and better understand how climate change transition risks (Note 3) and physical risks (Note 4) may impact their business, strategic, and financial performance over time.
- Note 2: "GHG" is an abbreviation of greenhouse gases, and they refer to carbon dioxide and other greenhouse gases.
- Note 3: "Transition risks" refers to those associated with social and other institutional transitions due to climate change, including policy and legal risks (arising from changes in policy and legal actions), technology risks (arising from emerging technologies affecting the competitiveness of a particular organization), market risks (arising from changes in supply and demand) and reputational risks (associated with changes in customer or community perceptions). The same applies hereinafter.
- Note 4: "Physical risks" refers to those associated with climate change and they are categorized as either acute event-driven risks, such as hurricanes, floods, and wildfires, or chronic risks associated with long-term changes in climate patterns, such as high temperatures and sea level rises. The same applies hereinafter.
- Note 5: Identification and compilation are based on the announcement in October 2021 by the "Task Force on Climate-related Financial Disclosures" established by the Financial Stability Board, and is based on the Asset Management Company's analysis of the risks and opportunities with respect to the impacts of climate change on HRR's financial condition, and is only the opinion of the Asset Management Company at the time the analysis was conducted and is not a guarantee or commitment that the risks or responses will be as described in the analysis, nor is it a guarantee or commitment that HRR's financial position will not be adversely affected by climate change. In addition, such scenario analysis is subject to change in the future.
- Note 6: "4°C Scenario" and "1.5°C Scenario" are scenarios of a 4°C and 1.5°C rise in average temperature, respectively, which were developed by the Asset Management Company as projections of impacts that would occur depending on the increase in global average temperature over the period assumed in the scenarios, as stated in the Intergovernmental Panel on Climate Change (IPCC); the same applies hereinafter) reports and other documents. There are four Representative Concentration Pathways (RCP) scenarios in the IPCC Fifth Assessment: RCP2.6 (low stabilization scenario), RCP4.5 (medium stabilization scenario), RCP6.0 (high stabilization scenario) and RCP8.5 (high reference scenario). The Asset Management Company has respectively developed the 4°C scenario with reference to RCP8.5 (high reference scenario) and the 1.5°C scenario considering RCP2.6 as reference.
- Note 7: Illustrations in the "World view of 4°C Scenario, 1.5°C Scenario" are based on the announcement in October 2021 by the "Task Force on Climate-related Financial Disclosures" established by the Financial Stability Board, and summarize the results of scenario analysis conducted by the Asset Management Company to analyze risks and opportunities regarding the impacts of climate change on HRR's financial position. The illustration material is a simplified version of the Asset Management Company's analysis of the major risks or major responses associated with parties related to HRR if the "4°C Scenario" or "1.5°C Scenario" is realized, and does not include all of the Asset Management Company's analysis, etc., nor does it represent the entirety thereof. In addition, the analysis is only the opinion of the Asset Management Company at the time the analysis was conducted and is not a guarantee or commitment that the risks or responses will be as described in the analysis, nor is it a guarantee or commitment that HRR's financial position will not be adversely affected by climate change. In addition, such scenario analysis is subject to change in the future.
- Note 8: "Climate risks" refer to the potential adverse effects of climate change on companies and organizations, and are a collective term for transition risk and physical risk.
- Note 9: "Carbon neutral" refers to the concept of reducing overall greenhouse gas emissions to zero, i.e., reducing the total emissions of carbon dioxide and other greenhouse gases from human activities to essentially zero by subtracting the amount absorbed by human activities through afforestation, forest management, etc.
- Note 10: "ZEB" is an abbreviation of "Net Zero Energy Building," and refers to buildings that aim to increase energy independence as much as possible to achieve a zero annual primary energy consumption balance. They do this by introducing renewable energy, upon realizing significant energy savings while maintaining the quality of the indoor environment by controlling energy load through advanced architectural design, actively utilizing natural energy through the adoption of passive technology, and introducing high-efficiency equipment systems.

Accompanying Notes 8

P18

Note 11: "SBT" is an abbreviation of Science Based Targets, which are greenhouse gas emission reduction targets set by companies for the next 5 to 15 years, consistent with the levels required by the Paris Agreement.

Note 12: "IEA" is an abbreviation of International Energy Agency.

Note 13: "NZE2050 Scenario" is an abbreviation of Net Zero Emissions by 2050 Scenario, under which many countries and companies aim to achieve net zero greenhouse gas emissions by mid-century.

Note 14: This rating is not a rating assigned to the investment units. In addition, there are no credit ratings for the investment units that have been or will be provided or made available or will be made available for inspection by credit rating agencies at the request of HRR.

Note 15: The number of sheets of paper reduced is an estimated figure calculated based on the assumption that the number of sheets of paper used per prospectus is approximately 100 pages of B5 paper (this is an estimate of the number of sheets of B5 paper that would be used if the prospectus were printed for the PO, and does not include amendments) and that 19,520 copies of the prospectus (19,520 copies of the prospectus in the previous PO are assumed in this calculation) are assumed to be required, and is not a guarantee or promise that it will match the actual number of sheets of paper that will not be required to be printed.

P20

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.

P21

Note 1: Data are collected from April to March each year.

Note 2: Of the properties owned by the Asset Management Company, those with 100% of the area of data acquisition are covered.

Note 3: A primary unit is calculated as (energy consumption of the property with 100% of the area of data acquisition among the properties owned) ÷ Denominator for primary unit (total floor space (m²) of the property with 100% of the area of data acquisition among the properties owned); provided, however, that regarding the denominator for the primary unit, for "ANA Crowne Plaza Hotel Hiroshima," the total area is the sum of leasable area and area corresponding to the co-ownership interest in HRR for the parking lot, and for "ANA Crowne Plaza Hotel Kanazawa" and "ANA Crowne Plaza Hotel Toyama," the total area of leasable area and common area (the above may be referred to as "three ANA Crowne Plaza properties" hereinafter). The same shall apply hereinafter to the 3 ANA Crowne Plaza properties regarding the area used as the denominator for the primary unit.

Note 4: A primary unit is calculated as (GHG emissions of the property with 100% of the area of data acquisition among the properties owned) ÷ Denominator for primary unit (total floor space (m²) of the property with 100% of the area of data acquisition among the properties owned).

Note 5: A primary unit is calculated as (water consumption of the property with 100% of the area of data acquisition among the properties owned) ÷ Denominator for primary unit (total floor area (m²) of the property with 100% of the area of data acquisition among the properties owned).

Note 6: 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 7: Total floor area is based on the floor area of each property as recorded in the property registry.

Note 8: "Number of properties with a green lease agreement executed" indicates the number of properties for which a green lease agreement has been executed for the relevant property. Even if more than one agreement is executed for a single property, it is counted as one property.

Note 9: "Execution ratio based on total floor area" is calculated by the following formula:

"Execution ratio based on total floor area" = Sum of total floor area of properties with green lease agreement executed ÷ Total floor areas of the entire portfolio × 100

Note 10: Building-housing Energy-efficiency Labeling System (BELS) is a third-party accreditation system based on the Guidelines for Energy Efficiency Labeling of Buildings (Guidelines for Labeling Energy Consumption Performance of Buildings) established by the Ministry of Land, Infrastructure, Transport and Tourism, and objectively assesses energy efficiency and conservation performance on a five-star scale.

Note 11: Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a system for assessing the overall environmental performance of buildings that is being developed and promoted in Japan under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism. The CASBEE accreditation is a framework to screen the contents of assessment on buildings by CASBEE and real estate, and certify that they are accurate by a third-party agency on a five-level scale (S rank ★★★★★ to C rank ★).

Note 12: "Green finance available" is calculated by multiplying the total acquisition price of properties that meet eligibility criteria as of the date of this document by LTV (after the PO), based on the Green Finance Framework developed by HRR ("Framework" hereinafter). Such amount is a trial calculation and may differ from the actual amount of green finance that can be implemented under the Framework after the PO. The same applies hereinafter.

Note 13: "Green finance capacity" is calculated by deducting the principal balance of green financing (Green Loans and Green Bonds) that HRR provides as of the date of this document from the amount of Green finance available. Such amount is a trial calculation and may differ from the actual amount of green finance that can be implemented under the Framework after the PO.

Accompanying Notes 9

P23

Note 1: Properties acquired after May 2018 are not included. The same applies hereinafter.

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

Note 3: “Properties operated by outside operators” refer to hotels, *ryokans* and ancillary facilities operated by operators other than Hoshino Resorts Group. The same applies hereinafter.

Note 4: “22 Roadside properties” refer to the 22 budget-type hotels (meaning economy hotels that focus on lodging), of the assets owned as of the date of this document, operated by the Solare Group (Solare Hotels and Resorts Co., Ltd. and its subsidiaries). The same applies hereinafter.

Note 5: “4 the b properties” refer to “the b akasaka,” “the b sangenjaya,” “the b nagoya,” and “the b kobe.” The same applies hereinafter.

Note 6: For “HOSHINOYA” and “RISONARE,” only the operating results of the assets owned by HRR are shown. The same applies hereinafter.

P24

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.

Note 3: Comments by brand are based on the Asset Management Company’s analysis as of the date of this document on trends in operations after November 2021 for each brand for the assets owned by HRR as of the date of this document. The same applies hereinafter.

P26

Note: “KAI Tamatsukuri” was renamed from “KAI Izumo” on April 1, 2022. The same applies hereinafter.