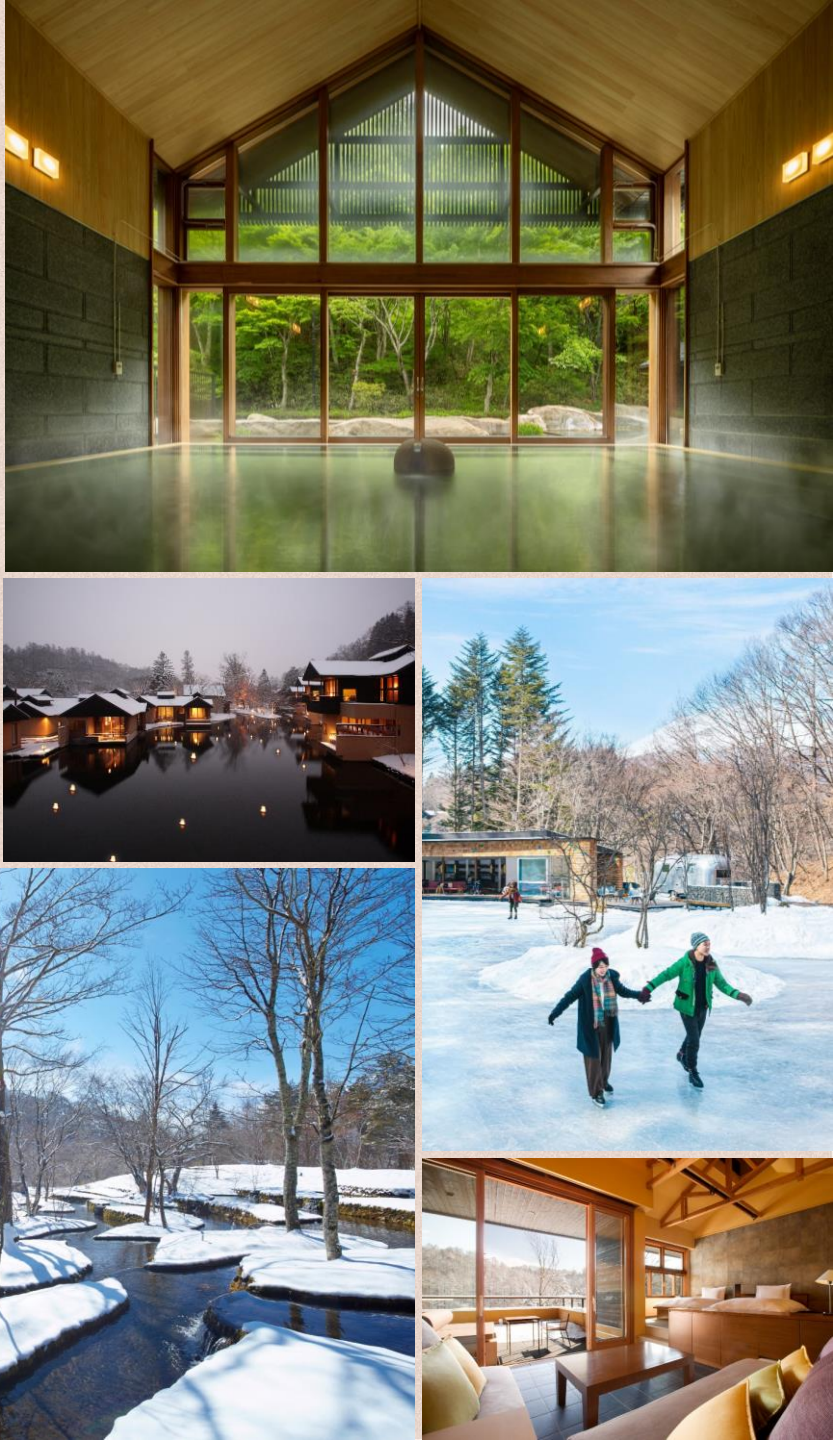




Hoshino

Hoshino
Resorts
REIT

Fiscal Period Ended October 2023/21st FP

Presentation Materials

Hoshino Resorts REIT, Inc. Presentation Materials

Securities Code: 3287

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

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

December 18, 2023



HOSHINOYA Kyoto



KAI Nagato

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



KAI Tamatsukuri



RISONARE Yatsugatake

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

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



KAI Matsumoto



KAI Kinugawa

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We do not provide any guarantees regarding the completeness or accuracy of the English translation of this document. If there is any discrepancy between the English translation and the original Japanese text, the latter shall prevail.

For notes in the text, please refer to the 'Accompanying Notes' mentioned later.

Also, the following abbreviations are used for some items on the following pages.

“Hoshino Resorts”	Hoshino Resorts Inc., its parent company and subsidiaries
“4 HOSHINOYA Properties”	HOSHINOYA Karuizawa, HOSHINOYA Kyoto, HOSHINOYA Fuji and HOSHINOYA Taketomi Island
“5 HOSHINOYA Properties”	HOSHINOYA Karuizawa, HOSHINOYA Kyoto, HOSHINOYA Fuji, HOSHINOYA Taketomi Island and HOSHINOYA Okinawa
“2 RISONARE Properties”	RISONARE Yatsugatake and RISONARE Atami
“8 KAI Properties”	KAI Matsumoto, KAI Tamatsukuri, KAI Ito, KAI Hakone, KAI Aso, KAI Kawaji, KAI Kinugawa and KAI Kaga
“13 KAI Properties”	KAI Matsumoto, KAI Tamatsukuri, KAI Ito, KAI Hakone, KAI Aso, KAI Kawaji, KAI Kinugawa, KAI Kaga, KAI Alps, KAI Enshu, KAI Nagato, KAI Kirishima and KAI Beppu
“22 Roadside properties”	22 Chisun Inn budget hotels operated by the Solare Group
“3 ANA Crowne Plaza Properties”	ANA Crowne Plaza Hiroshima, ANA Crowne Plaza Kanazawa and ANA Crowne Plaza Toyama
“4 the b properties”	the b akasaka, the b sangenjaya, the b nagoya and the b kobe
“5 the b properties”	the b akasaka, the b sangenjaya, the b nagoya, the b kobe and the b asakusa
“5 Candeo Properties”	Candeo Hotels Handa, Candeo Hotels Chino, Candeo Hotels Fukuyama, Candeo Hotels Sano and Candeo Hotels Kameyama
“3 Greens Properties”	Comfort Hotel Hakodate, Comfort Hotel Tomakomai and Comfort Hotel Kure
“4 Greens Properties”	Comfort Hotel Hakodate, Comfort Hotel Tomakomai, Comfort Hotel Kure and Comfort Hotel Takamatsu

- Unless otherwise noted, the monetary amounts are rounded to the nearest unit, and ratios are rounded to the second decimal place.
- Main monthly indicators and inbound ratios are based on figures supplied by tenants.
- This document may include properties not owned by HRR as of the date of this document, such as facilities owned by Hoshino Resorts and DBJ Joint Fund. HRR has no specific plans to acquire any of these properties, including those described in the list of major sponsor pipelines, nor is there any guarantee that HRR will be able to acquire them in the future. For information on properties currently owned by HRR, please refer to this website: <https://www.hoshinoresorts-reit.com/en/portfolio/list.html>
- QR codes can be scanned using a smartphone or other device to access the website.

Financial summary

Hoshino
Resorts
REIT



Financial Summary for the fiscal period ended October 2023 (21st fiscal period)

	Results of the 20th FP	Forecast for the 21st FP (Financial results as of Jun. 15, 2023) (A)	Results of the 21st FP (B)	Comparison with Forecast (B) - (A)
Operational status (million yen)				
Operating revenue	6,266	6,408	6,435	+27
Operating expenses	3,638	3,702	3,695	-7
Operating profit	2,627	2,705	2,740	+34
Ordinary profit	2,142	2,146	2,185	+39
Profit	2,338	2,144	2,184	+40
Distribution per unit	8,385 yen	8,400 yen	8,557 yen	+157 yen
Others				
Rental NOI (million yen)	4,953	5,110	5,130	+19
Rental NOI yield	5.18%	5.1%	5.2%	+0.02pt
LTV	36.7%	39.0%	39.0%	+0.02pt
NAV per unit	550,913 yen	-	572,919 yen	-

Breakdown of operating revenue

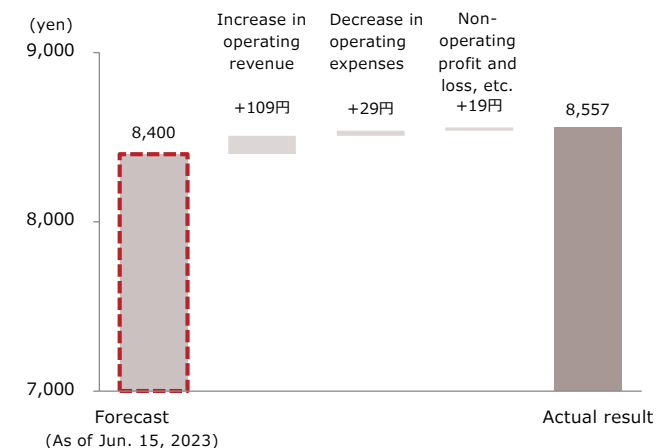
■ Fixed rent	4,924 million yen (76.5%)
■ Floating rent	1,452 million yen (22.6%)
■ Other revenue	59 million yen (0.9%)

Comparison with previous forecast of operating expenses

■ Rental business expenses (repair expenses)	+10 million yen
■ Rental business expenses (expenses other than repair expenses)	+1 million yen
■ Increase/decrease in other expenses	-19 million yen

Breakdown of distribution increase and decrease

■ Distribution per unit	8,557 yen
■ Comparison with forecast	+157 yen (+1.9%)



Hoshino Resorts: Opportunity to address labor shortages and increase future operational capacity ①

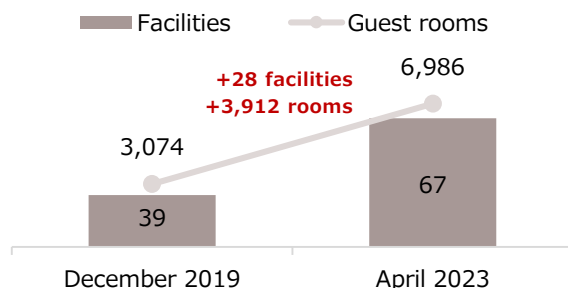
Since the beginning of 2023, Hoshino Resort has been affected by labor shortages and has had to temporarily limit its operations, but it has implemented three short-term measures to maintain its performance. Recruitment of new graduates in FY2024 is progressing well, and the labor shortage is expected to be resolved.

Background of labor shortages and effectiveness of short-term measures

Background of labor shortage

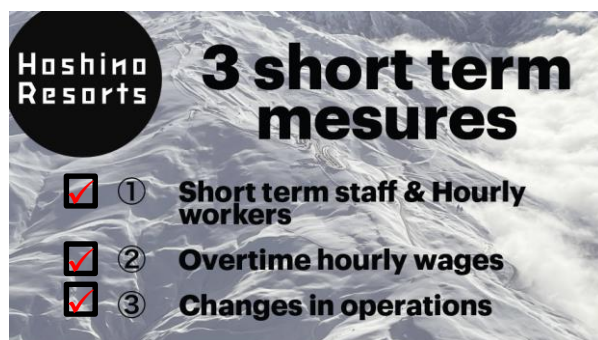
- ① Proactively promote new openings amid COVID-19 in order to strengthen competitiveness over the medium to long term. As other companies have stopped hiring new employees, we are actively recruiting new employees.
- ② From the beginning of 2023, other companies have resumed hiring, which has led to a number of job changes by young employees who originally wanted to work for other companies but joined Hoshino Resort during COVID-19. (As of the date of this document, the situation has now stabilized.)

Transition in the number of facilities and rooms



Maintain performance through short-term measures

- Maintain performance under labor shortage conditions by implementing the following measures to capitalize on the rapid recovery in demand in the summer of 2023



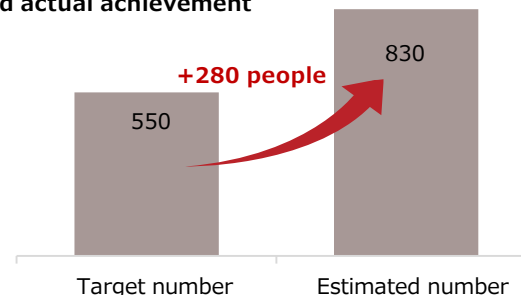
Toward a fundamental solution to labor shortages

Recruitment of new graduates in 2024

- Changes in resources and processes related to recruitment activities in the midst of an expected seller's market → Record number of new graduates expected to join the company, far exceeding the target number of hires

Recruitment of New Graduates for FY2024 Target Number of Graduates and estimated actual achievement

As of November 22, 2023

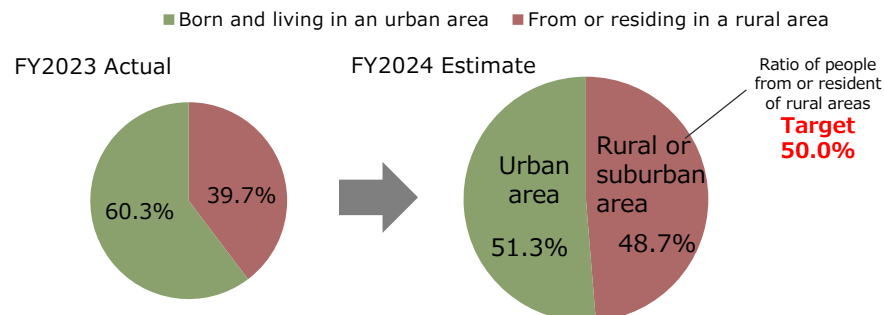


Strengthen recruitment of people from rural areas

- Strengthen recruitment of people living in/from regions who have high retention rates → Further improve employee retention rate

Breakdown of new graduates living in/from rural areas Target number and estimated actual achievement

As of November 22, 2023



Hoshino Resorts: Opportunity to address labor shortages and increase future operational capacity ②

Hoshino Resorts will take on the challenge of innovation to enhance competitiveness even under the adversity of labor shortages. We will undertake a project to optimize operations, aiming to further strengthen our operational capabilities.

Toward Future Medium- and Long-Term Growth

To further strengthen our operational capabilities through innovation

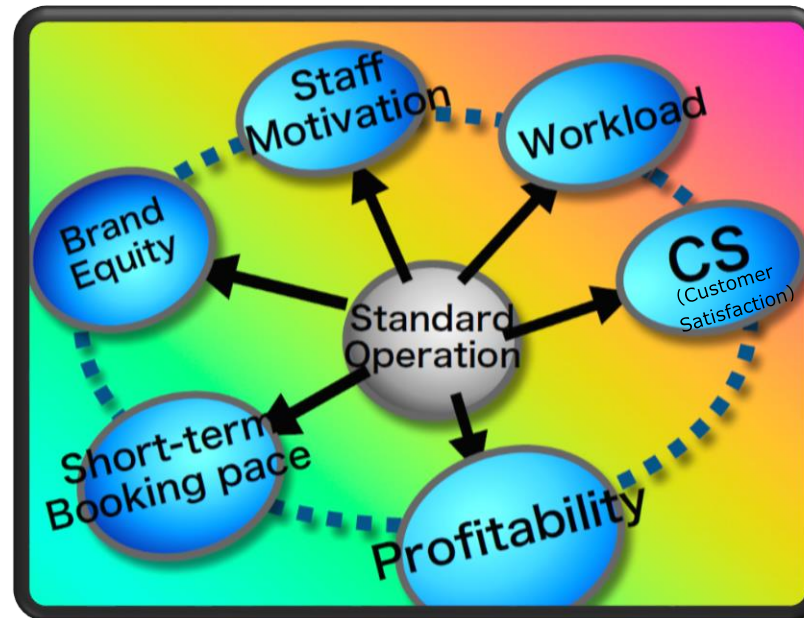


- Implemented "short-term modifications to operating methods" as a measure to address labor shortages.
- Representative Hoshino toured facilities across Japan and held discussions with staff members to increase the number of lodging acquisitions with limited labor.
- A variety of ideas emerged, and the potential for further optimization of operations was discovered.

Representative Hoshino discussing at facilities across Japan.



- The nature of the business influences all six of the following factors, including customer satisfaction, brand strength, ability to attract customers, and profitability.
To maintain and strengthen competitiveness over the long term, it is essential to establish a business profile that successfully balances these factors at a high level.
- Based on the knowledge gained from short-term measures, we have initiated a project **to optimize operations**. By finding unique methods suited to each region and facility, we aim to **further strengthen our operational capabilities**.

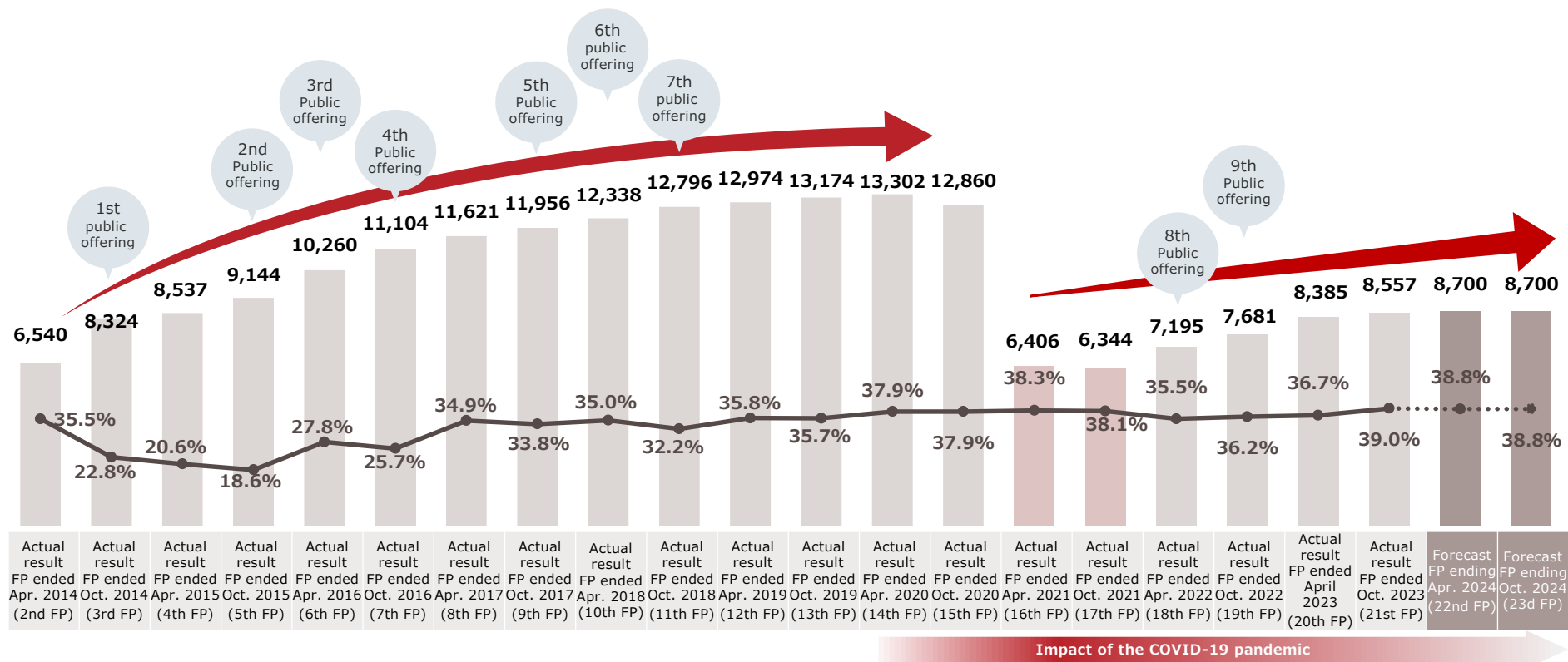


Forecast distribution per unit and rent

Actual distributions and distribution forecasts

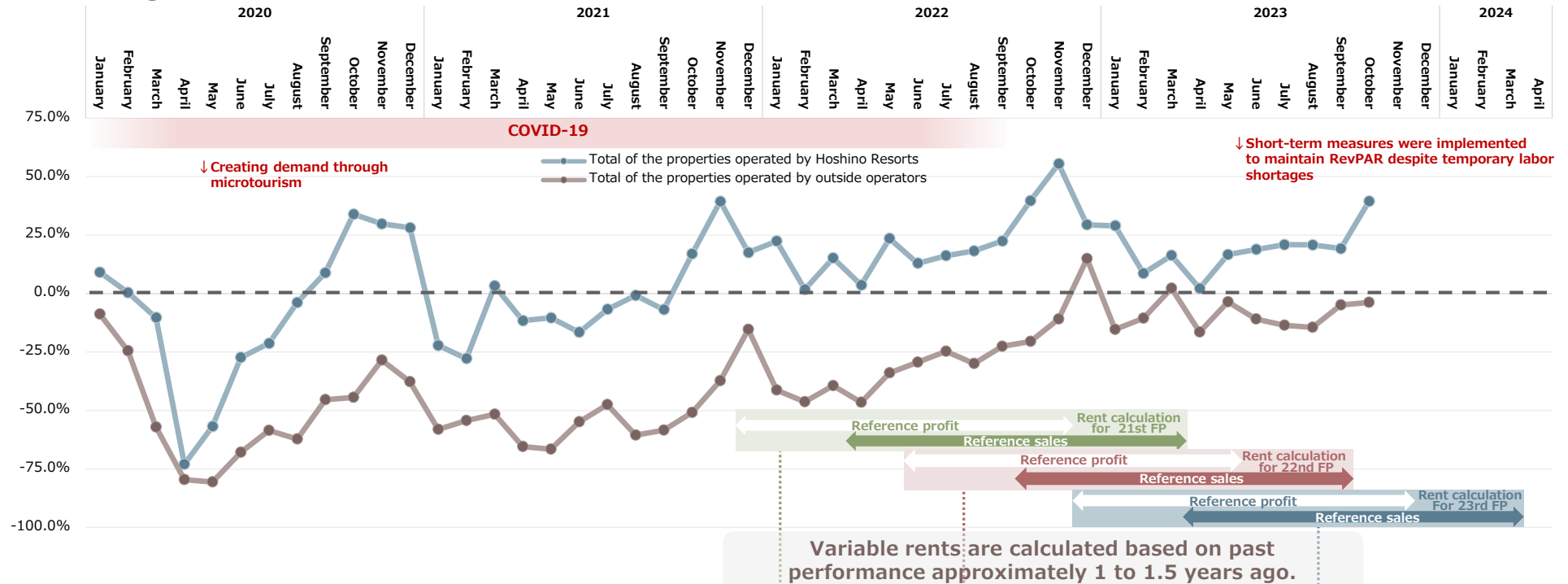
	Previous forecast (released Jun. 15, 2023)	This announcement (released Dec. 18, 2023)	
Result of the 21 st FP (ended October 2023)	8,400 yen	Actual results 8,557 yen (vs. previous forecast +157 yen)	- Most of the properties have fixed variable rents as of the previous forecast, so they settled without any deviation from the forecast. - Hoshino Resorts-operated properties have grown to rent levels higher than before COVID-19, but the recovery of non-Hoshino Resorts-operated properties was slow.
Forecast for the 22 nd FP (FP ending Apr. 30, 2024)	8,600 yen	Forecast 8,700 yen (vs. previous forecast +100 yen)	- Although most of the rents were fixed at the time of the previous forecast, actual results exceeded the forecast for the sales-linked properties that included estimates, and the forecast for the b asakusa was amended upward. - A temporary labor shortage occurred after January 2023 at properties managed by Hoshino Resorts, while variable rents at properties operated by outside operators have begun to recover in the period.
Forecast for 23 rd FP (FP ending Oct. 31, 2024)	-	Forecast 8,700 yen (vs. 22nd period ±0yen, ±0%)	- Hoshino Resorts-operated properties will continue to be affected by the temporary labor shortage of January 2023 onward, as in the 22nd fiscal period. - On the other hand, the performance of properties operated by outside operators will continue to recover. Variable rents will gradually recover at the ANA Crowne Plaza Hotel Hiroshima, and rents are expected to increase compared with the previous fiscal year.

Changes in distributions per unit (yen, after considering investment unit split) and LTV (%)



Correspondence between rent and hotel sales/profit

RevPAR change from 2019



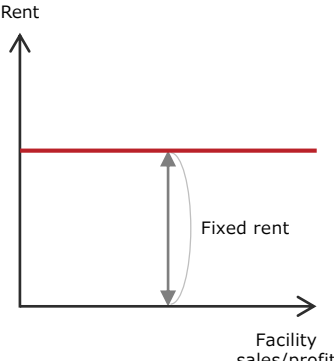
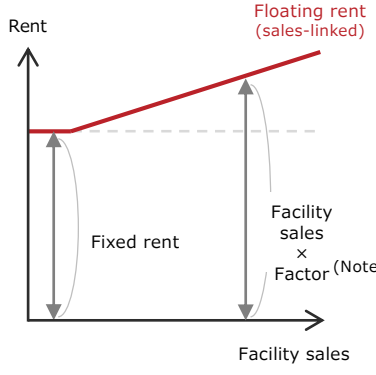
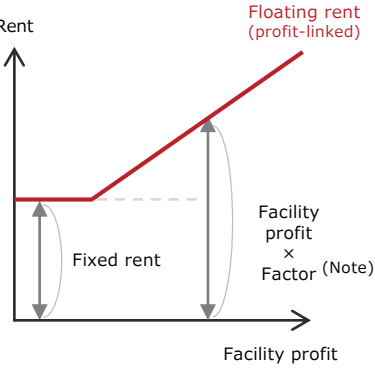
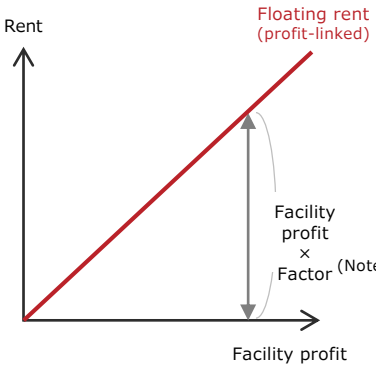
Rent assumptions (Unit: million yen)

(Note1)		Results of FP ended October 2023 (the 21st FP)			Forecast for FP ended April 2024 (the 22nd FP)			Forecast for FP ended October 2024 (the 23rd FP)		
Operators	Brand	Fixed rent, etc.	Floating rent	Total	Fixed rent, etc.	Floating rent	Total	Fixed rent, etc.	Floating rent	Total
Properties operated by Hoshino Resorts	HOSHINOYA	978	267	1,246	1,030	276	1,307	1,030	207	1,237
	RISONARE	374	368	742	374	320	694	374	319	693
	KAI	870	319	1,189	717	401	1,119	686	354	1,040
	Others	350	70	420	350	35	385	350	37	387
	Sub-total	2,573	1,025	3,599	2,471	1,034	3,506	2,440	917	3,358
Properties operated by outside operators	3 ANA Crowne Plaza Properties	696	0	696	696	0	696	696	26	722
	22 Roadside Properties	558	196	754	558	223	781	670	150	820
	5 the b Properties (Note2)	296	121	417	312	250	562	312	280	593
	Others	810	109	919	817	158	976	820	259	1,080
	Sub-total	2,361	426	2,787	2,384	631	3,016	2,499	717	3,216
Total		4,934	1,452	6,387	4,856	1,666	6,522	4,939	1,634	6,574

※"Total of the properties operated by Hoshino Resorts" does not include Properties acquired after January 2019 (HOSHINOYA Okinawa, KAI Alps, KAI Enshu, KAI Nagato, KAI Kirishima, KAI Beppu, BEB5 Karuizawa, Iriomote Hotel). "Total of the properties operated by outside operators" is calculated by aggregating data from "3 ANA Crowne Plaza Properties", "Grand Prince Hotel Osaka Bay(Formerly Hyatt Regency Osaka)", "4 the b properties" and "22 Roadside properties".

Rent type

(Forecast for October 31, 2023)

Rent type		Fixed rent	Fixed rent + floating rent	Fixed rent + floating rent	Floating rent
Benchmark index for calculation of floating rent		-	Facility sales	Facility profit	Facility profit
No. of properties		8 properties	30 properties	30 properties	1 property
Acquisition price	Amount	7.2 billion yen	34.7 billion yen	140.6 billion yen	16 billion yen
	Ratio	3.6%	17.5%	70.8%	8.1%
Property name		◆ 5 Candeo Properties ◆ Comfort: Hakodate, Tomakomai, Kure	◆ Hoshinoya: Karuizawa, Kyoto ◆ RISONARE: Yatsugatake ◆ KAI: Matsumoto, Ito, Hakone, Aso, Kawaji ◆ 22 Roadside properties	◆ HOSHINOYA: Fuji, Taketomi Island, Okinawa ◆ RISONARE: Atami ◆ KAI: Tamatsukuri, Kinugawa, Kaga, Alps, Enshu, Nagato, Kirishima, Beppu ◆ OMO7 Asahikawa, OMO7 Kochi, BEB5 Karuizawa, Iriomote Hotel ◆ 3 ANA Crowne Plaza Properties ◆ 5 the b properties ◆ hotel androoms Osaka Hommachi ◆ Sol Vita Hotel Naha ◆ Quintessa Hotel Osaka Shinsaibashi ◆ Grand Hyatt Fukuoka ◆ Comfort Hotel Takamatsu ◆ HOTEL VISTA MATSUYAMA	◆ Grand Prince Hotel Osaka Bay
Rent plan image					

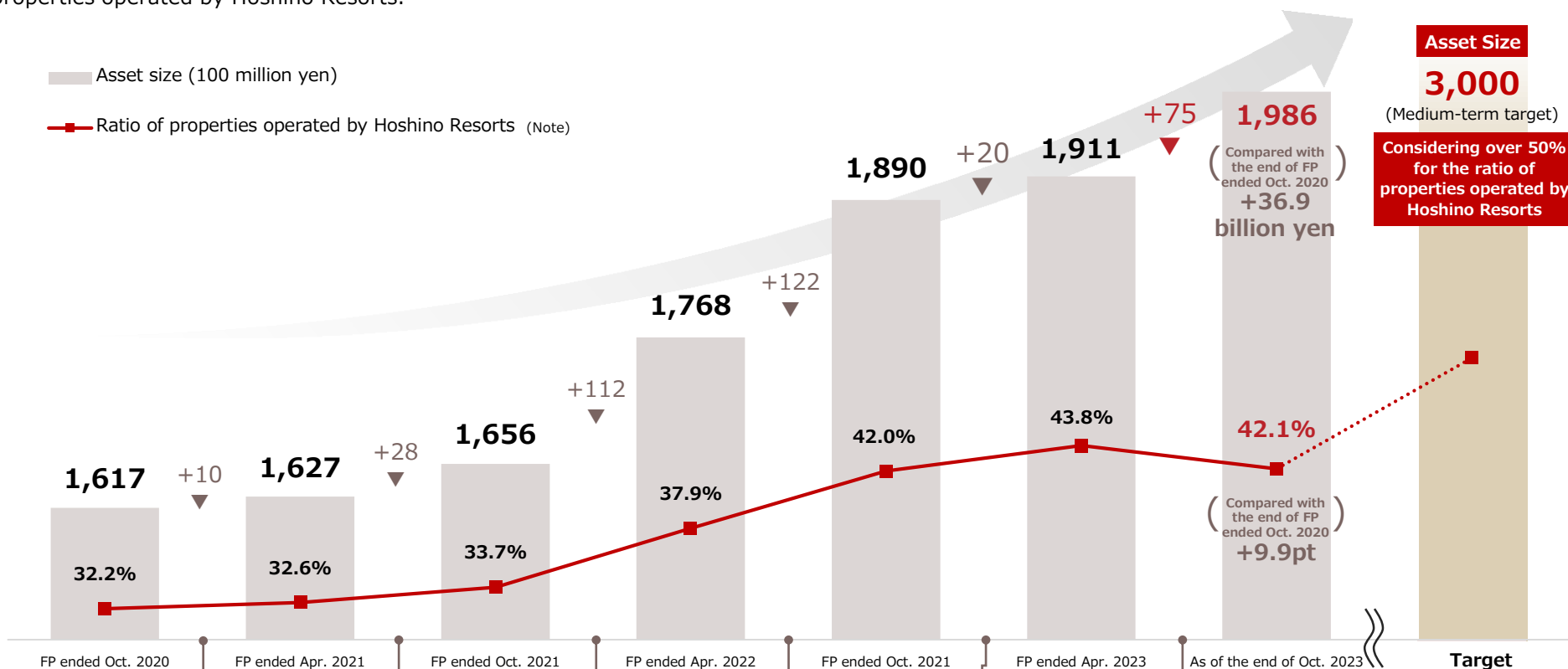
Highlights

Hoshino
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REIT



Active efforts promoted to achieve the medium- to long-term targets

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



Acquisition of property
KAI Enshu
November 2020

Acquisition of property
Comfort Hotel Takamatsu
November 2022

Capital increase through third-party allotment

Assets acquired
KAI Nagato
June 2021

Asset replacement

Assets transferred
ANA Crowne Plaza Fukuoka
June 2021

Assets acquired
Grand Hyatt Fukuoka

8th public offering

Assets acquired

KAI Kirishima
December 2021

KAI Beppu
December 2021

9th public offering

Assets acquired

HOSHINOYA Okinawa
July 2022

Acquisition of property

Assets acquired

HOTEL VISTA MATSUYAMA
June 2023

the b asakusa

Initiatives after the end of FP ended Oct. 2020

- ◆ Acquisition of properties for six consecutive periods
Total acquisition price: 44.5 billion yen
Sales price: 7.7 billion yen
Total trading price: 52.2 billion yen
- ◆ Equity financing
Total amount financed: 21.1 billion yen

Transfer of operations to Greens

The 22 Chisun Inn properties operated by the Solare Group will be rebranded and transferred to Greens as the management entity. The brand under consideration following the rebranding currently is Comfort Inn, one of the Comfort brands owned by Greens. GREENS Co., Ltd. ("Greens") has expanded its business operations through synergy between its Choice Brand, a global brand of more than 7,400 hotel chains in 45 countries, and its Original Brand, which has more than 60 years of hotel management experience.

Highlight

	Before rebranding	After rebranding (after May 2024)
Property name	CHISUN Inn 	Comfort Inn (scheduled) 
Operator	Solare Group	GREENS Co., Ltd.
Lessee	SHR Roadside Inn Co., Ltd.	
Total guest rooms	2,205 rooms	2,205 rooms (planned)

Background and Points

- As a specialized hotel operator, it has 65 years of experience in operating a wide range of hotels, including its mainstay urban station hotels, as well as roadside hotels and operator change projects, so we can expect stable management of this group of properties.
- A rent structure of fixed rent + floating rent (based on facility profit) will be adopted, which is expected to contribute to maximizing profits over the medium to long term.
- By utilizing the non-refundable security deposit provided by Greens, it is possible to invest in rebranding, and we can expect to avoid the risk of a drop in dividends due to downtime (period of closure, etc.) associated with rebranding.
- At the same time as the conclusion of the Lease Agreement, HRR, Greens, and MUFG Bank, Ltd. have, with regard to roadside hotels operated by Greens, entered into an agreement on a partnership aimed at expanding the business throughout Japan by 2030, which we judged would lead to the acquisition of opportunities to expand HRR's assets.



Strengths of the Comfort INN brand

- Hotel brand that meets a variety of needs according to location and travel objectives

Three characteristics



All rooms are non-smoking.
Offers a comfortable sleep with original pillows and carefully selected bedding



Serving breakfast that can be enjoyed only at the hotel with a focus on freshly baked bread and a menu of rice dishes made using locally grown rice

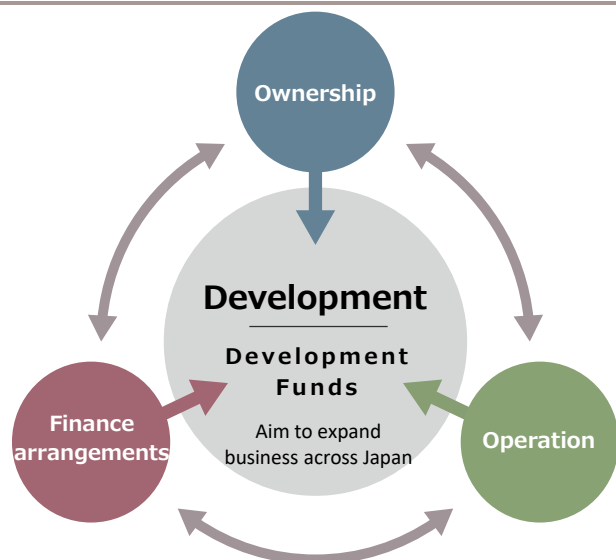


A large parking space is available in a location that is easily accessible by car (excluding some hotels)

Future growth strategy for roadside hotel business

HRR, Greens, and MUFG Bank, Ltd. have signed a letter of intent to exclusively explore the possibility of forming an alliance to expand the business of roadside hotels operated by Greens. The three companies will form a development fund under the partnership and aim to develop about 20 roadside hotels, represented by "Comfort Inn" hotels, by 2030 and expand the business throughout Japan.

Partnership of three companies to expand roadside hotel business (planned)



Hoshino Resorts REIT, Inc.

Ownership

- ◆ Consideration of **acquisition** after completion of hotel
- ◆ Consideration of acquisition after hotel completion and **ownership** after acquisition
- ◆ Investment in the development fund
- ◆ Support for the establishment and management of the development fund

GREENS Co., Ltd.

Operation

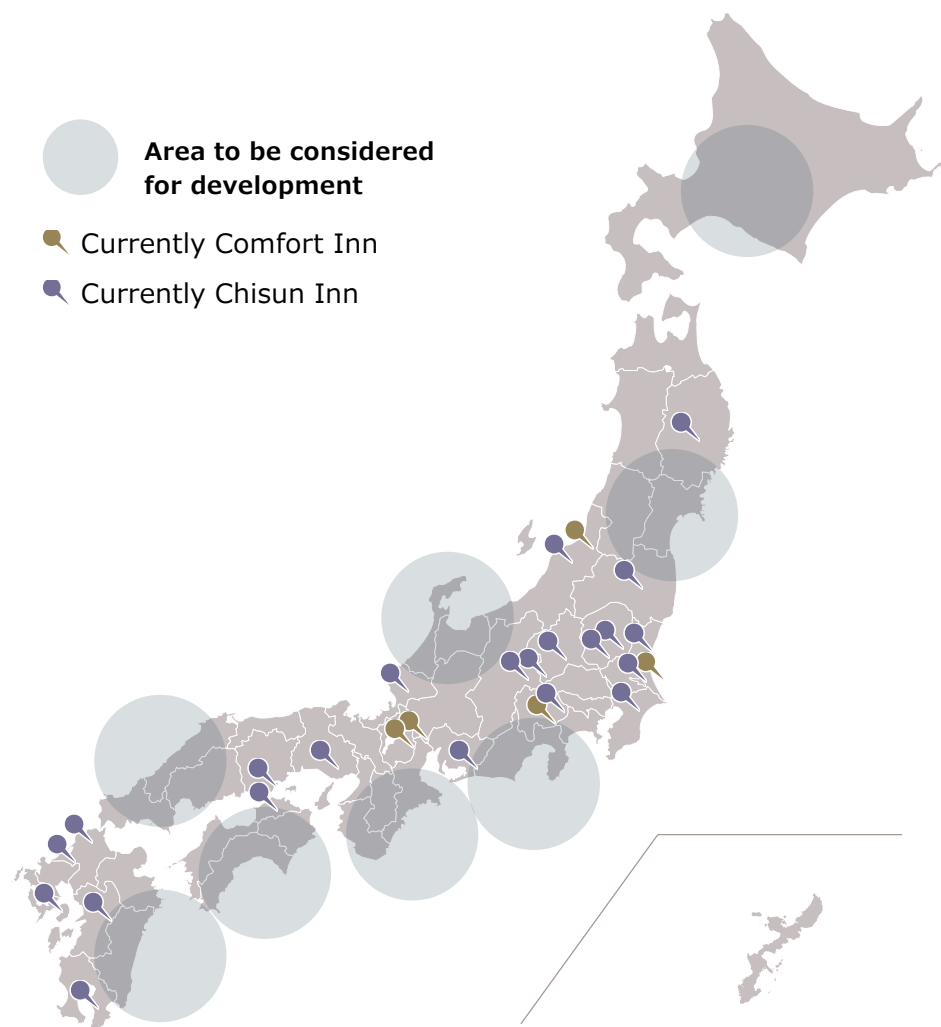
- ◆ Hotel **rental and operation** after completion
- ◆ Provision of specifications for hotels to be developed
- ◆ Investment in the development fund

MUFG
MUFG Bank, Ltd.

Finance arrangements

- ◆ Advice on the **creation and financing** of the development fund and other arrangements
- ◆ Support for other comprehensive financing-related operations
- ◆ Support for asset management of the development fund

Conceptual diagram of business expansion



CAPEX case study for internal growth

In order to strengthen the medium- to long-term competitiveness of the properties it owns, HRR is systematically implementing strategic CAPEX to enhance its attractiveness.

ANA Crowne Plaza Hiroshima (2023)

- Completely renovated club floor to create a new sense of high quality and luxury

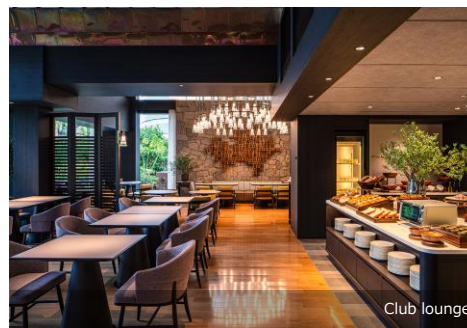


Point

- The "Club Lounge" for the exclusive use of Club Floor guests has been relocated from the 7th floor to the top 22nd floor of the hotel. A space of approximately 200 m², the Club Lounge offers a panoramic view of Hiroshima and the islands of the Seto Inland Sea.
- Functional yet comfortable space tailored to the needs of the increasing number of high-end business travelers and leisure travelers.

Grand Hyatt Fukuoka (2023)

- Grand Hyatt Fukuoka Renews "Grand Club™" Lounge - New Lounge Experience at Grand Hyatt Fukuoka



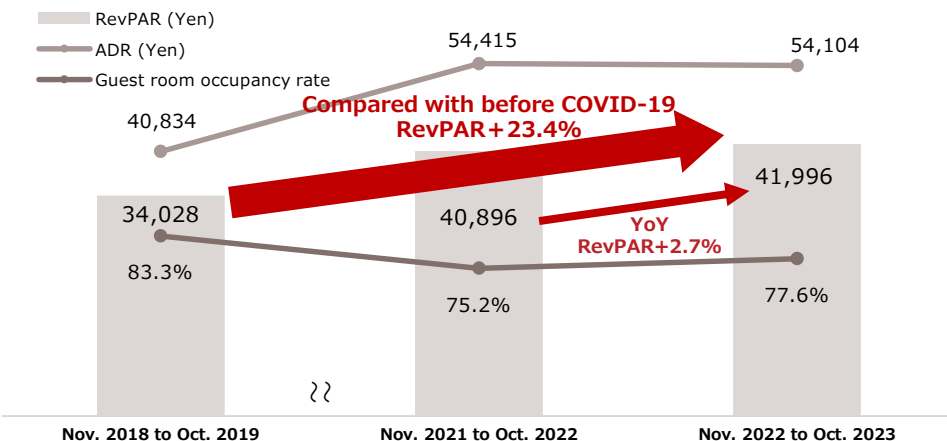
Point

- Embodying Hyatt's culinary philosophy in a lounge of the highest quality.
- A terrace area where guests can relax and enjoy the open feeling of being surrounded by the greenery of the garden and a relaxation space designed to allow guests to feel the greenery of the garden even indoors.
- Aiming for further revenue upside in the internationally competitive Fukuoka area.

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

Although Hoshino Resort-operated properties were affected by labor shortages, thanks to short-term measures, our properties maintained strong performance, with RevPAR for the latest one-year period exceeding the pre-COVID-19 level by +23.4%. The non-Hoshino Resort-managed properties have shown a strong recovery, with both occupancy and ADR rapidly increasing year-on-year and RevPAR up 36.6% year-on-year, close to the pre-COVID-19 level.

Total properties operated by Hoshino Resorts Group (Note 1)



Nov. 2018 to Oct. 2019		Nov. 2021 to Oct. 2022			Nov. 2022 to Oct. 2023	
		2018/11 to 2019/10 (①)	2021/11 to 2022/10 (②)	2022/11 to 2023/10 (③)	Compared with before COVID-19 pandemic (③-①)	Compared with the previous year (③-②)
HOSHINOYA 4 properties	Guest room occupancy rate	89.1%	73.1%	74.9%	-14.2pt	+1.8pt
	ADR (yen)	74,670	90,810	90,995	+16,325	+185
	RevPAR (yen)	66,519	66,420	68,196	+1,677	+1,776
RISONARE 2 properties	Guest room occupancy rate	86.4%	81.6%	74.6%	-11.8pt	-7.0pt
	ADR (yen)	43,478	64,099	69,943	+26,465	+5,844
	RevPAR (yen)	37,558	52,300	52,184	+14,626	-116
KAI 8 properties	Guest room occupancy rate	79.7%	85.4%	83.8%	+4.1pt	-1.6pt
	ADR (yen)	38,132	46,440	46,869	+8,737	+429
	RevPAR (yen)	30,393	39,643	39,287	+8,894	-356
OMO7 Asahikawa	Guest room occupancy rate	79.8%	58.3%	75.8%	-4.0pt	+17.5pt
	ADR (yen)	11,314	15,522	16,078	+4,764	+556
	RevPAR (yen)	9,023	9,044	12,193	+3,170	+3,149

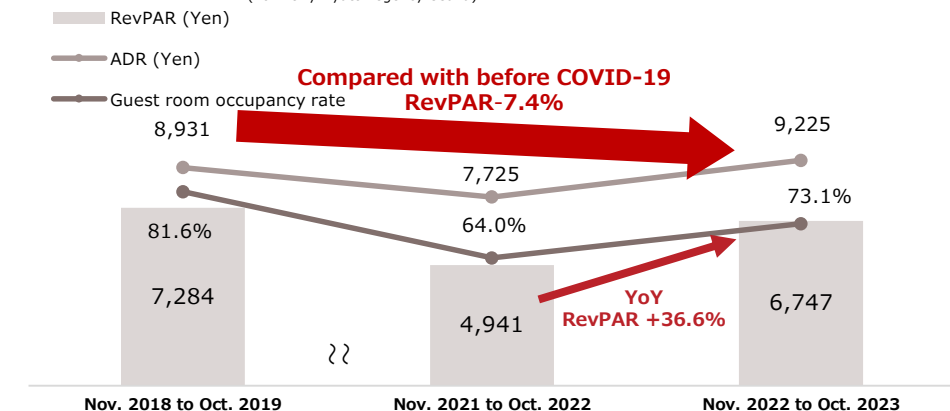


Please refer to "Hotel Operational Results Data" for monthly operating results for individual properties.

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

Total of major properties operated by outside operators (Note 1,2)

(3ANA Crowne Plaza properties, Grand Prince Hotel Osaka Bay, 22 Roadside properties, and 4 the b properties are calculated)
(Formerly Hyatt Regency Osaka)

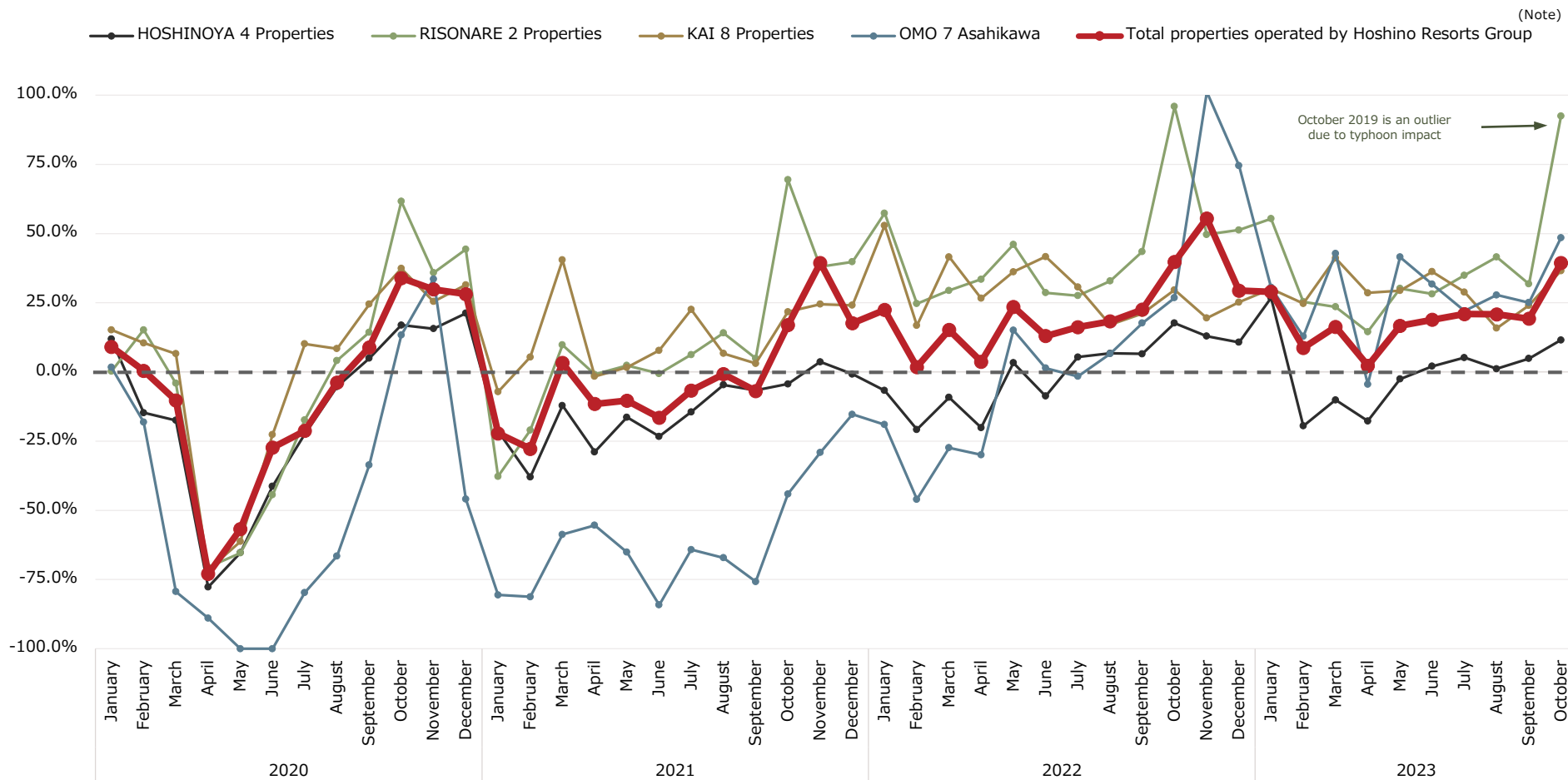


Nov. 2018 to Oct. 2019		Nov. 2021 to Oct. 2022			Nov. 2022 to Oct. 2023	
		2018/11 to 2019/10 (①)	2021/11 to 2022/10 (②)	2022/11 to 2023/10 (③)	Compared with before COVID-19 pandemic (③-①)	Compared with the previous year (③-②)
ANA Crowne Plaza 3 properties	Guest room occupancy rate	79.1%	57.9%	70.2%	-8.9pt	+12.3pt
	ADR (yen)	13,028	10,255	12,858	-170	+2,603
	RevPAR (yen)	10,307	5,942	9,032	-1,275	+3,090
Grand Prince Hotel Osaka Bay	Guest room occupancy rate	69.2%	30.4%	48.2%	-21.0pt	+17.8pt
	ADR (yen)	16,167	16,300	19,552	+3,385	+3,252
	RevPAR (yen)	11,192	4,957	9,421	-1,771	+4,464
Roadside 22 properties	Guest room occupancy rate	81.1%	72.0%	77.5%	-3.6pt	+5.5pt
	ADR (yen)	6,140	6,183	6,356	+216	+173
	RevPAR (yen)	4,980	4,452	4,926	-54	+474
the b 4 properties	Guest room occupancy rate	94.0%	69.7%	80.6%	-13.4pt	+10.9pt
	ADR (yen)	9,806	7,431	9,610	-196	+2,179
	RevPAR (yen)	9,213	5,182	7,746	-1,467	+2,564

Monthly operating results since COVID-19 pandemic (properties operated by the Hoshino Resorts Group)

Despite the pandemic, Hoshino Resorts rapidly achieved a recovery starting in the summer of 2020. In 2021 and 2022, its operational results grew even beyond pre-pandemic levels. In 2023, Hoshino Resorts partially curtailed operations due to labor shortages, but through short-term measures, Hoshino Resorts has been able to capture demand during the summer high season and maintain high operational performance.

Rate of change in RevPAR compared with 2019

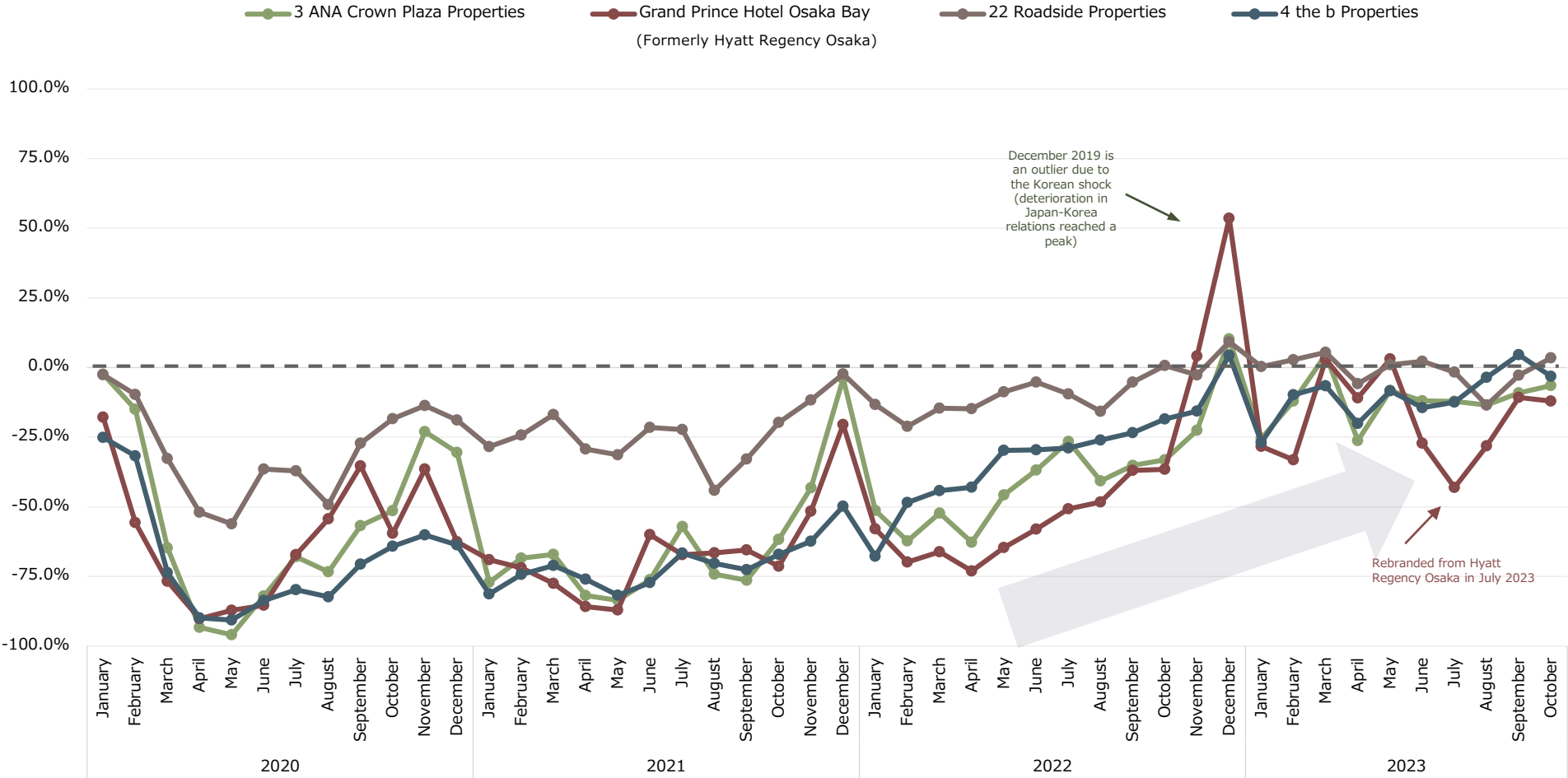


The COVID-19 pandemic

Monthly operating results since COVID-19 pandemic (properties operated by outside operators)

The 22 roadside properties have consistently shown solid operating performance throughout COVID-19 and continue to perform well. Properties in urban areas, which had particularly suffered due to COVID-19, have also shown a rapid recovery since the fall of 2022 and have now been recovering to a level close to that before COVID-19.

Rate of change in RevPAR compared with 2019



Summary of real estate appraisal amount, etc.

Real estate appraisal values increased overall, reflecting the strong operating results of properties operated by Hoshino Resorts and the recent recovery in demand for properties operated by companies other than Hoshino Resorts.

	(Note) Real estate appraisal amount, etc.			Key factors
	End of 21 st FP (millions of yen)	VS. previous FP (millions of yen)		
Total of 69 properties	221,312	+2,922	+1.3%	
Total for properties operated by the Hoshino Resorts	99,627	+2,077	+2.1%	
5 HOSHINOYA Properties	39,650	+510	+1.3%	Booming hotel sales market has led to lower cap rates for many properties RISONARE Yatsugatake: Increase in operating revenue due to strong performance KAI Hakone: Increase in operating revenue due to strong performance OMO7 Kochi: Increase in operating revenue due to rebranding
2 RISONARE Properties	13,470	+570	+4.4%	
13 KAI Properties	33,347	+637	+1.9%	
Hoshino Resorts Others	13,160	+360	+2.8%	
Total for properties operated by outside operators	121,685	+845	+0.7%	
Full-service hotel	52,360	-400	-0.8%	Grand Prince Hotel Osaka Bay: Impact from change of operator Chisun Inn (Sano Fujioka IC, etc.): Increase in operating revenue due to strong performance
Hotels that specialize in accommodation	48,826	+361	+0.7%	
Roadside properties	20,499	+884	+4.5%	
Unrealized profit	22,343	+3,835	+20.7%	

Agile financial management and diversified procurement options ①

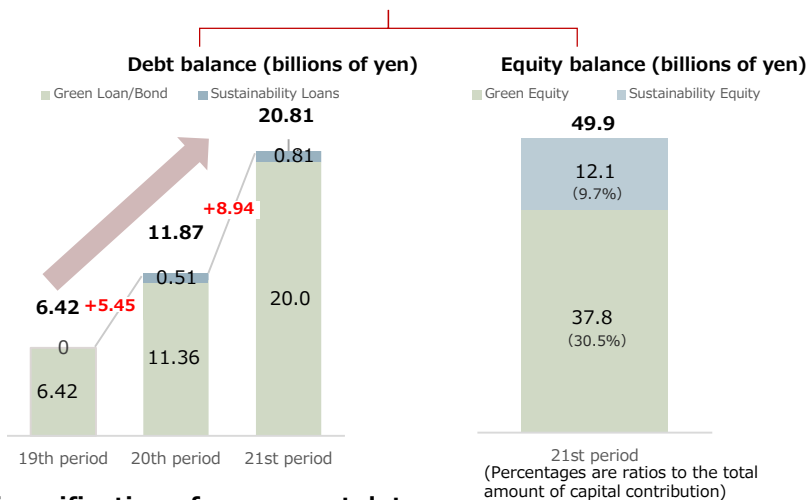
By achieving a high degree of agility and a variety of procurement methods, we are managing our finances in response to changes in financial conditions.

Recent Initiatives

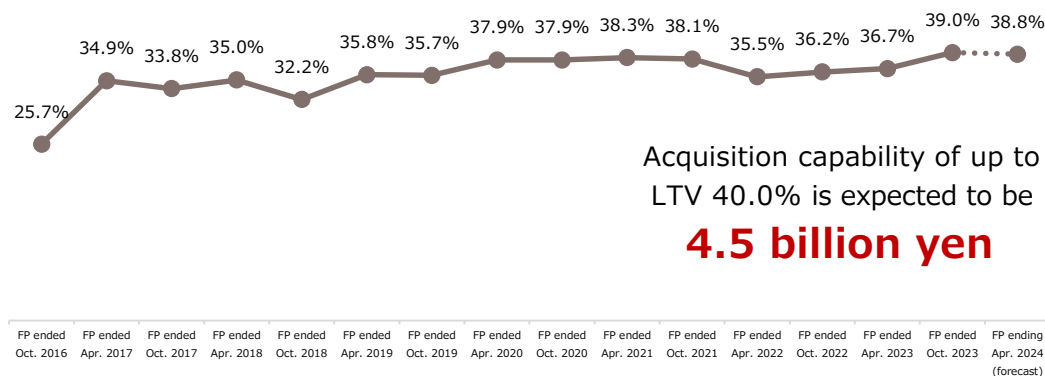
- In an environment where there were no "AA-" rated bonds, the next highest rating after "AA", and no "A+" rated bonds had been issued in the past 1 year and 8 months, HRR was able to issue 10-year green bonds (1.415% per annum).
- As a new method to cope with the rising cost of fixing interest rates, we devised and implemented the first yield curve swap (YCS) for a J-REIT, utilizing the interest rate gap between the Bank of Japan's long- and short-term monetary policies.
- Continued sustainable financing (note1) and reduced risk premiums through collaborative efforts between HRR and the operator to promote sustainable initiatives.
- Continued to provide long-term debt financing, including a 9-year loan, the longest loan period among hotel sector REITs, after COVID-19.

Sustainable Financing

Total sustainable finance: 70.7 billion yen

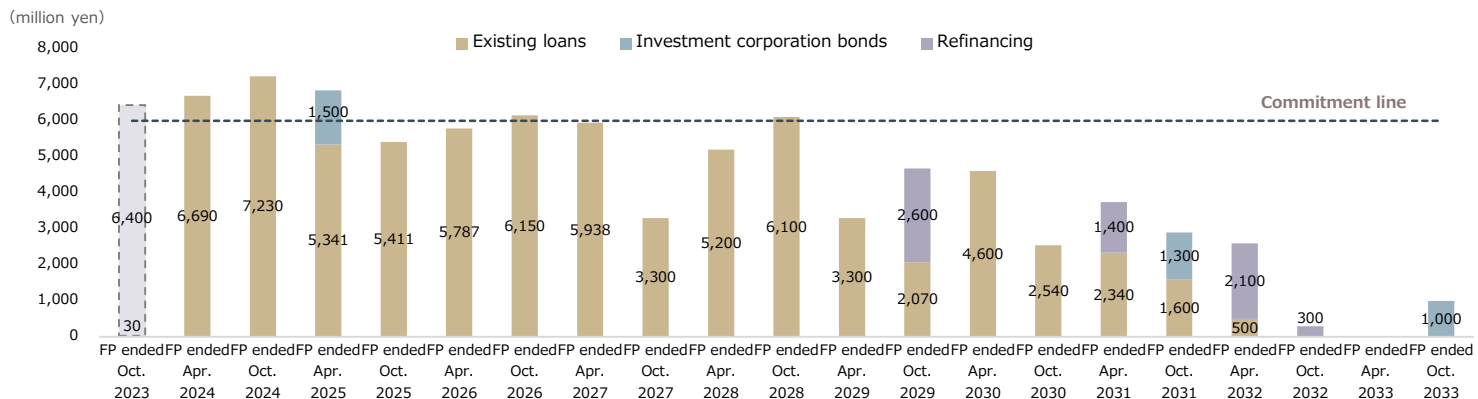


Transition of LTV



Acquisition capability of up to LTV 40.0% is expected to be
4.5 billion yen

Diversification of repayment dates



As of October 31, 2023

Key Financial Indicators

(as of October 31, 2023)

Long-term interest-bearing debt ratio: 98.9%

Fixed interest rate: 98.9% (note2)

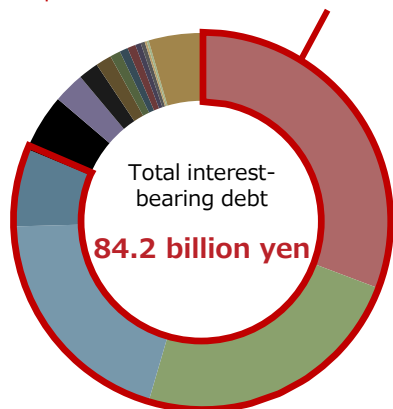
Average remaining period: 3.9 years

Average margin: 0.87%

Building of strong financial foundations and diverse procurement methods ②

Lender formation

Japan's megabanks and Development bank of Japan hold over 80% of the total share



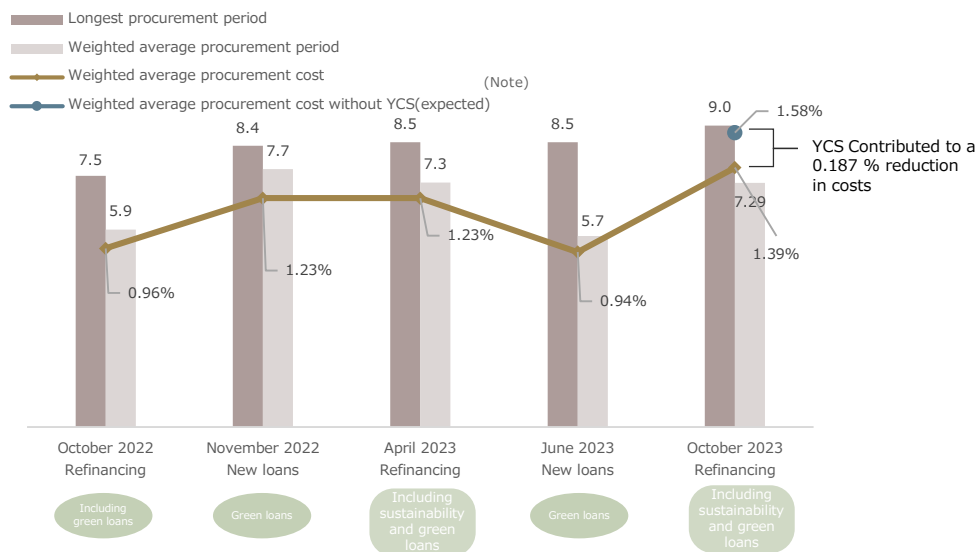
MUFG Bank, Ltd.	30.7%
Sumitomo Mitsui Banking Corporation	23.8%
Development Bank of Japan Inc.	20.0%
Mizuho Bank, Ltd.	6.7%
Resona Bank, Ltd.	5.0%
The Bank of Fukuoka, Ltd.	2.7%
The Bank of Yamaguchi, Ltd.	1.7%
The Ashikaga Bank, Ltd.	1.4%
The Senshu Ikeda Bank, Ltd.	0.9%
The Hokuriku Bank, Ltd.	0.7%
The Bank of Kyoto, Ltd.	0.7%
The Higo Bank, Ltd.	0.5%
THE NISHI-NIPPON CITY BANK, LTD.	0.4%
SUIMITOMO LIFE INSURANCE COMPANY	0.2%
The 77 Bank, Ltd.	0.2%
Investment corporation bonds	4.5%

As of October 31, 2023

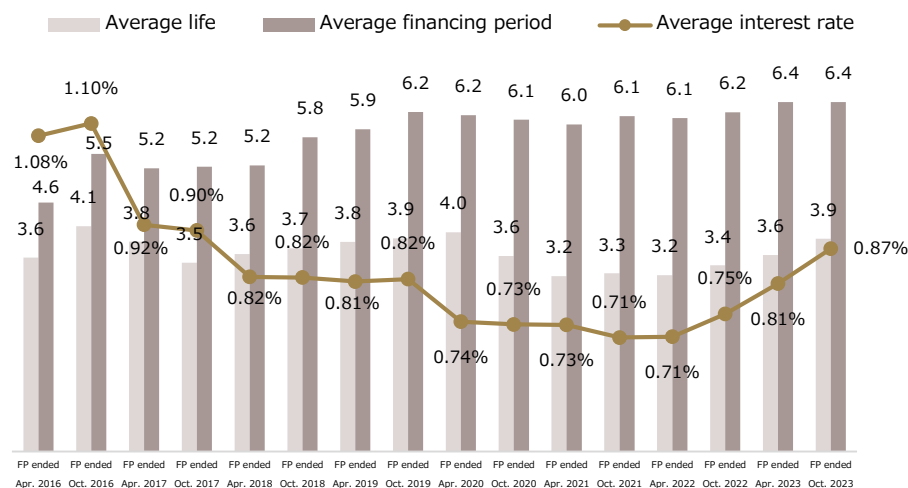
Status of credit ratings, etc.

Rating agency	Japan Credit Rating Agency, Ltd. (JCR)			Rating and Investment Information, Inc. (R&I)
Rating target/evaluation target	Long-term issuer rating	Sustainability finance framework	Green finance framework	Issuer rating
Rating/overall assessment	A+ (stable)	SU1 (F)	Green1 (F)	A (stable)

Latest state of borrowings (excluding variable short-term debt)



Procurement conditions



Maintains levels of 3-star GRESB Real Estate Assessment and "A" level for GRESB Public Disclosure Ranked 2nd highest ever in the Asian hotel sector

- In the 2023 GRESB Real Estate Assessment, the hotel maintained its GRESB rating of "3 Stars," rated on a 5-point scale, this year. The hotel was ranked second for the first time in the Asia Hotel sector, up from last year, due to an increase in its Green Building Certification score.
- In the GRESB's disclosure evaluation, the hotel was highly evaluated for its ESG information disclosure efforts, continuing from last year, and received the highest rating of "A" level again this year.



Participation in the Carbon Disclosure Project (CDP) climate change program

- Based on the results of the Climate-related Financial Disclosure Task Force's (TCFD) scenario analysis of transition and physical risks, HRR has begun to consider disclosing its financial impact and environmental performance due to climate change using CDP's superior methodology toward net zero.



■ What is CDP?

CDP is an international non-profit organization with a global system for corporate and municipal environmental disclosure. Currently working with over 740 signatory financial institutions with assets of over US\$137 trillion, CDP is a founding member of the Science-Based Targeting Initiative (SBTi), the We Mean Business coalition, and The Investor Agenda (Institutional Climate Action Initiative), NZAMI (Net Zero Asset Managers Initiative).

Other external evaluations and certifications

■ Receives MSCI Rating of BBB

HRR received a "BBB" rating in the June 2023 MSCI ESG Rating.



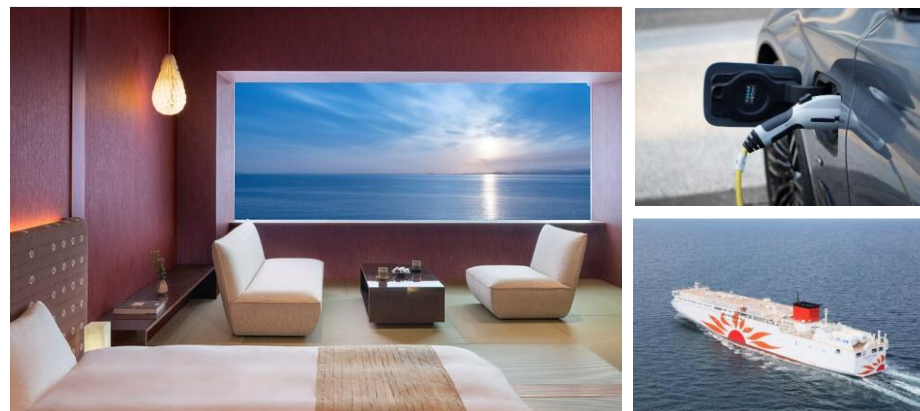
■ Acquisition of Two New BELS Evaluation Properties

In October 2023, "KAI Aso (accommodation building)" and "KAI Tamatsukuri" acquired 3 stars and 2 stars, respectively, in the BELS Evaluation. An overview of the evaluation results is provided in the ESG Initiatives section.



[Hoshino Resorts]

Encouraging ecological travel that changes the way guests travel



Comfortable travel leads to reduced environmental impact, the new normal for long-distance travel

- Hoshino Resorts proposes an ecological trip that reduces GHG emissions while retaining the advantages of a private car trip, unrestricted by time or place, and enjoying the boat trip by entrusting the journey to the boat. This is a 5-day/4-night long-distance trip on the eco-friendly LNG-fueled ferry "Sunflower" (Note 1) with your own car, visiting Kyushu's natural wonders and tourist attractions while reducing the environmental impact of the trip. When using EVs, passengers can enjoy comfortable travel to their destinations, Kai Beppu and Kai Unzen, without having to worry about recharging the batteries.
- In addition, Hoshino Resorts has installed EV chargers at 25 facilities (16 of which are owned by HRR) and introduced an advance reservation system for EV space so that EV users can enjoy their stay with peace of mind while ensuring convenience, and plans to expand this system in the future.

Aim of this initiative

- Effects of promoting changes in traveler mobility (which corresponds to upstream activities in Scope 3 (Note 2))
 - Reduction of GHG emissions due to reduction of automobile travel, which has the highest carbon dioxide emissions per kilometer of travel compared to buses, railroads, and airlines among transportation modes
 - Economic ripple effects within the region through sightseeing tours
 - Increased guest satisfaction

Future operation strategy

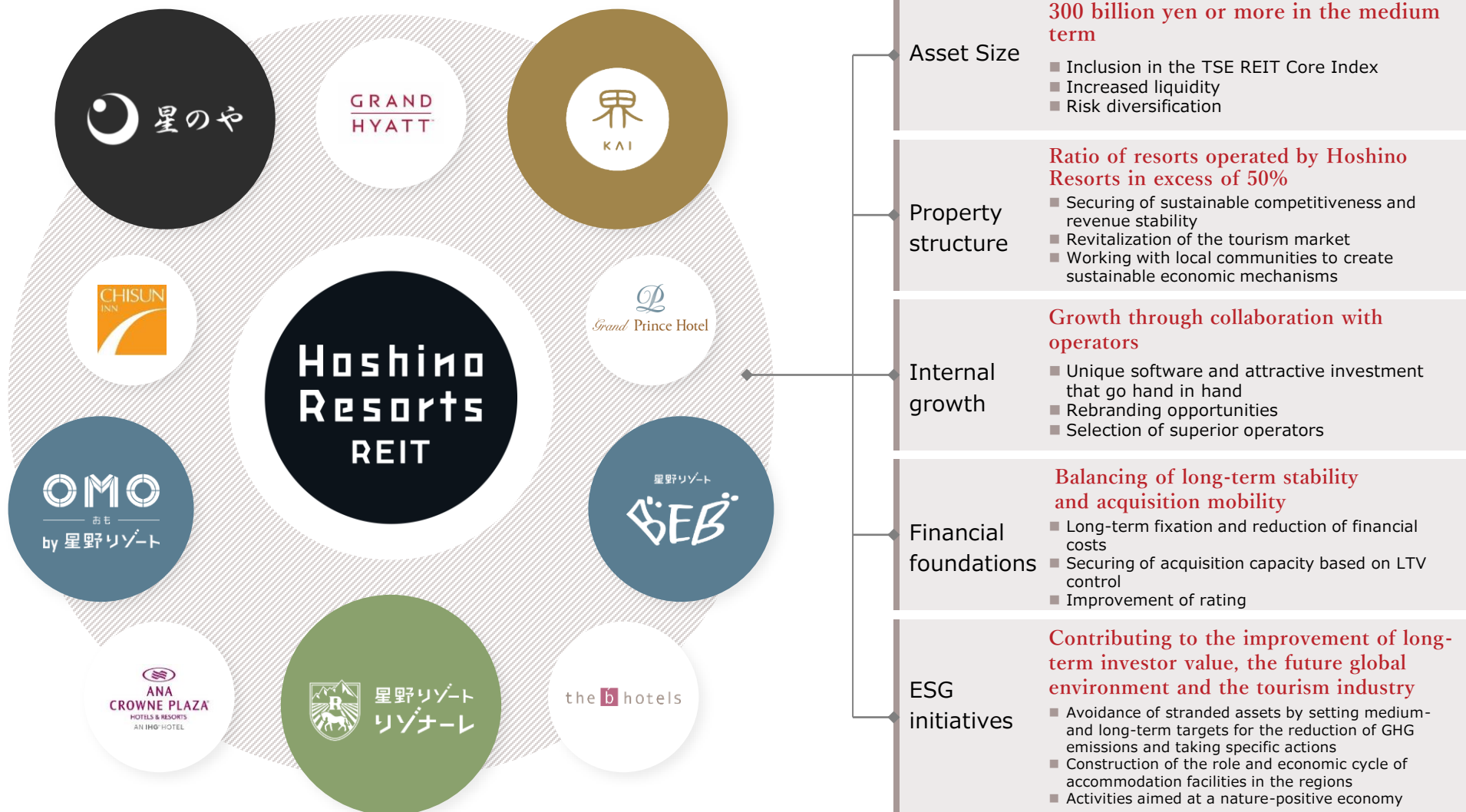
Hoshino
Resorts
REIT



KAI Kirishima

The vision for Hoshino Resorts REIT, Inc.

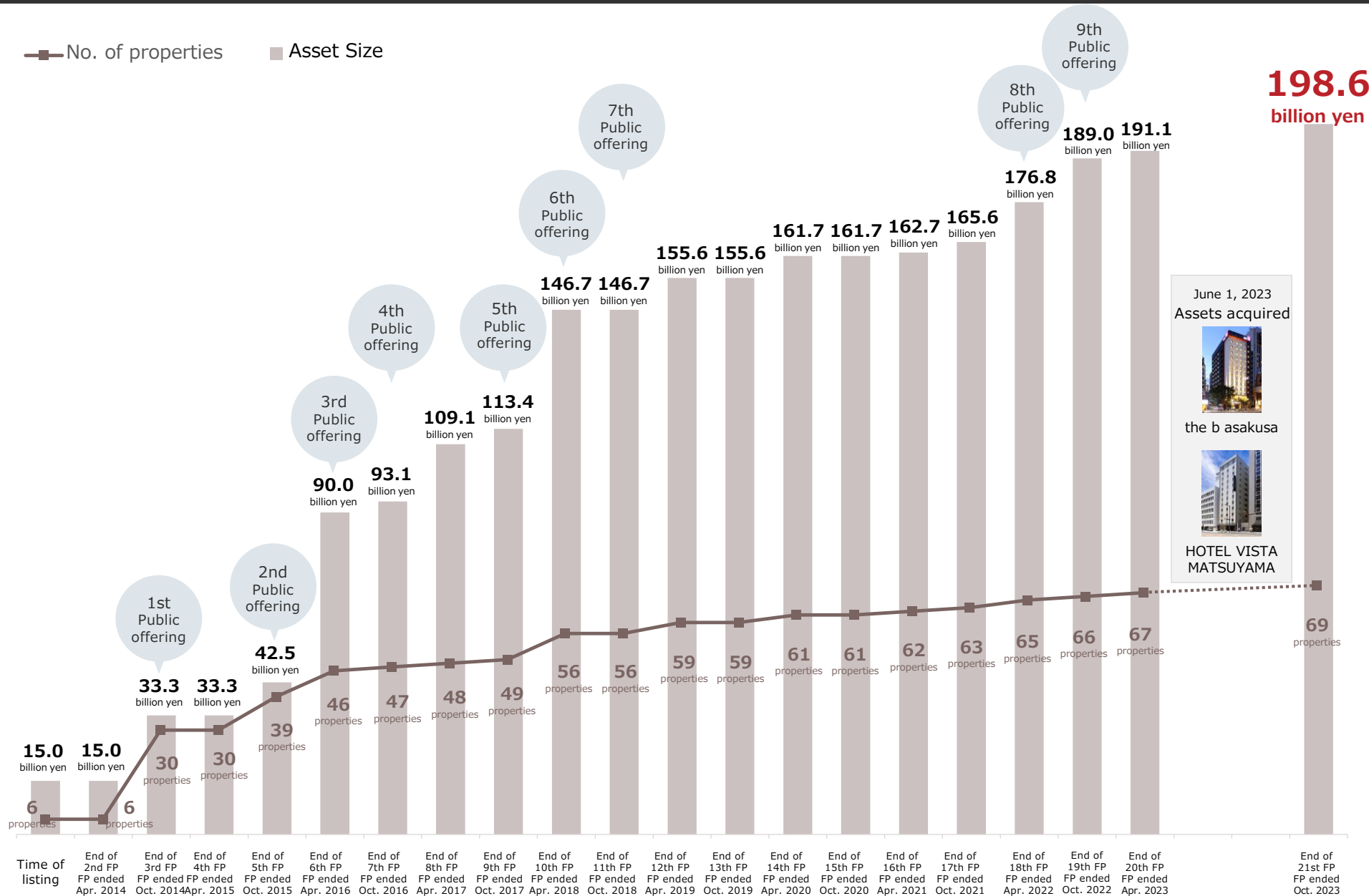
A tourism-oriented REIT that reaps the benefits of the long-term growth of Japan's tourism industry to maximize investor value



Steady growth in asset size

—■ No. of properties

■ Asset Size

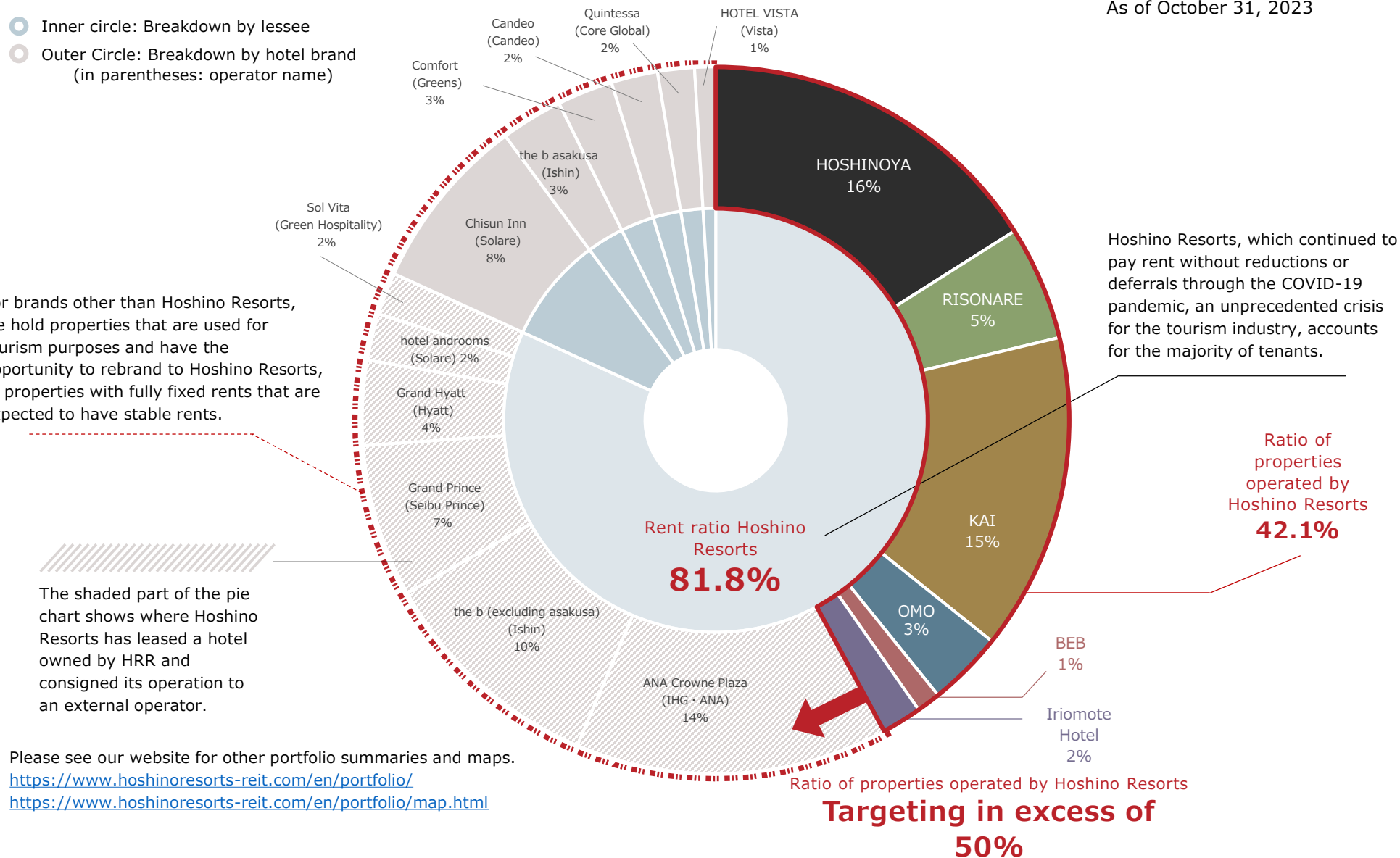


Portfolio structure (based on acquisition price)

We will aim to increase the composition ratio of properties operated by Hoshino Resorts to more than 50%, the level at which stable cash flow can be expected over the long term.

- Inner circle: Breakdown by lessee
- Outer Circle: Breakdown by hotel brand
(in parentheses: operator name)

As of October 31, 2023



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

A strong partnership has been built between HRR (ownership), Hoshino Resorts (operation) and the joint fund (development) based on the provision of stable development exits by HRR and the strong operating capabilities of Hoshino Resorts. HRR will continue to play a role in the growth cycle of the three parties and is aiming for sustainable external growth and improvement in the quality of its portfolio based on the acquisition of highly competitive properties.

HRR basic strategy: Three-party growth cycle

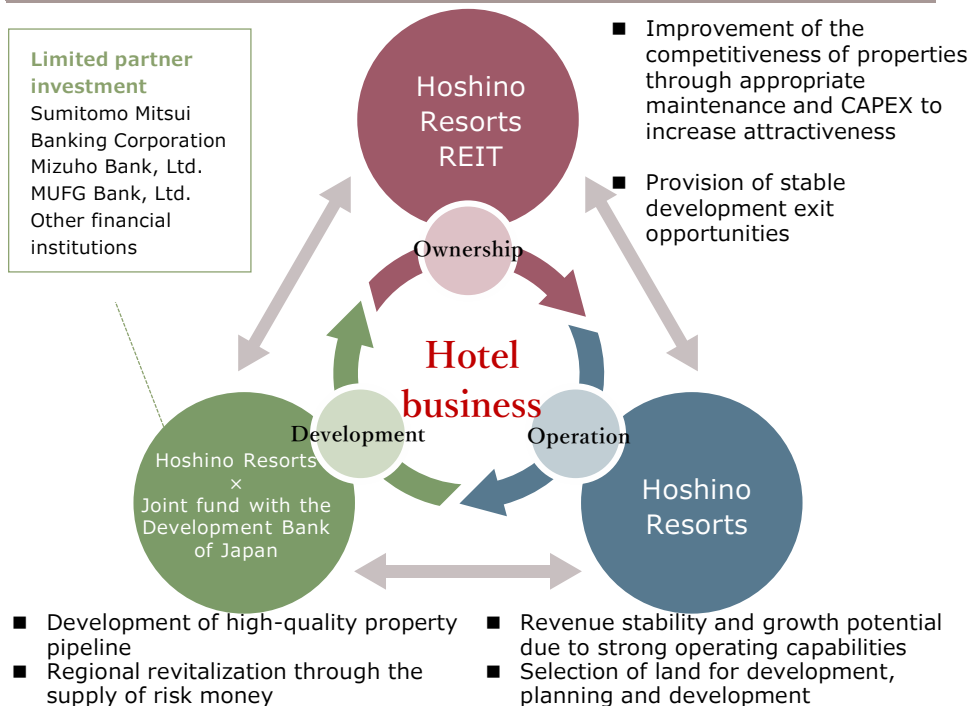
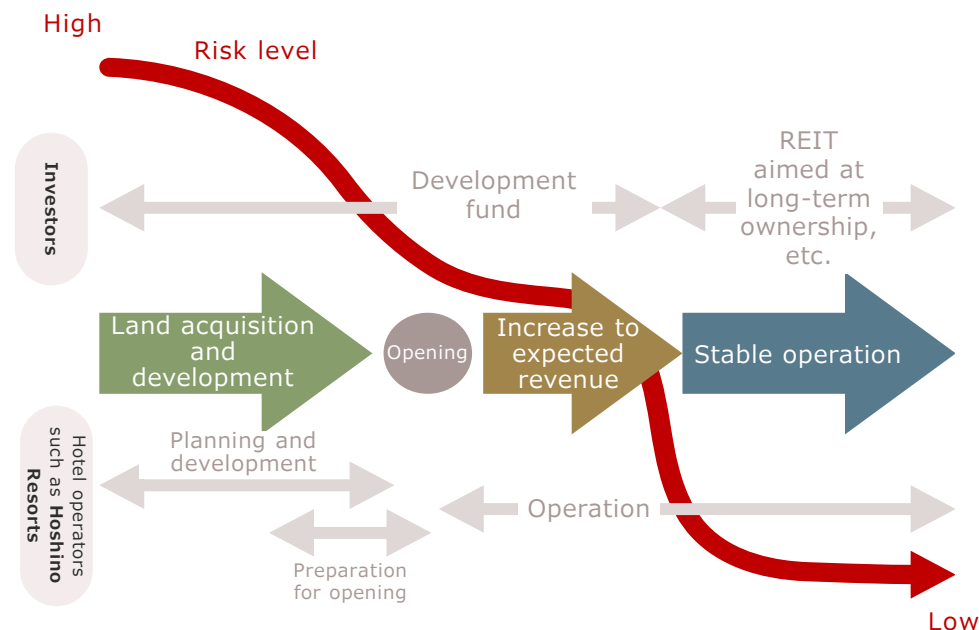
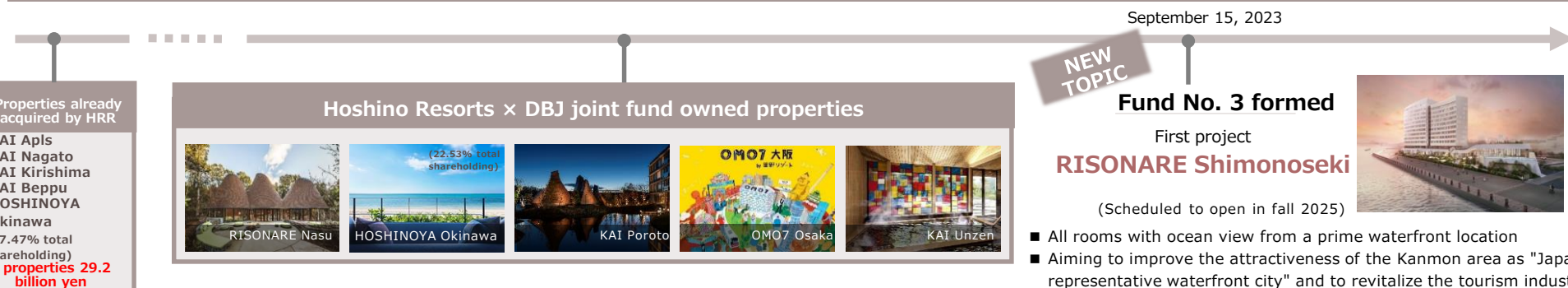


Image of risk level from hotel development to stable operation (Note)



Ten properties operated by Hoshino Resorts have been developed or are under development through the DBJ joint fund.



List of the property pipeline

Hoshino Resorts x DBJ joint fund owned properties



RISONARE Nasu
Start of operation: 2019



KAI Poroto Start of operation: 2022



OMO7 Osaka Start of operation: 2022



KAI Unzen Start of operation: 2022



RISONARE Shimonoseki
Start of operation: 2025 (plan)

Hoshino Resorts-owned facilities

Start of operation	Name of facility
1992	RISONARE Guam
1995	Karuizawa Hotel Bleston Court
2003	Bandaisan Onsen Hotel
2008	KAI Atami (under renovation)
2013	KAI Nikko
2015	Hotel WBF Grande Asahikawa
2017	Surfjack Hotel & Swim Club
2019	RISONARE Kohamajima
2024 (plan)	Hakodate, Hokkaido (OMO brand, to be renewed from Hotel WBF Hakodate Watatsumino Yu)

Hoshino Resorts development projects (partial)

Start of operation	Location
2025 (plan)	Katsuyama-shi, Fukui
2026 (plan)	HOSHINOYA Nara Prison
2026 (plan)	OMO7 Yokohama
2026 (plan)	HOSHINOYA Lodge Niseko (provisional name)
2026 (plan)	KAI Teshikaga
To be determined	Asuka-mura, Nara

Mezzanine loan receivables / silent partnership investment

Start of operation	Name
2023	OMO Kansai Airport
2024 (plan)	KAI Okuhida

Third-party owned facilities (partial)

Start of operation	Name of facility
2004	RISONARE Tomamu
2004	Tomamu The Tower
2010	KAI Tsugaru
2017	KAI Anjin
2021	OMO3 Kyoto Toji
2021	OMO5 Kyoto Sanjo
2021	OMO5 Okinawa Naha
2021	OMO5 Kyoto Gion
2022	OMO5 Otaru
2022	OMO5 Kanazawa Katamachi
2022	BEB5 Okinawa Seragaki
2022	KAI Yufuin
2022	KAI Izumo
2023	OMO3 Asakusa

Future development and openings

Hoshino Resorts will promote development and openings in cooperation with local communities aiming to realize a new style of tourism instead of going back to the pre-COVID-19 style

List of facilities to be opened from December 2023 and onward



TOPICS Major initiatives of Hoshino Resorts

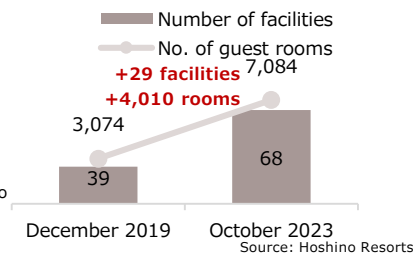
The promotion of stakeholder tourism

- Due to a sharp rise in tourism demand after the COVID-19 pandemic, over tourism has become a problem and more and more tourist destinations ask tourists to change their behaviors.
- Hoshino Resorts advocates "stakeholder tourism" and promotes a style of tourism beneficial for not only the tourism industry but also tourist destinations, local residents, and tourists

Specific initiatives

■ Promotion of staying for two or more nights and Leveling of demand throughout the year

An increase in tourists staying for two or more nights contributes to reducing environmental impact and enhances the economic ripple effect on tourist destinations through increased opportunities for sightseeing and dining. This also reduces the load of hotel operations. Furthermore, leveling of demand can solve the issue of overtourism, and it creates a virtuous cycle in which high-quality services improve customer satisfaction



ESG initiatives

Hoshino
Resorts
REIT



Currently, with the global environment continuing to deteriorate, including global warming and disasters caused by climate change, HRR believes it is important to realize both profit and contributions to the environment and society based on the strong leadership of management, and to promote CSV (Creating Shared Value), a source of competitiveness in a new age, by sustainable means. In addition, to meet the expectations of stakeholders regarding environmental, social and governance issues as a company engaged in the tourism industry, the Asset Management Company will resolve these global issues steadily and speedily through management leadership so that they can be converted into real estate, social and corporate value.

CSV: Creating Shared Value

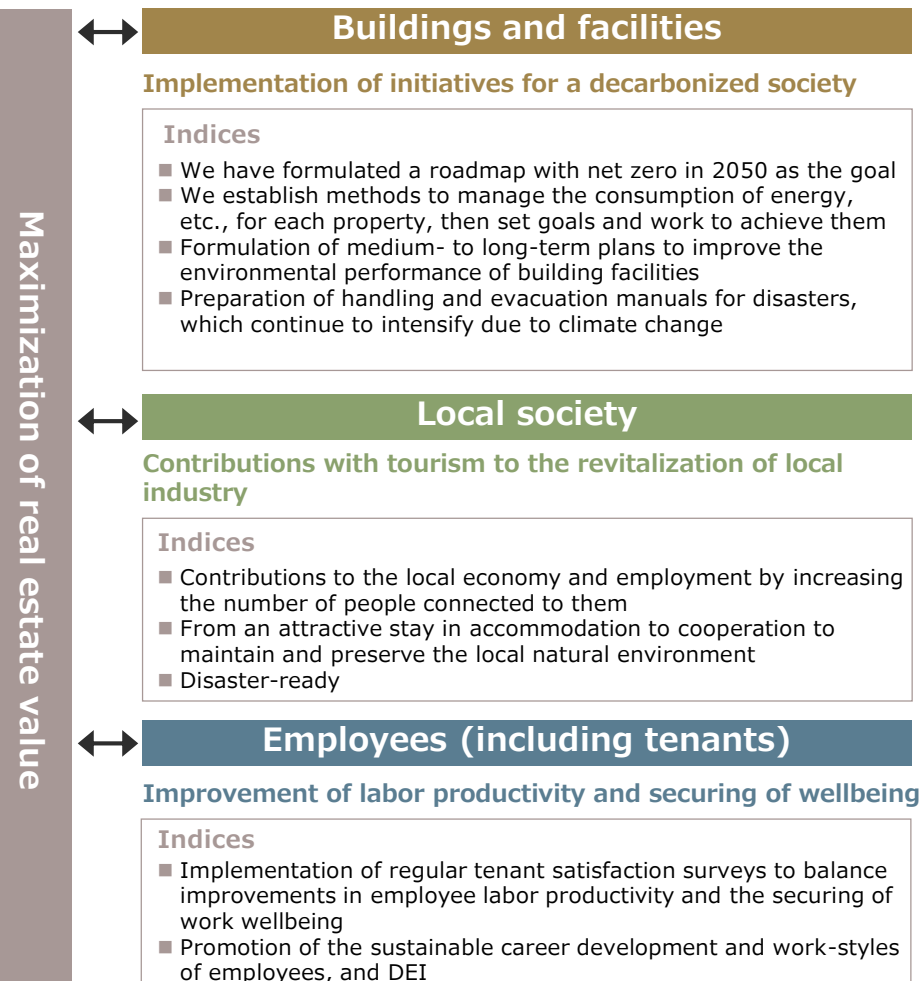
This was proposed by people including the American business scholar Michael Porter. CSV is an approach by which for-profit companies try to create both economic and social value by responding to social needs (solving social issues).



Building an ecosystem unique to the tourism industry

By promoting unique ESG initiatives (CSV: Creating Shared Value) by which economic value and social value are linked by real estate management, we will build an ecosystem unique to the tourism industry.

An ecosystem unique to the tourism industry

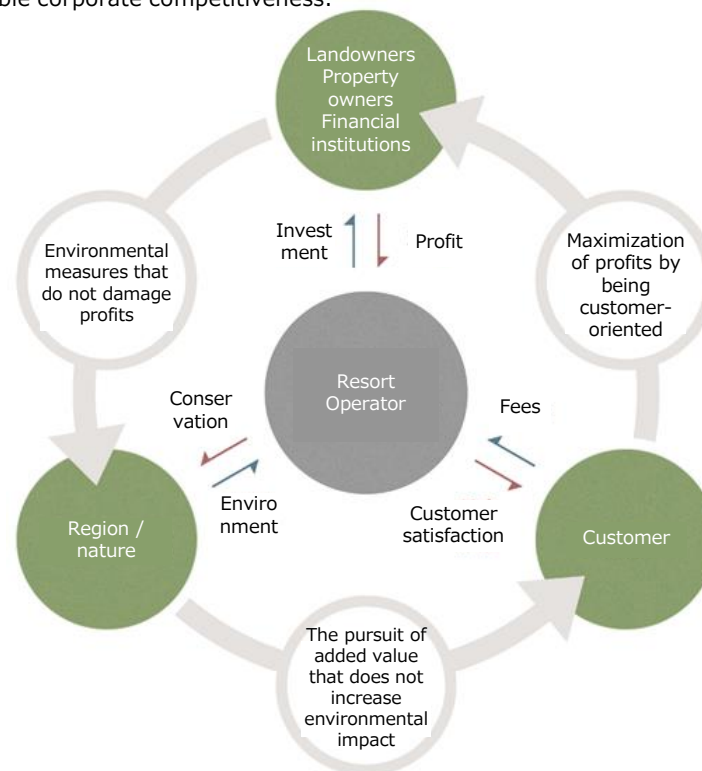


Hoshino Resorts' environmental management

< Ecosystem of coexistence and co-prosperity >

Hoshino Resorts believes that a hotel and its area are one and the same. In other words, the increased attractiveness of its area is connected directly to a hotel's business performance; and on the other hand, we believe that by communicating the attractiveness of its area, a hotel can help to enhance the area's brand power, so we conduct various activities rooted in our surrounds.

Hoshino Resorts promotes eco-tourism, zero emissions and other environmental management initiatives because we believe that the natural environment, local technologies, agricultural, forestry and fishery products, and tourism resources that exist in our areas will provide a source of accommodation value, and in turn, connect to sustainable corporate competitiveness.



The creation of new value for local communities and real estate by addressing environmental and social issues

HOSHINOYA Karuizawa - "EIMY" system for energy self-sufficiency

In addition to hydroelectric power, which we have been using for about 100 years based on the idea of "using renewable energy from our own sites for the energy we use as much as possible" (Energy in My Yard), we also use geothermal heat and heat pumps that use hot water from hot springs.

Hydroelectric plant that provides some of the power for a heat pump



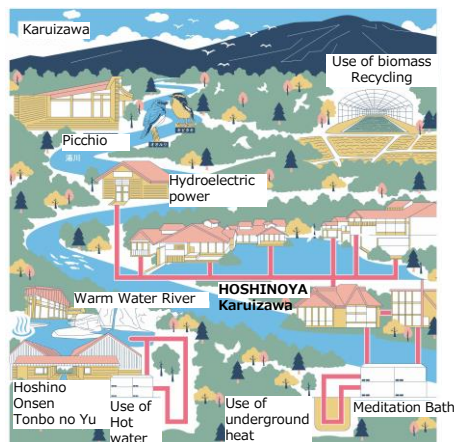
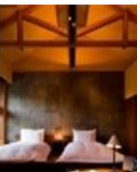
Heat pump equipment that uses underground heat and hot spring waste heat as heat sources for air-conditioning and hot water supply



We separate waste into 28 categories to promote resource recycling



Vents in guest room ceilings known as "furo"



"HOSHINOYA Karuizawa" - Harunire Terrace, which has no boundaries with nature

Landscape design which protects biodiversity

- A walking path where the natural environment takes priority

The walking trail from HOSHINOYA Karuizawa to Harunire Terrace follows a woodchip trail that keeps the landscape of both the forest and the river intact, and there are no unromantic guard fences.



A walking trail

- Wood decks that protect the existing ecosystem

In order to establish a commercial complex while maintaining nature, the wood deck separates the activity area from the soil and allows plants, organisms and people to coexist beautifully.

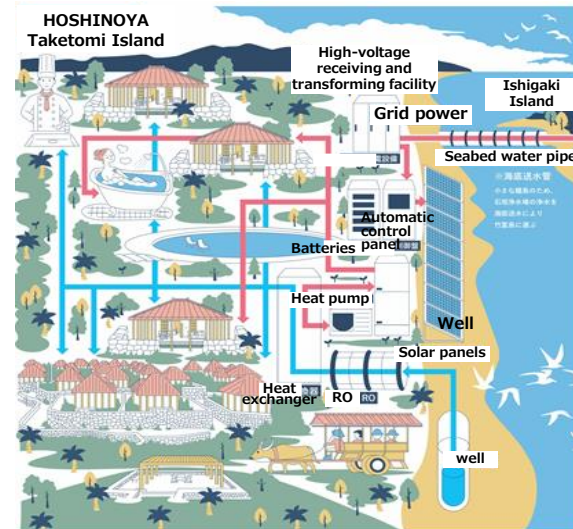


Wood deck

HOSHINOYA Taketomi Island - Use of seawater desalination equipment and collaborating with the region

We installed a seawater desalination heat source hot water heat pump unit (Note) to enable self-sufficiency in drinking water. This has not only reduced CO₂ emissions by 46 tons a year, but will also be able to supply water to people on the island in the event of a disaster.

Furthermore, Hoshino Resorts has also concluded a partnership agreement with the Taketomijima Regional Foundation to conserve the natural environment and the sustainable island culture.



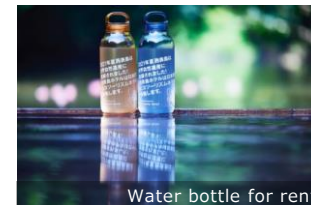
"Iriomote Hotel" - Establishment of the ecotourism cycle

Efforts to realize "ecotourism resort"

Hotel stays are limited to stays of two nights or more, promoting continuous stay tourism. We create a sustainable tourism structure and propose a stay within a rich natural island while reducing environmental impact and overtourism.

- Ecological hotel management

To achieve zero emissions, we took three measures: "discontinuation of the provision and sales of plastic bottles," "installation of water dispensers," and "introduction of detergent-free smart laundry"



Water bottle for rent

- Nature tour to feel the attractiveness and values of the island

Conduct activities to protect *biodiversity* including endangered species and endemic species.

- Activities to protect the Iriomote cat

e.g., Weeding to improve visibility on roads for the prevention of roadkill of the Iriomote cat, which is an endangered species.



"School of world heritage" to learn about the natural environment

Environmental (E) initiatives

Environmental performance (Note 1)

Energy consumption

Period (Note 2)	FY2020	FY2021	FY2022
No. of properties (Note 3)	57	61	63
Energy consumption (MWh)	127,559	163,150	172,256
Energy consumption per basic unit (Note 4) (kWh/m ²)	277.7	330.5	333.7

Water consumption

Period (Note 2)	FY2020	FY2021	FY2022
No. of properties (Note 3)	55	60	63
Water consumption (m ³)	1,317,622	1,505,654	1,708,488
Water consumption per basic unit (Note 5) (m ³ /m ²)	3.0	3.1	3.2

GHG emissions

Period (Note 2)	FY2020	FY2021	FY2022
No. of properties (Note 3)	57	61	63
Greenhouse gas (GHG) emissions (t-CO ₂)	42,218	51,274	54,929
Greenhouse gas (GHG) emissions per basic unit (Note 6) (kgCO ₂ /m ²)	91.9	103.9	106.4

Waste

Period (Note 2)	FY2020	FY2021	FY2022
No. of properties (Note 3)	11	50	59
Amount of waste (t)	1,036	2,442	3,647
Recycling ratio (Note 7) (%)	34.1	20.1	21.9

External sustainability evaluation (Note 8)

	Evaluation	Name of property (evaluated building(s)) *Properties in blue are newly acquired properties
CASBEE	S-rank ★★★★★	HOSHINOYA Karuizawa (Harunire Terrace)
BELS	★★★★★	KAI Kinugawa (Lobby and guestroom building, etc.), KAI Kaga (New building), KAI Nagato (Main building), KAI Kirishima, KAI Beppu, HOSHINOYA Okinawa (Guestroom buildings 1 to 7), the b asakusa
	★★★★	KAI Alps (Front building), Candeo Hotels Sano
	★★★	Quintessa Hotel Osaka Shinsaibashi, HOSHINOYA Taketomi Island (Some Zuki villas), HOSHINOYA Kyoto (Building 8 and others), HOTEL VISTA MATSUYAMA, KAI Aso (lodging house)
	★★	BEBS Karuizawa, Chisun Inn Chiba Hamano R16, ANA Crowne Plaza Hiroshima, Comfort Hotel Takamatsu, KAI Tamatsukuri
	★	ANA Crowne Plaza Hotel TOYAMA

Green lease agreements

- HRR is striving to conclude green lease agreements and reduce the environmental impact of real estate through collaborations with tenants.

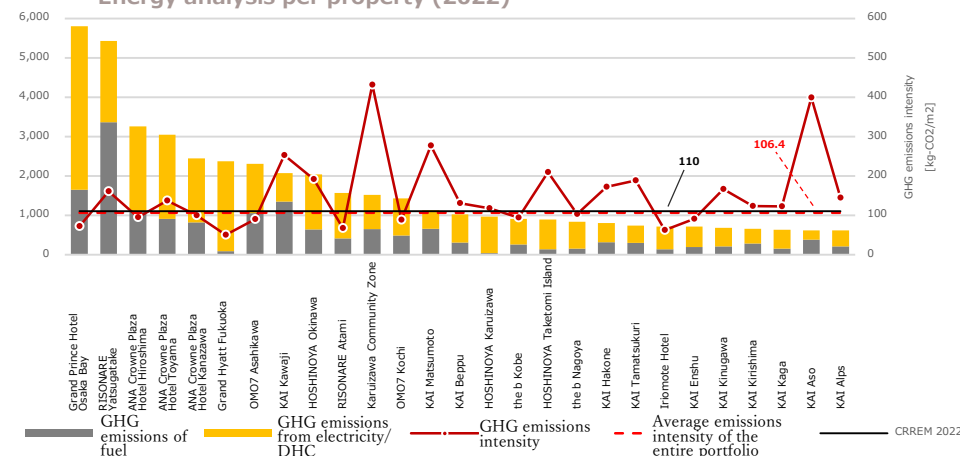
Green lease agreements concluded (as of Oct. 31, 2023)

Number of properties with a green lease agreement executed	Execution ratio based on leasable floor area (Note 9, 10)
36/69 properties	83.6%

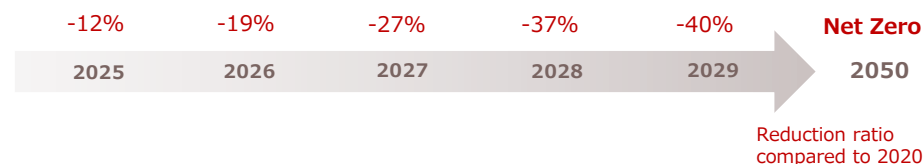
GHG reduction plan by 2030 toward net zero

- To achieve the mid-term goal of reducing GHG emissions by at least 40% from the 2020 level by 2030, scientific and efficient energy analysis was conducted to select the top 26 properties with the highest emissions.

Energy analysis per property (2022) (Note 11)



- We will introduce high-efficiency equipment and make thorough energy-saving efforts (e.g., replacement of LEDs and inverter motors). Furthermore, we will promote the use of renewable energy sources for electricity to further reduce emissions.



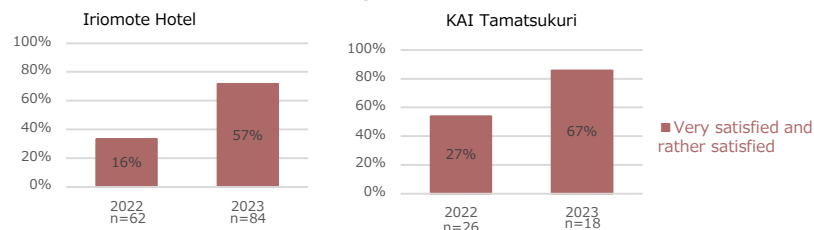
Social (S) initiatives

Collaboration with Renters -Implementation of tenant satisfaction surveys and their use

Hoshino Resorts REIT, Inc.

- We implemented a satisfaction survey among tenant employees at 34 properties owned by HRR, also including well-being perspectives such as the ease of working and promotion of health. Using the results of this survey, we renovated backyards, etc. of Iriomote Hotel and Kai Tamatsukuri, and it had led to an increase in satisfaction.
- Using the results of this survey, we will strive for the maximization of real estate value not only by creating safe and secure places to work, but also by making investments that contribute to the improvement of labor productivity and motivation.

2023 Tenant Satisfaction Survey Overall Satisfaction



Initiatives for employees

Hoshino Resort Asset Management Co., Ltd.

Using Hoshino Resorts' organizational culture and management resources, the Asset Management Company is engaged in many human resources initiatives that will enhance its sustainable competitiveness as a hotel asset management corporation. For details, please see <https://www.hoshinoresorts-reit.com/en/sustainability/society.html>.

The following is the personnel data of the Asset Management Company.

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

	2020	2021	2022
Total number of employees	27	34	36
Male	14	21	22
Female	13	13	14
Percentage of males	52%	62%	61%
Percentage of females	48%	38%	39%
Percentage of male managerial positions	100%	83%	90%
Percentage of female managerial positions	0%	17%	10%
Annual turnover	4.2%	10.7%	5.9%
Overtime hours worked (monthly average)	24 hours	27 hours	25 hours

Contributions to local society

Hoshino Resorts KAI - handcraft

- At KAI, we hold "Handcraft Moments," cultural experiences where guests can look close up and do things together at the rare skills of crafts people and producers who have succeeded to local culture, or engage in them together.
- From this activity, we believe that it will spread as something that will help promote local culture and revitalize the economy, and furthermore, improve Hoshino Resort's management capabilities.

KAI Kaga x Yamanaka-nuri, one of the three major lacquerware crafts in Ishikawa Prefecture

Sake tasting experience with sake cups made by Yamanaka-nuri lacquer craftsmen, which retain the aroma of solid wood.



KAI Matsumoto x "Sun Sun Winery" in Kakizawa area, Shiojiri City

Experiencing a harvest and tasting to learn about the world of a winemaker who weaves through the ages at a boutique winery that aims to be community and environmentally friendly.



ANA Crowne Plaza Hotel - Menu Development Using Locally Produced and Consumed Products

- The ANA Crowne Plaza Hotel has developed menus in collaboration with local agricultural producers and offers local food attractions at each of its restaurants.
- The hotel has introduced "WINNOW," a tool that automatically tracks food waste in the kitchens of its restaurants, and is working to adjust the amount of food served according to the number of customers and to reduce the amount of food left over by customers.

ANA Crowne Plaza Hotel Kanazawa x Herb farm Paysan

Developing and offering original herb teas to go with the hotel's sweets, made from herbs grown without the use of pesticides and chemical fertilizers through collaboration between a farm and a welfare service center for people with disabilities that provides employment services.



Appendix (1): About Sponsor Hoshino Resorts

Hoshino
Resorts
REIT



Hoshino Onsen Ryokan (at the time of its opening)

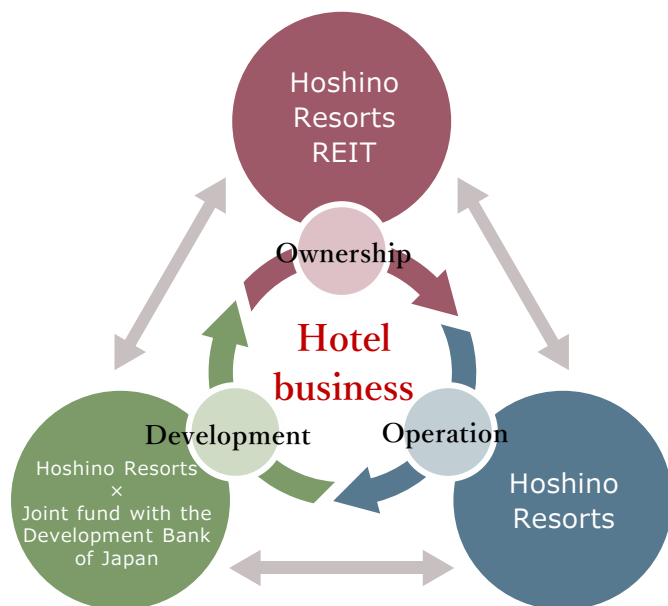
The history of Hoshino Resorts

The travel industry has become the most important peacekeeping industry in the world.

We will work on our next hundred years of business from the perspective of connecting people around the world as friends and be a company that strives to have “big dreams and steady operations.”



HOSHINOYA Karuizawa



History

Phase (1)

1991 to 2000

Accumulated know-how as a hotel operator

Phase (2)

2001 to 2010

Revitalization of large resorts and hot spring ryokan projects and launch of three major brands

Phase (3)

2011 to 2020

Built a business model separating ownership, operations and development

Phase (4)

2021–

Taking Japanese ryokan to the world

- 1904 Began development of hot spring in Karuizawa
- 1914 Opened Hoshino Onsen Ryokan

- 1991 Yoshiharu Hoshino, Hoshino Resorts' 4th and current CEO, joins Hoshino Onsen and is appointed its representative

- 1992 **Announcement of company's future vision as an operation company whose main business does not consist of property ownership**

- 1995 Company name changed to Hoshino Resorts, Inc.

- 2001 Start of operation of RISONARE Yatsugatake
- 2003 Start of operation of Alts Bandai Resort
- 2004 Start of operation of Tomamu Resort
- 2005 Became a partner in the operation of an onsen ryokan invested in by Goldman Sachs
Opened HOSHINOYA Karuizawa
- 2010 Master brand strategy is launched

- 2011 KAI brand is launched
RISONARE brand is launched
- 2013 **Hoshino Resorts REIT, Inc., listed on the Tokyo Stock Exchange**
- 2015 **Organized as a jointly run fund with the Development Bank of Japan to establish a development framework**
- 2016 Opened HOSHINOYA Tokyo
- 2017 Opened HOSHINOYA Bali
- 2018 OMO brand is launched
- 2019 BEB brand is launched

- 2021 Acquisition of WBF as a subsidiary

As of October 2023

Hoshino Resorts operating 63 accommodation facilities in Japan and 5 overseas.



Introduction of the History of Hoshino Resorts (in Japanese)

Hoshino Resorts - Seven journeys - Seven Spheres of Delight



OMO

Exciting urban hotels

City tourism hotel to discover the city



HOSHINOYA

HOSHINOYA

A brand that tempts you with an
overwhelmingly extraordinary experience
with original themes
Luxury hotel embodying the true characteristics
of land, history and culture



BEB

More than a tavern, less than a trip,
hotels where everybody spends their
time in a laid-back way
Kicked-back stays with the crew



RISONARE

RISONARE

Resort hotels with sophisticated design
and plenty of activities
Countryside resort with food culture unique to
the landscape



**Other unique
accommodation
facilities**

Other Unique Lodgings

Resorts and hot spring ryokan with
outstanding individuality, developed in
Japan and around the world
Getaways with a sense of place



KAI

KAI

High-quality hot spring ryokan focused
on a pleasant Japanese atmosphere,
where guests rediscover regional charm
“Japanese Auberge” in classic hot spring regions



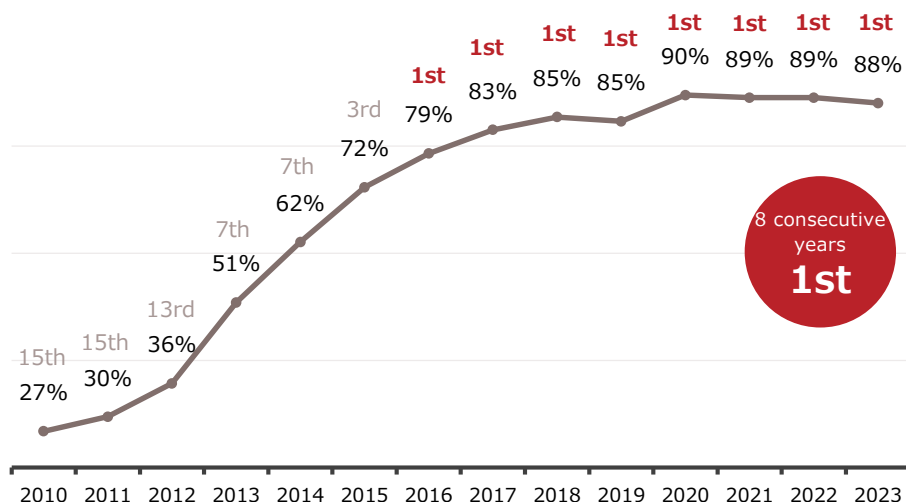
Daytrip facilities

Daytrip Destinations

From hot springs to skiing, we have a
variety of services to enjoy a day off
Thermal soaks and thrilling slopes

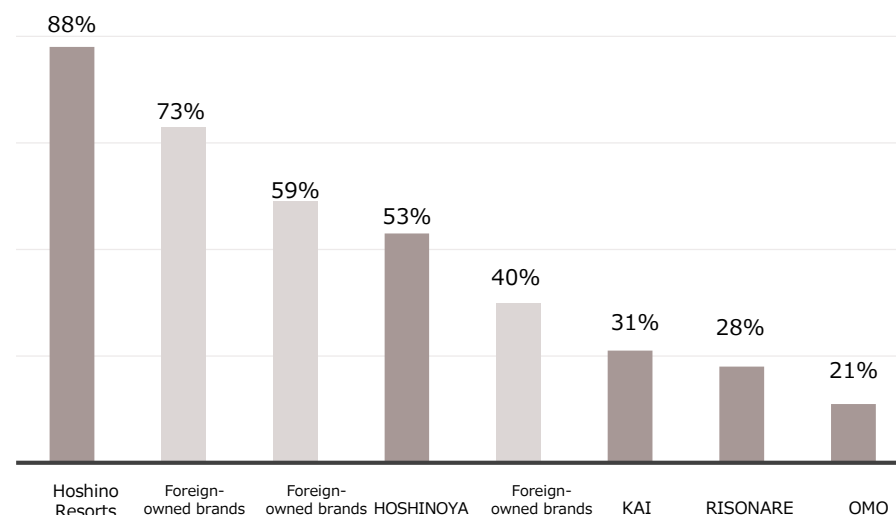
Change in Hoshino Resorts hotel brand recognition (Japan)

(Source) Hoshino Resorts survey



Recognition by hotel brand (2023)

(Source) Hoshino Resorts survey



Three points for building a long-term competitive advantage

Hoshino Resorts has built a long-term competitive advantage based on the three soft powers that have emerged from a history of operating history in regional areas of more than 100 years.

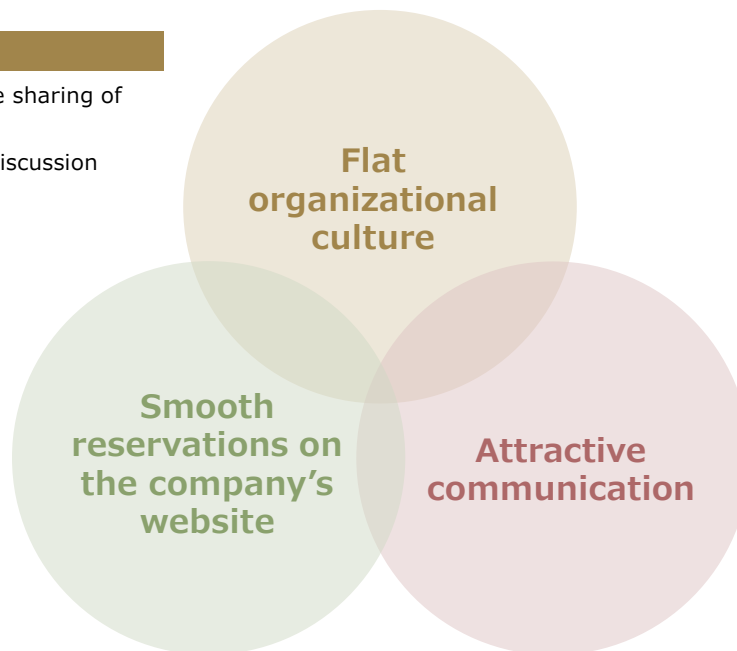
Three points

Flat organizational culture

- Autonomous PDCA cycle based on the sharing of management information
- Flat relationships that enable active discussion regardless of position, gender, etc.

Smooth reservations on the company's website

- We pursue convenience such as optimal rates and the pre-booking of activities.
- We realize high profit margins with a rate of direct reservations on the company's website of 60 to 70%.
- We maintain an equal relationship with OTA and demonstrate high synergistic effects mutually.



Attractive communication

- Proposal-type attractive communication that is different to Western-style service
- Introduction of multitasking: Productivity can be improved by a single staff member handling multiple tasks, such as reception work, room cleaning and serving. The extra time generated is used to develop attraction (ryokan method)
- The creation of new attractiveness led not by headquarters, but always by facilities
- Deep collaboration with local society: We create the attraction of facilities by communicating local attraction, local brand power improves, and collaborative relationships with local society are strengthened further

When operating a hotel, Hoshino Resorts focuses on creating a structure that gives that hotel a long-term competitive advantage.

The response "Because it's new and clean" is always one of the main reasons why guests choose a hotel. Within a life cycle of several decades, there will always be competitors whose hotels are newer than ours and measures to avoid new facilities reaching an advantageous position are important.

The hard-dependent model has the latecomer advantage, and it becomes necessary to create a structure that gives the starter advantage by competing with soft power. Hoshino Resorts' approach to this issue lies in the three soft powers that have emerged from a history of operating history in regional areas of more than 100 years.

Hoshino Resort representative: Yoshiharu Hoshino



Appendix (2):

About
Hoshino Resorts REIT
and the portfolio

Hoshino
Resorts
REIT

Overview of property portfolio by brand ①

HRR owns a wide range of brands developed by Hoshino Resorts.

As of October 31, 2023

Operator	Hoshino Resorts					
Brand						
Genre	Luxury hotels	Resort hotels	Luxury hot spring ryokan	City tourist hotels	Casual hotels	Other unique accommodation facilities
Brand overview	A brand that tempts you with the overwhelmingly extraordinary with original themes	Resort hotels with sophisticated design and plenty of activities	High-quality hot spring ryokan focused on a pleasant Japanese atmosphere, where guests rediscover regional charm	Exciting urban hotels	More than a tavern, less than a trip, hotels where everybody spends their time in a laid-back way	Unique resort hotels and onsen ryokans in Japan and other countries
(Note 1) Annual ADR	(Note 2) About 91,000 yen	About 70,000 yen	(Note 3) About 47,000 yen	About 16,000 yen	About 19,000 yen	About 30,000 yen
Representative facilities	 HOSHINOYA Karuizawa	 RISONARE Yatsugatake	 KAI Hakone	 OMO7 Asahikawa	 BEB5 Karuizawa	 Iriomote Hotel
No. of properties owned	5	2	13	2	1	1
Total acquisition price (ratio)	31,803 million yen (16.0%)	10,383 million yen (5.2%)	28,823 million yen (14.5%)	6,819 million yen (3.4%)	2,170 million yen (1.1%)	3,650 million yen (1.8%)

Overview of property portfolio by brand ②

HRR also invests in properties other than those operated by Hoshino Resorts that are likely to secure steady cash flows over a long-term period.

As of October 31, 2023

Operator	IHG ANA Hotels	Hyatt International	Seibu Prince Hotels	Ishin Hotels Group	Solare	Greens
Brand						
Genre	Full-service	Full-service	Full-service	Specialized in accommodation	Roadside	Specialized in accommodation
Brand overview	Upscale hotels offering the world-class service of Crowne Plaza and the high-quality hospitality boasted by ANA Hotels	Hotels that offer luxurious, iconic and grand stays	Comfortable, spacious interiors, relaxing guest rooms and excellent service Hotels that serve as bases for interaction that place a high value on connections between people	Stylish city hotels in major cities nationwide	Hotels that specialize in accommodation near highway interchanges and along major roads	Standard brand of comfort, which values individuality and realizes rich travel experiences
(Note) Annual ADR	About 13,000 yen	About 31,000 yen	-	About 9,600 yen	About 6,400 yen	-
Representative facilities	 ANA Crowne Plaza Toyama	 Grand Hyatt Fukuoka	 Grand Prince Hotel Osaka Bay	 the b akasaka	 Chisun Inn Fukushima Nishi IC	 Comfort Hotel Takamatsu
No. of properties owned	3	1	1	5	22	4
Total acquisition price (ratio)	28,401 million yen (14.3%)	7,700 million yen (3.9%)	13,866 million yen (7.0%)	26,430 million yen (13.3%)	15,995 million yen (8.1%)	5,050 million yen (2.5%)

Properties operated by Hoshino Resorts

Name of property	Before COVID-19		Compared with the same period in 2019
	Nov. 2018 – Oct. 2019	Nov. 2022 – Oct. 2023	
HOSHINOYA Karuizawa	35.9%	31.1%	-4.8pt
HOSHINOYA Kyoto	57.7%	53.8%	-3.9pt
HOSHINOYA Fuji	55.8%	59.4%	+3.6pt
HOSHINOYA Taketomi Island	7.9%	5.9%	-2.0pt
HOSHINOYA Okinawa	-	22.4%	+22.4pt
RISONARE Yatsugatake	1.1%	0.4%	-0.7pt
RISONARE Atami	3.4%	2.2%	-1.2pt
KAI Matsumoto	6.7%	8.0%	+1.3pt
KAI Tamatsukuri	3.6%	3.0%	-0.6pt
KAI Ito	6.0%	8.5%	+2.5pt
KAI Hakone	20.2%	20.3%	+0.1pt
KAI Aso	18.0%	12.6%	-5.4pt
KAI Kawaji	3.8%	4.9%	+1.1pt
KAI Kinugawa	5.7%	8.4%	+2.7pt
KAI Kaga	4.8%	4.2%	-0.6pt
KAI Alps	8.2%	7.3%	-0.9pt
KAI Enshu	-	3.7%	+3.7pt
KAI Nagato	-	3.0%	+3.0pt
KAI Kirishima	-	6.7%	+6.7pt
KAI Beppu	-	10.4%	+10.4pt
OMO7 Asahikawa	13.0%	5.4%	-7.6pt
Iriomote Hotel	-	0.4%	+0.4pt
BEB5 Karuizawa	-	4.3%	+4.3pt
Sub-total	13.5%	9.6% (10.7%)	-3.9pt (-2.8pt)

Properties operated by outside operators

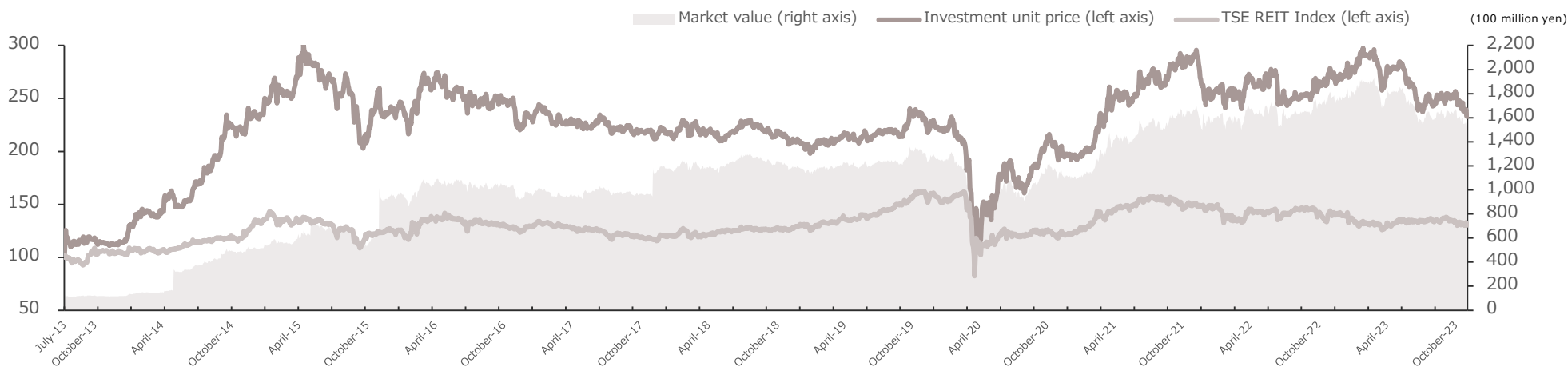
Name of property	Before COVID-19		Compared with the same period in 2019
	Nov. 2018 – Oct. 2019	Nov. 2022 – Oct. 2023	
22 Roadside Properties	1.2%	0.2%	-0.1pt
ANA Crowne Plaza Hiroshima	28.0%	17.2%	-10.8pt
ANA Crowne Plaza Kanazawa	26.0%	16.5%	-9.5pt
ANA Crowne Plaza Toyama	26.0%	15.2%	-10.8pt
Grand Prince Hotel Osaka Bay (Note1)	57.7%	29.3%	-28.4pt
Grand Hyatt Fukuoka	-	40.5%	+40.6pt
the b akasaka	52.1%	41.2%	-10.9pt
the b sangenjaya	12.7%	9.8%	-2.9pt
the b nagoya	47.1%	26.7%	-20.4pt
the b kobe	29.2%	16.8%	-12.4pt
the b asakusa (Note2)	-	83.2%	+83.2pt
hotel androoms Osaka Hommachi	69.0%	32.4%	-36.6pt
Sol Vita Hotel Naha	-	6.7%	+6.7pt
Quintessa Hotel Osaka Shinsaibashi	-	50.1%	+50.1pt
Sub-total	20.2%	13.9% (9.6%)	-6.3pt (-10.6pt)
Total	19.5%	13.0% (9.8%)	-6.5pt (-9.7pt)

Figures in parentheses are ratio limited to properties acquired before COVID-19

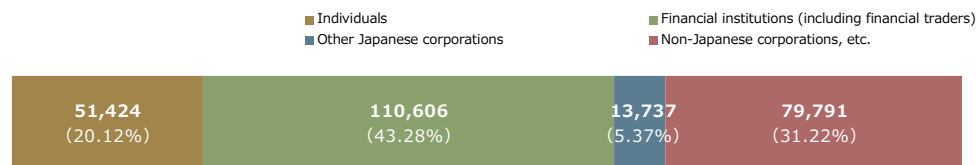
Figures in parentheses are ratio limited to properties acquired before COVID-19

Changes in market value and investment unit price/ Information on investors as of the end of the fiscal period ended October 2023

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



Investor Composition (as of October 31, 2023) (Note 2)



Number of investment units
held by type of unitholder
Total 255,558 units



Number of investors by type of
unitholder
Total 20,423 people

(Note 3)

Major investors	Number of investment units held (units)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	38,538	15.07
Custody Bank of Japan, Ltd. (Trust account)	38,084	14.9
BNP PARIBAS SINGAPORE/2S/JASDEC/CLIENT ASSET	19,777	7.73
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	11,944	4.67
K.K. Horizon Hotels	4,732	1.85
STATE STREET BANK WEST CLIENT - TREATY 505234	4,301	1.68
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP	3,870	1.51
JP MORGAN CHASE BANK 380072	3,179	1.24
BNP PARIBAS LUXEMBOURG/2S/BNP PARIBAS LUXEMBOURG/2S/JASDEC/SECURITIES-AIFM	2,507	0.98
Japan Securities Finance Co., Ltd.	2,230	0.87
Total	129,162	50.54

* Percentage of investment units held by Hoshino Resorts: 3.84%

p. 10

(Note 1) The timing of variable rents and the specific calculation method vary depending on each property.

(Note 2) "22 Roadside properties" has been decided to lease to GREENS Co., Ltd. (hereafter referred to as "Greens") starting from May 2, 2024. HRR and Greens have executed an agreement consenting to this lease. Therefore, for the fiscal period ended October 2024 (23th period), the fixed rent, variable rent, and other fees after May 2, 2024 for these properties are currently being calculated based on the agreement with Greens and the operational plan under discussion. Consequently, should the operational plan change due to future negotiations with Greens or for other reasons, significant alterations to the fixed and variable rents, as well as other fees, may occur.

p. 11

(Note) The coefficient differs depending on the lease agreement for each property.

p. 13

(Note) In calculating the ratio, the acquisition price of the "Hyatt Regency Osaka" has been divided proportionally by the number of rooms of the "Hyatt Regency Osaka" and "RISONARE Osaka" in association with the opening of "RISONARE Osaka." The same shall apply hereinafter.

p. 17

(Note 1) Properties acquired in and after May 2018 are not included.

(Note 2) Operating results of "Grand Prince Hotel Osaka Bay" prior to June 30, 2023, are calculated from the figures of "Hyatt Regency Osaka" before the rebranding. The same shall apply hereinafter.

p. 18

(Note) Properties acquired after January 2019 are not included.

p. 20

(Note) As "the b asakusa" and "Hotel Vista Matsuyama" were acquired after the end of the 20th fiscal period, the figures as indicated in the real estate appraisal report that had been acquired as of the acquisition date were used to calculate the figures as of the end of the previous fiscal period.

p. 21

(Note1) Sustainable finance is the collective term for green finance and sustainable finance.

(Note2) Fixed interest rates include the rate calculated based on Yield Curve Swap agreement, with interest rates revised at every scheduled period.

p. 22

(Note) "Weighted average procurement cost without YCS(expected)" refers to the weighted average cost of borrowing calculated by our using hypothetical agreement values based on market quotations for interest rate swaps, specifically for borrowings contracted under the Yield Curve Swap.

p. 23

(Note 1) The Sunflower Kurenai and Sunflower Murasaki, operated by Mitsui O.S.K. Lines, are Japan's first large ferries fueled by LNG (liquefied natural gas), and contribute to improved quietness and a significant reduction in environmental impact through cutting-edge technology and meticulous design.

(Note 2) Supply chain emissions are the total of all emissions related to business activities (Scope 1 emissions + Scope 2 emissions + Scope 3 emissions) as well as the business's own emissions. In other words, it refers to the amount of greenhouse gas emissions generated from the entire process flow, including raw material procurement, manufacturing, distribution, sales, and disposal. Scope 3 refers to the emissions of other companies related to the activities of a business, other than Scope 1 and Scope 2, which are emitted by the business itself, and are classified into 15 categories.

p. 28

(Note) This document only describes the risk level and the roles of related parties from generally assumed hotel development to stable operation as an image and does not guarantee that the actual development of a hotel will be as shown in the image.

p. 33

(Note) "Hot water heat pump unit utilizing seawater desalination heat sources" is a product that Zeneral Heatpump Industry Co., Ltd., and Enagia® Inc., developed for introduction to "HOSHINOYA Taketomi Island."

p. 34

(Note 1) All figures shown are based on the figures provided by the operator of each property.

(Note 2) The data collection period is from April to March each year.

(Note 3) Those properties owned by HRR whose data acquisition area is 100% are included.

(Note 4) The calculation method of primary units is (energy consumption of those owned properties with a data acquisition area of 100%) divided by the denominator (area of properties with a data acquisition area of 100% (m²)).

(Note 5) The calculation method of primary units is (water consumption of owned properties with a data acquisition area of 100%) divided by the denominator (area of properties with a data acquisition area of 100% (m²)).

(Note 6) The calculation method of primary units is (greenhouse gas (GHG) emissions of owned properties with a data acquisition area of 100%) divided by the denominator (area of properties with a data acquisition area of 100% (m²)).

(Note 7) The calculation method of recycling rate is (waste recycling volume of owned properties with a data acquisition area of 100%) divided by the denominator (amount of waste generated of properties with a data acquisition area of 100%).

(Note 8) Evaluations may vary by building depending on the property, and in that case, the evaluation results for the building that received the highest rating (the evaluated building) at each property is listed.

(Note 9) Leasable floor area is calculated based on the lease agreement for each property.

(Note 10) "Percentage contracted based on leasable floor area" is calculated using the following formula.

"Percentage contracted based on leasable floor area" = total leasable floor area of properties with green lease agreements divided by total leasable floor area of the portfolio overall x 100

(Note 11) Data collected for "Karuizawa Community Zone" are for Tonbo-no-yu, Sonminshokudou, Harunire Terrace, and Picchio. Electricity/DHC emissions for "HOSHINOYA Karuizawa" are calculated by excluding electricity produced on the premises and supplied externally from the electricity consumption.

p. 41

(Note 1) Annual ADR is a reference value calculated taking November 2022 to October 2023 as the base period.

(Note 2) Annual ADR for the HOSHINOYA brand is the figure for four HOSHINOYA properties and does not include "HOSHINOYA Okinawa."

(Note 3) Annual ADR for the KAI brand is the figure excluding "KAI Alps," "KAI Enshu," "KAI Nagato," "KAI Kirishima" and "KAI Beppu" from the 13 KAI properties.

p. 42

(Note) Annual ADR is a reference value calculated, taking Nov. 2022 to Oct. 2023 as the base period. As for "Grand Prince Hotel Osaka Bay," however, ADR is not stated because the figures for the base period cannot be calculated. The properties whose operator is "Greens" are not disclosed because the lessee has not consented to the disclosure of such information.

p. 43

(Note 1) The inbound ratio of "Grand Prince Hotel Osaka Bay" before June 2023 is the same as that of "Hyatt Regency Osaka."

(Note 2) Data for "the b asakusa" is compiled after July 1, 2023.

p. 44

(Note 1) The start date for the graph is July 11, 2013, the day of business immediately prior to the new listing date. In consideration of the investment unit split (half) effective as of November 1, 2016, the investment unit price has been indexed taking one-half of the issue price 510,000 yen of the public offering implemented on July 11, 2013, as 100 and revising the figures prior to October 26, 2016, the last trading day before the investment unit split, accordingly. In addition, the Tokyo Stock Exchange REIT index has been indexed taking the closing price as of July 11, 2013, as 100.

(Note 2) The ratios in parentheses under the number of units held by type of unitholder indicate the ratio of units held by each type of unitholder against the total number of investment units issued. In addition, the ratio in parentheses under number of investors by type of unitholder indicates the ratio of the number of investors by each type of unitholder to the total number of investors who own HRR. All figures are shown rounded down to two decimal places.

(Note 3) Percentage means the ratio of the number of investment units owned against the total number of investment units issued, rounded down to two decimal places.

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This document is not a disclosure document or report based upon the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations, public listing regulations of the Tokyo Stock Exchange or other related laws and regulations.

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The contents of this document have not been audited and their accuracy and completeness are not guaranteed. Analyses, judgments and other opinions of the Asset Management Company that are not actual facts are only reflecting the views of the Asset Management Company as of the date of the document. Therefore, other views and opinions exist and the Asset Management Company may change its views in the future.

The figures under the same item of other disclosed materials may differ from figures presented in this document due to different rounding of fractions, etc.

While HRR and the Asset Management Company has taken due care in the preparation of this document, the possibility of errors exists. Readers are also cautioned that the contents of this document are subject to correction or change without prior notice.

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Although this document includes statements regarding HRR's future policies, etc., these statements do not guarantee such future policies, etc.

This document may include properties that are not included in the properties held by HRR as of the date of this document, such as facilities owned by Hoshino Resorts, DBJ Joint Fund, and WBF. There are no specific plans for HRR to acquire any of these properties, including those described in the list of major sponsor pipelines, as of the date of this document, nor is there any guarantee that HRR will be able to acquire them in the future. Please refer to "Status of Portfolio" on our website: <https://www.hoshinoresorts-reit.com/en/portfolio/list.html>

For the convenience of preparing graphs, the dates indicated may differ from actual business dates.

Contact Tel.: +81-3-5159-6338

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)