

Hoshino

Hoshino
Resorts
REIT

Presentation Material

Fiscal Period Ended October 2024/23rd FP

Hoshino Resorts REIT, Inc. Presentation Materials

Security Code: 3287

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

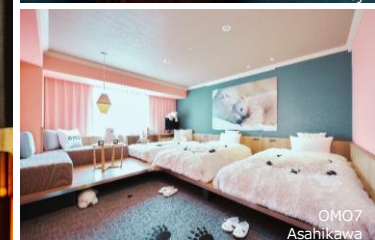
Asset Management Company:
Hoshino Resort Asset Management Co., Ltd.
December 16, 2024



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

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

Our goal is to become a truly tourism-oriented REIT by creating schemes to benefit from the growth in Japan's tourism industry through unitholders owning investment units, and continually expanding unitholder value.



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For notes in the text, please refer to the contents of the “Note” section below.

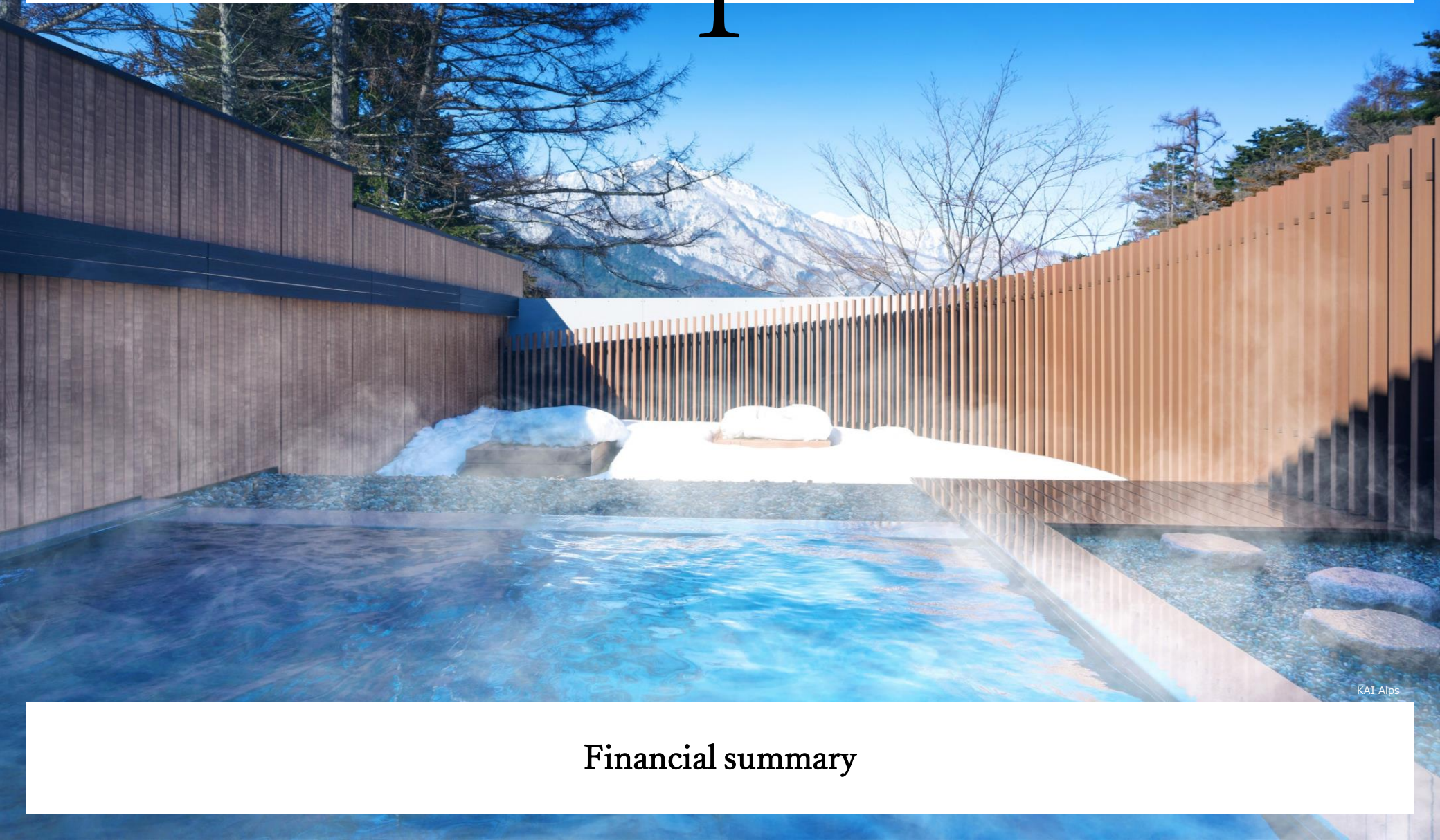
In addition, the following abbreviations are used for some parts of the text from the next page onwards.

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

- Unless otherwise noted, amounts are rounded to the nearest unit, and ratios are rounded to the nearest hundredth.
- Monthly key performance indicators and inbound ratios are based on figures provided by lessees.
- This document may include information on properties not currently owned by the Investment Corporation, such as properties owned by Hoshino Resorts and DBJ Joint Fund. There are no specific plans for the Investment Corporation to acquire these properties, including those listed in the main sponsor pipeline list, as of the date of this document, and there is no guarantee that they will be acquired in the future. For information on properties owned by the Investment Corporation, please refer to the Investment Corporation's website: <https://www.hoshinoresorts-reit.com/en/portfolio/list.html>
- If there is a QR code image, you can move to a website by reading it with a smartphone, etc.

CHAPTER

1



KAI Alps

Financial summary

Financial summary for the fiscal period ended October 2024 (23rd fiscal period)

	Results of the 22nd FP	Forecast for the 23rd FP (Financial results as of Jun. 17, 2024) (A)	Results of the 23rd FP (B)	Comparison with Forecast (B) - (A)
Operational status (million yen)				
Operating revenue	6,670	7,466	7,496	+30
Operating expenses	3,823	3,983	4,010	+27
Operating profit	2,847	3,482	3,485	+2
Ordinary profit	2,305	2,663	2,735	+71
Profit	2,338	2,662	2,734	+72
Distribution per unit	9,048 yen	9,100 yen	9,218 yen	+118 yen
Others				
Rental NOI (million yen)	5,291	6,012	6,055	+42
Rental NOI yield	5.3%	5.3%	5.3%	+0.04pt
LTV	38.8%	38.5%	38.6%	+0.09pt
NAV per unit	584,150 yen	-	588,120 yen	-

Breakdown of operating revenue

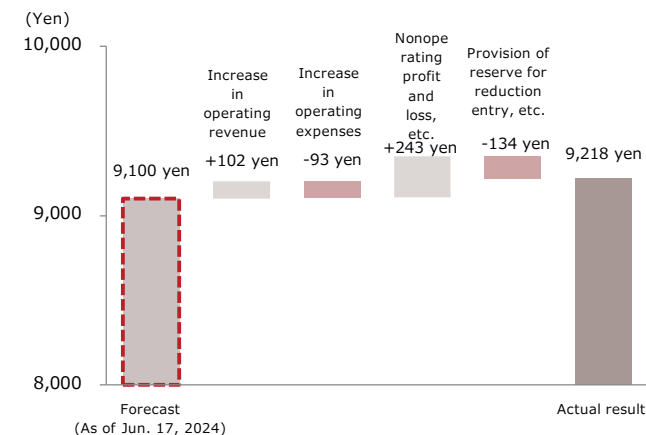
■ Fixed rent	4,973 million yen (66.4%)
■ Variable rent	1,818 million yen (24.3%)
■ Other revenue	704 million yen (9.4%)

Comparison of operating expenses with previous forecast

■ Rental business expenses (repair expenses)	+4 million yen
■ Rental business expenses (expenses other than repair expenses)	+49 million yen
■ Increase/decrease in other expenses	-26 million yen

Breakdown of distribution increase and decrease

■ Distribution per unit	9,218 yen
■ Comparison with forecast	+118 yen (+1.3%)

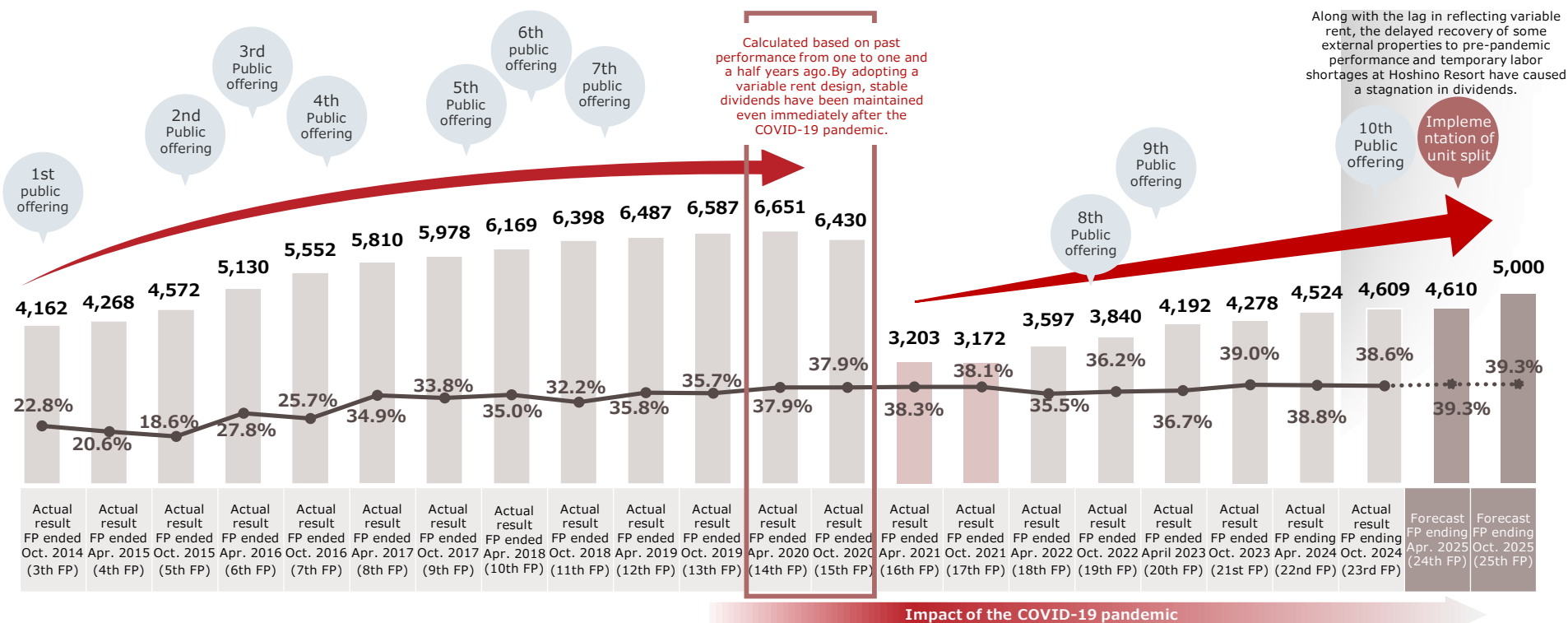


Actual distributions and distribution forecast per unit and changes in LTV

Actual distributions and distribution forecasts

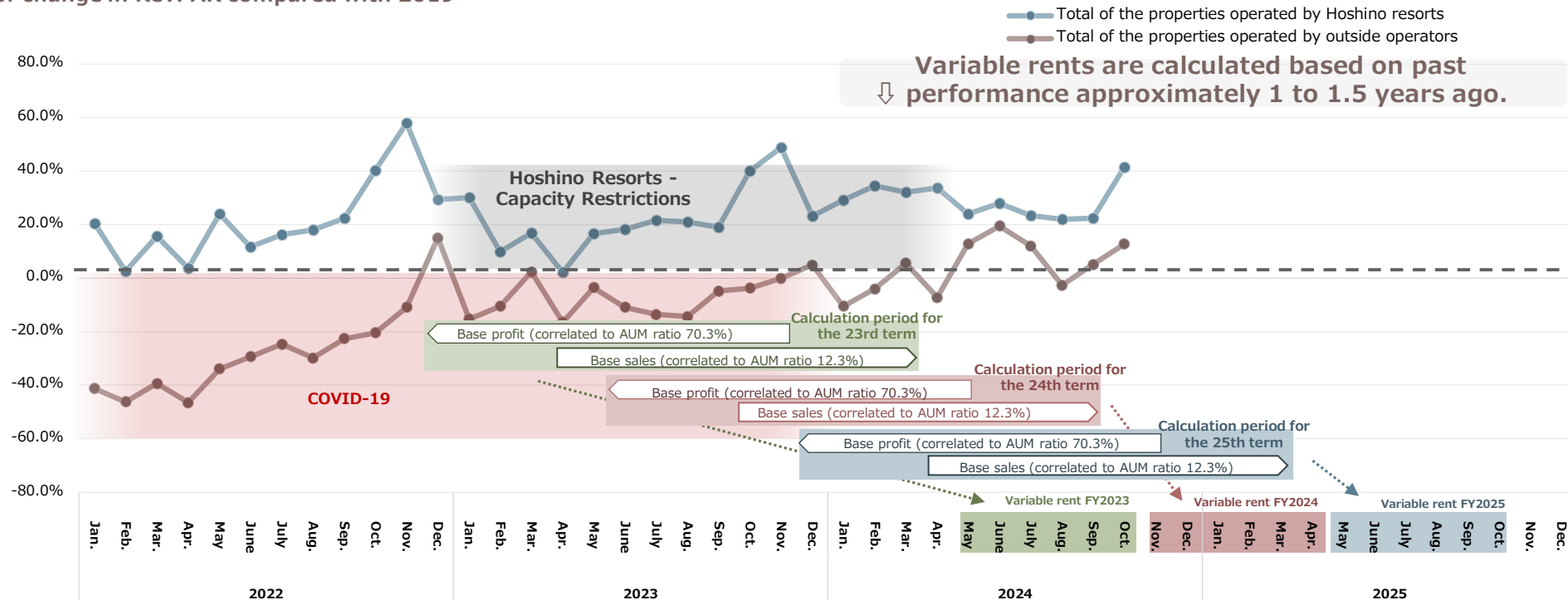
	Previous forecast (released Jun. 17, 2024)	This announcement (released Dec. 16, 2024)	
Results of the 23rd FP (FP ending Oct. 2024)	9,100 yen (after considering investment unit split : 4,550 yen)	Actual results 9,218 yen (vs. previous forecast +118yen) (after considering investment unit split : 4,609 yen)	- Main variable rent calculation period: December 2022 to November 2023 - Rents are significantly declining at non-Hoshino Resort properties, which experienced a performance decline due to the COVID-19 pandemic. However, compared to the previous period, rents have started to turn positive, indicating that they are entering a recovery phase. - Rent growth at Hoshino Resort properties, which performed well during the Corona disaster and had been a driver of performance, will stagnate due to a temporary labor shortage from January 2023 onward.
Forecast for 24th FP (FP ending Apr. 2025)	4,560 yen ※after considering investment unit split	Forecast 4,610 yen (vs. previous forecast +50 yen)	- Main variable rent calculation period: June 2023 to May 2024 - Rents recovered at non-Hoshino Resort properties as the lodging sector approached pre-Corona disaster performance. On the other hand, recovery in demand for banquets and restaurants at city hotels has been slow. - Hoshino Resort properties continue to be affected by temporary labor shortages and growth stagnates.
Forecast for 25th FP (FP ending Oct. 2025)	-	Forecast 5,000 yen (vs. 24th period +390yen, +8.5%)	- Main variable rent calculation period: December 2023 to November 2024 - Hoshino Resort-managed properties will be out of labor force by July 2024. - The lodging sector is expected to recover to the same level as pre-Corona disaster at non-Hoshino Resort properties, and rents are expected to be positive year-on-year. Banquet demand is about 80% of the pre-Corona disaster level. - Grand Prince Hotel Osaka Bay is currently renovating all guest rooms to enhance its competitiveness at Expo Osaka and in the medium to long term. Rooms are being sold off. - Acquisition effect of KAI Poroto, a world-class hotel, contributed about 66 yen to the distribution.

Changes in distributions per unit (yen, after considering investment unit split) and LTV (%) ※The figures are stated considering the investment unit split



Correspondence between rent and hotel sales/profit

Rate of change in RevPAR compared with 2019



Assumptions for rent (Unit: millions of yen)

Operation Category		Brand	Result of FP ended October 2024 (the 23rd FP)			Forecast of FP ending April 2025 (the 24th FP)			Forecast of FP ending October 2025 (the 25th FP)		
			Fixed Rent etc.	Variable Rent	Total	Fixed Rent etc.	Variable Rent	Total	Fixed Rent etc.	Variable Rent	Total
Properties operated by Hoshino Resorts		HOSHINOYA	1,030	226	1,257	799	306	1,105	799	405	1,205
		RISONARE	374	329	704	374	367	741	374	341	715
		KAI	644	350	995	660	309	969	574	385	959
		OMO	816	-	816	1,129	-	1,129	1,129	-	1,129
		Others	125	36	161	125	44	170	125	49	174
Subtotal			2,991	943	3,935	3,090	1,027	4,117	3,004	1,180	4,184
Properties operated by outside operators		3 ANA Crowne Plaza Properties	696	22	718	696	82	778	696	115	811
		22 Roadside Properties	671	204	875	455	412	868	277	639	917
		5 the b Properties	312	359	672	312	356	668	312	448	760
		Others	820	288	1,109	817	338	1,156	820	440	1,260
		Subtotal	2,500	874	3,375	2,281	1,190	3,472	2,106	1,644	3,751
Total			5,492	1,818	7,310	5,371	2,217	7,589	5,111	2,825	7,936
Newly Acquired Objects		KAI Poroto	-	-	-	22	32	55	36	68	104
Total after acquisition of newly acquired objects			5,492	1,818	7,310	5,394	2,250	7,644	5,147	2,893	8,040

CHAPTER

2



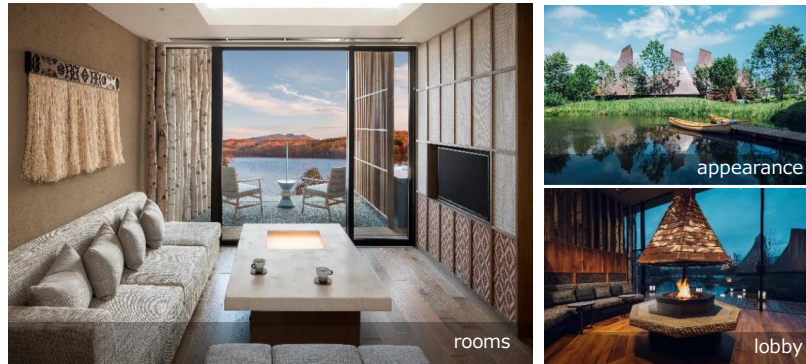
HOSHINOYA Kyoto

Highlights of operations

KAI Poroto

Concept
Nestled in the heart of Lake Poroto, with a pointy bathhouse

- **Acquisition of the seventh property from DBJ joint fund**, in line with the Fund's basic strategy
- **The first "KAI" brand property to open in Hokkaido**. Located on the shores of Lake Poroto in the vibrant Shiraioi-cho, this designer hot spring inn offers rooms with **views of the lake from every room**, showcasing the beauty of all four seasons.
- A unique concept that allows **visitors to experience Ainu culture** is its strength.
- Considering the facility's competitiveness and recent operational performance, **stable mid-to-long-term operations are expected**.



Property Overview

Location	Shiraioi-cho, Shiraioi-gun, Hokkaido
Completion date	October 2021
Planned date of acquisition	January 8, 2025
Total number of guest rooms	42 guest rooms
Lessee	Hoshino Resorts
Operator	Hoshino Resorts
Rent type	Fixed + Variable
Planned acquisition price	3,060 million yen
Real estate appraisal value	3,260 million yen
Lease agreement period	20 years
Appraisal NOI yield	5.4%
Appraisal NCF yield	5.0%
Yield after depreciation	3.8%



The charm of KAI Porot

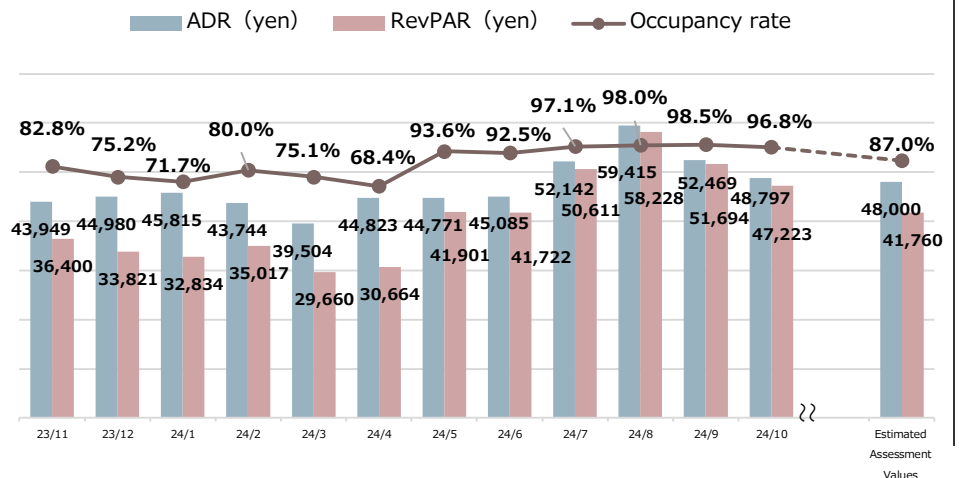
- All guest rooms facing Lake Poroto feature designs and artwork inspired by Ainu patterns, **allowing guests to experience Ainu culture throughout the space**.
- The facility offers two large communal baths: the "**△ Bath**" (Sankaku no Yu), which **provides a sense of unity as if floating on the lake**, and the "**O Bath**" (Maru no Yu), **reminiscent of a cave**. Guests can enjoy the unique "**moor hot springs**," rich in organic matter derived from plants, a rarity even on a global scale.
- **Guests can participate in a local cultural experience called "Gotouchi-gaku,"** where they can make protective amulets using "Ikema," a plant believed by the Ainu people to ward off evil spirits.
- **Conveniently located**, it is about a 1-hour drive or train ride from Sapporo and approximately 45 minutes from New Chitose Airport.



Partnership Agreement with Shiraioi-cho

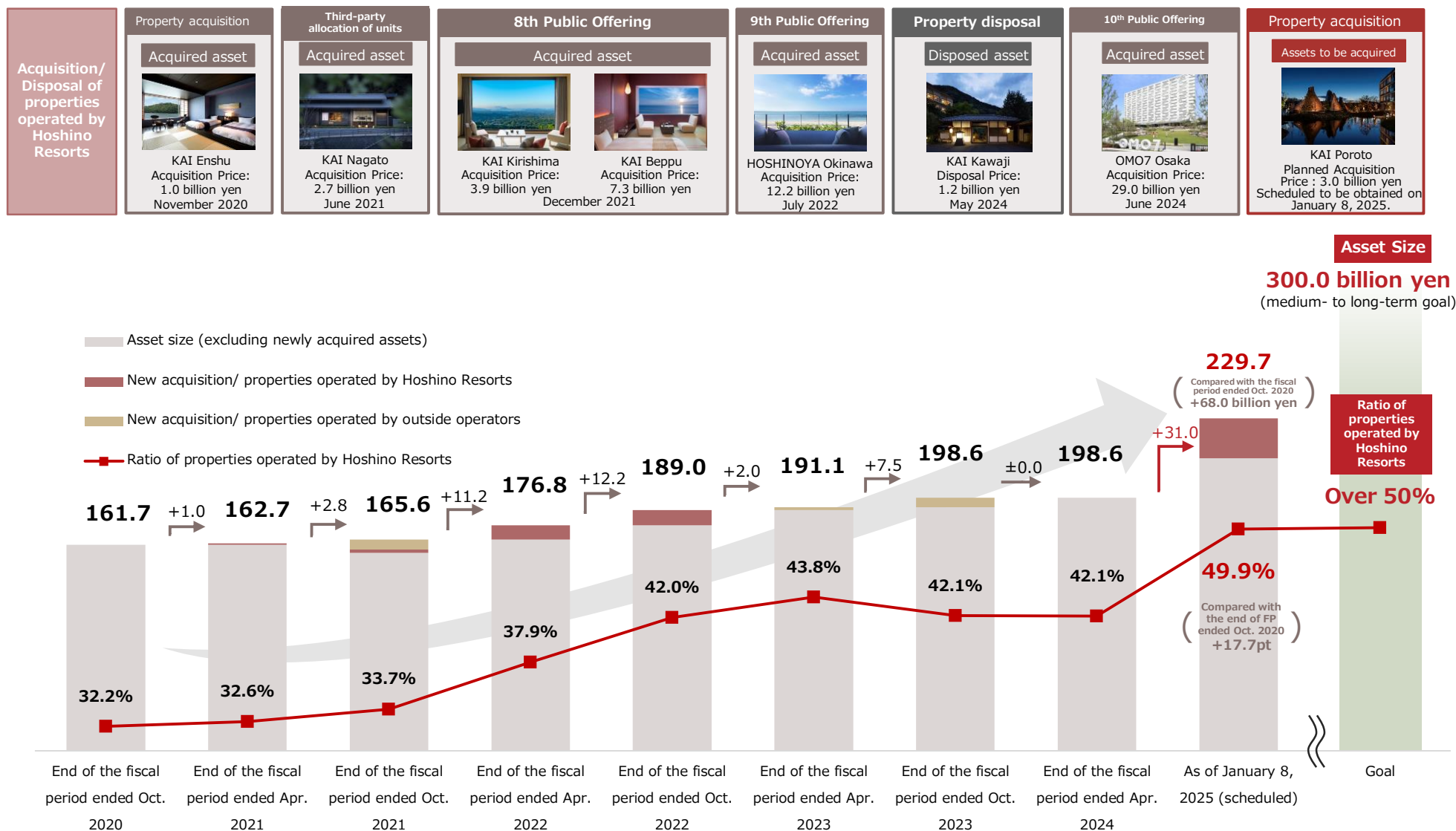
In June 2018, Hoshino Resort signed a "Partnership Agreement" with Shiraioi-cho and the related organizations of the "Symbolic Space for Ethnic Coexistence - Upopoy" to collaborate on promoting respect for **Ainu culture** and to **provide guests with experiences that foster coexistence with Ainu culture and other ethnic groups**.

Monthly Operational Performance / Estimated Assessment Values



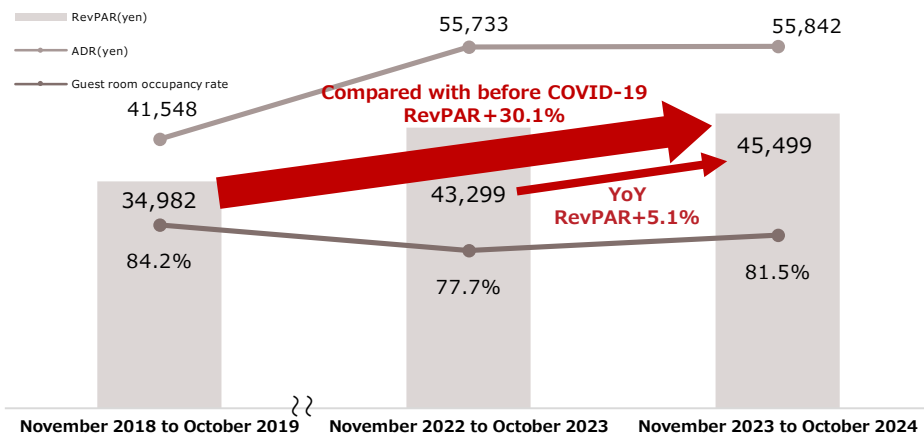
Promote active initiatives toward achieving medium- to long-term goal

Trend in the asset size of HRR (in billion yen)



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

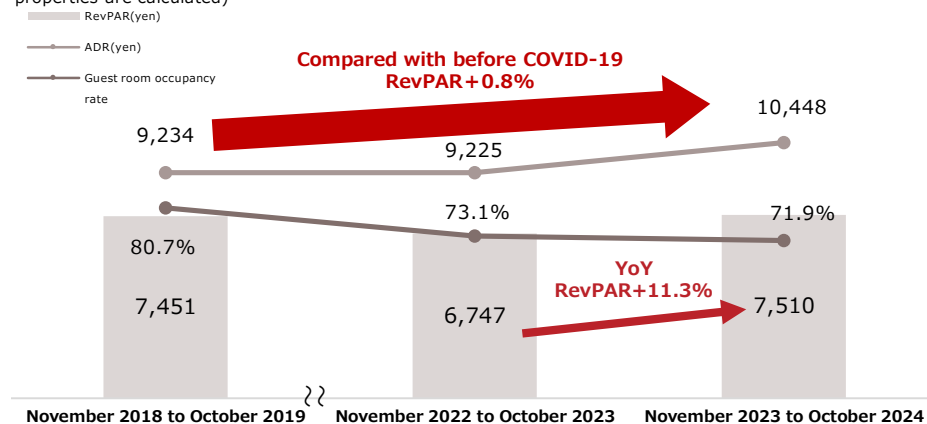
Total properties operated by Hoshino Resorts



		2018/11 to 2019/10 (①)	2022/11 to 2023/10 (②)	2023/11 to 2024/10 (③)	Compared with before COVID-19 pandemic (③ - ①)	Compared with the previous year (③ - ②)
4 HOSHINOYA properties	Guest room occupancy rate	89.1%	74.9%	78.6%	-10.5pt	+3.7pt
	ADR (Yen)	74,670	90,995	90,665	+15,995	-330
	RevPAR (Yen)	66,519	68,196	71,291	+4,772	+3,095
2 RISONARE properties	Guest room occupancy rate	86.4%	74.6%	81.3%	-5.1pt	+6.7pt
	ADR (Yen)	43,478	69,943	67,363	+23,885	-2,580
	RevPAR (Yen)	37,558	52,184	54,759	+17,201	+2,575
7 KAI properties	Guest room occupancy rate	82.4%	85.7%	85.7%	+3.3pt	0.0pt
	ADR (Yen)	40,613	51,307	51,976	+11,363	+669
	RevPAR (Yen)	33,475	43,952	44,528	+11,053	+576
OMO7 Asahikawa	Guest room occupancy rate	79.8%	75.8%	80.1%	+0.3pt	+4.3pt
	ADR (Yen)	11,314	16,078	17,012	+5,698	+934
	RevPAR (Yen)	9,023	12,193	13,631	+4,608	+1,438

Total of major properties operated by outside operators

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



		2018/11 to 2019/10 (①)	2022/11 to 2023/10 (②)	2023/11 to 2024/10 (③)	Compared with before COVID-19 pandemic (③ - ①)	Compared with the previous year (③ - ②)
3 ANA Crowne Plaza properties	Guest room occupancy rate	79.5%	70.2%	74.0%	-5.5pt	+3.8pt
	ADR (Yen)	13,071	12,858	13,946	+875	+1,088
	RevPAR (Yen)	10,391	9,032	10,319	-72	+1,287
Grand Prince Hotel Osaka Bay	Guest room occupancy rate	70.6%	48.2%	45.8%	-24.8pt	-2.4pt
	ADR (Yen)	16,317	19,552	19,839	+3,522	+287
	RevPAR (Yen)	11,525	9,421	9,078	-2,447	-343
22 Roadside properties	Guest room occupancy rate	81.1%	77.5%	74.1%	-7.0pt	-3.4pt
	ADR (Yen)	6,140	6,356	6,854	+714	+498
	RevPAR (Yen)	4,980	4,926	5,077	+97	+151
4 the b properties	Guest room occupancy rate	88.2%	80.6%	82.1%	-6.1pt	+1.5pt
	ADR (Yen)	9,806	9,610	10,956	+1,150	+1,346
	RevPAR (Yen)	8,649	7,746	8,991	+342	+1,245

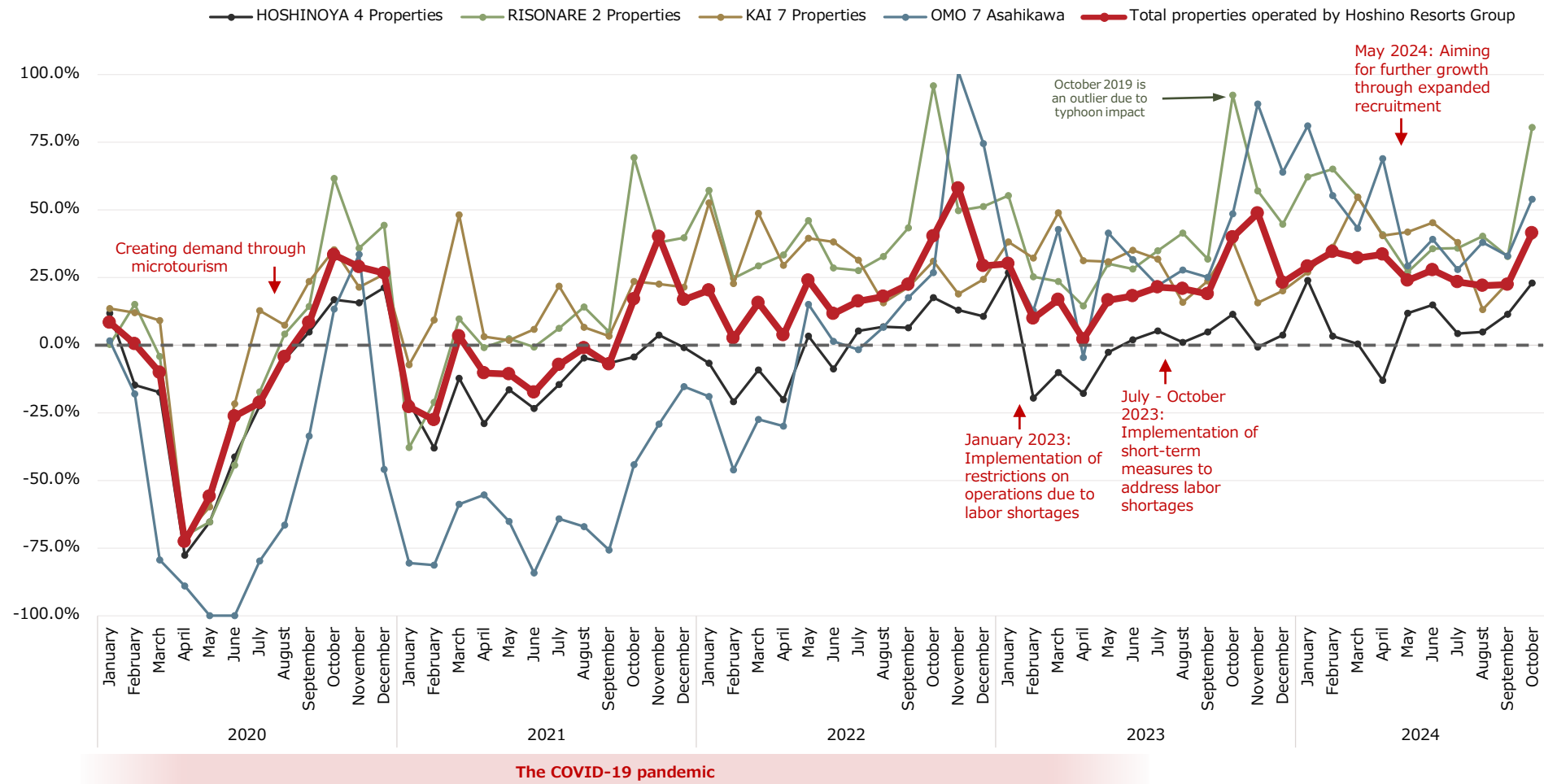


Please refer to "Hotel Operational Results Data" for monthly operating results for individual properties.

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

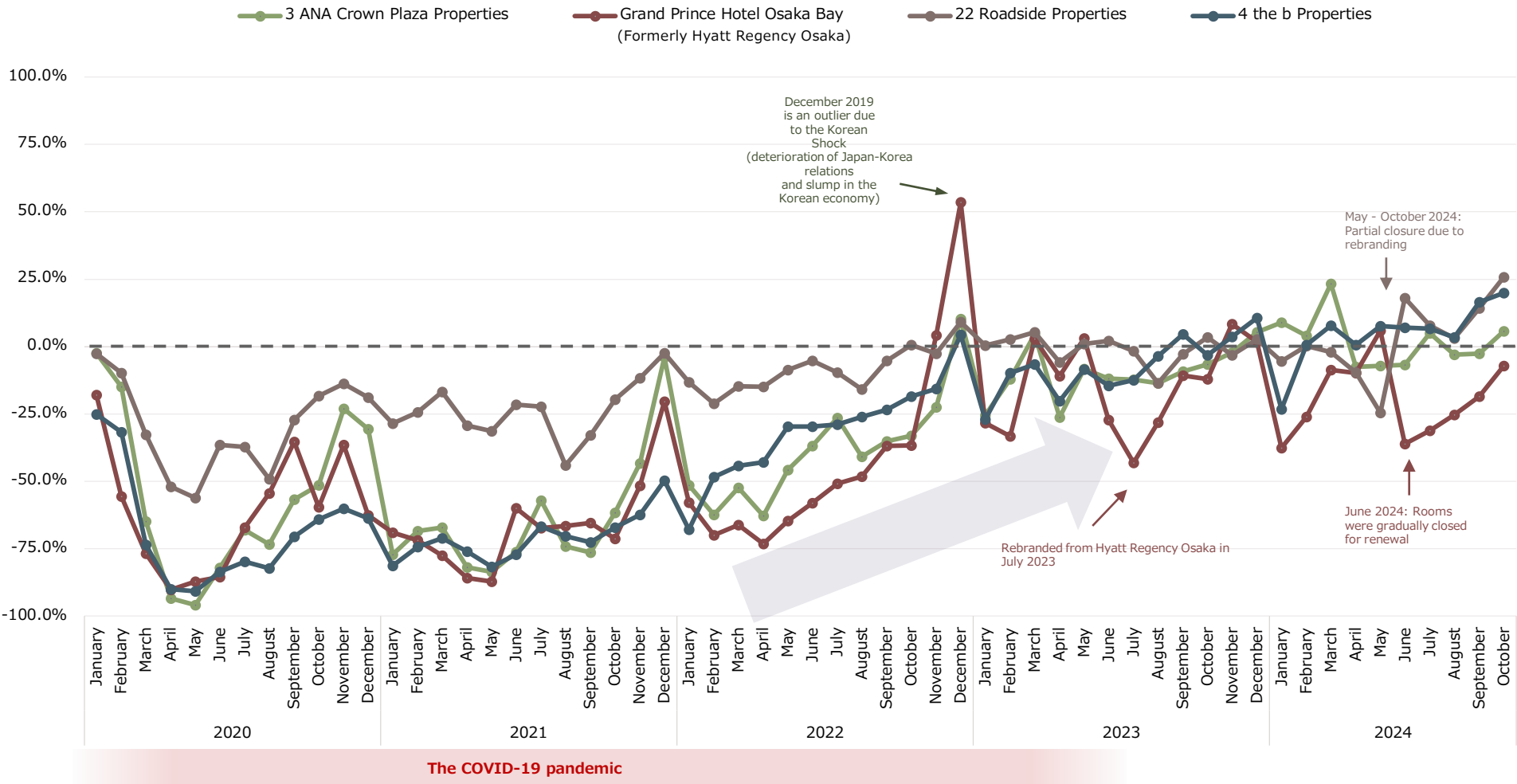
Monthly operating results since COVID-19 pandemic (properties operated by the Hoshino Resorts)

Rate of change in RevPAR compared with 2019



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

Rate of change in RevPAR compared with 2019



Inbound tourism ratio

Hoshino Resorts has maintained consistently high performance since the onset of the COVID-19 pandemic, supported by a fan base centered on domestic customers and without relying on inbound tourism. The inbound ratio is also increasing at facilities in regional areas, and we aim to capture the inbound demand in regional areas, which is expected to expand in the future.

Properties operated by Hoshino Resorts

Name of property	Before COVID-19		Compared with the same period in 2019
	November 2018 to October 2019	November 2023 to October 2024	
HOSHINOYA Karuizawa	35.9%	37.0%	+1.1pt
HOSHINOYA Kyoto	57.7%	64.3%	+6.6pt
HOSHINOYA Fuji	55.8%	69.8%	+14.0pt
HOSHINOYA Taketomi Island	7.9%	8.5%	+0.6pt
HOSHINOYA Okinawa	-	37.8%	-
RISONARE Yatsugatake	1.1%	0.7%	-0.4pt
RISONARE Atami	3.4%	3.1%	-0.3pt
KAI Matsumoto	6.7%	11.7%	+5.0pt
KAI Tamatsukuri	3.6%	4.9%	+1.3pt
KAI Ito	6.0%	10.0%	+4.0pt
KAI Hakone	20.2%	18.5%	-1.7pt
KAI Aso	18.0%	21.9%	+3.9pt
KAI Kawaji	3.8%	5.2%	+1.4pt
KAI Kinugawa	5.7%	13.6%	+7.9pt
KAI Kaga	4.8%	6.3%	+1.5pt
KAI Alps	8.2%	10.5%	+2.3pt
KAI Enshu	-	4.6%	-
KAI Nagato	-	4.5%	-
KAI Kirishima	-	14.7%	-
KAI Beppu	-	24.9%	-
OMO7 Asahikawa	13.0%	10.6%	-2.4pt
OMO7 Kochi	-	12.8%	-
OMO7 Osaka	-	41.2%	-
Iriomote Hotel	-	1.3%	-
BEB5 Karuizawa	-	7.2%	-
Sub-total	13.5%	17.5% (14.3%)	+4.0pt (+0.8pt)

Properties operated by outside operators

Name of property	Before COVID-19		Compared with the same period in 2019
	November 2018 to October 2019	November 2023 to October 2024	
22 Roadside Properties	1.2%	0.5%	-0.7pt
ANA Crowne Plaza Hiroshima	28.0%	25.3%	-2.7pt
ANA Crowne Plaza Kanazawa	26.0%	25.3%	-0.7pt
ANA Crowne Plaza Toyama	26.0%	23.9%	-2.1pt
Grand Prince Hotel Osaka Bay	57.7%	40.1%	-17.6pt
Grand Hyatt Fukuoka	-	50.0%	-
the b akasaka	52.1%	55.8%	+3.6pt
the b sangenjaya	12.7%	12.4%	-0.3pt
the b nagoya	47.1%	51.8%	+4.7pt
the b kobe	29.2%	23.8%	-5.4pt
the b asakuka	-	92.0%	-
hotel androoms Osaka Hommachi	69.0%	43.2%	-25.8pt
Sol Vita Hotel Naha	-	7.9%	-
Quintessa Hotel Osaka Shinsaibashi	91.9%	87.4%	-4.5pt
Sub-total	21.5%	25.6% (20.5%)	+4.1pt (-1.0pt)
Total	20.1%	23.4% (19.2%)	+3.3pt (-0.8pt)

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

Hoshino Resorts: Initiatives to expand inbound demand in regional areas

Hoshino Resorts and Japan Airlines collaboration

"All-time Favorite vs. Hidden Gems" Campaign

- Japan Airlines Co., Ltd. (hereafter "JAL") and Hoshino Resorts Inc. have started selling the **"JAL Visit Japan Dynamic Package,"** which combines JAL air tickets and Hoshino Resorts facilities, for tourists visiting Japan from October 2024 on a unique website.



- Through this campaign, we aim to **expand inbound demand in rural areas, alleviate over-tourism, and contribute to regional revitalization** by attracting tourists to areas outside major metropolitan areas where Japan's attractive tourist resources lie dormant.

Examples of content introduced on the unique website

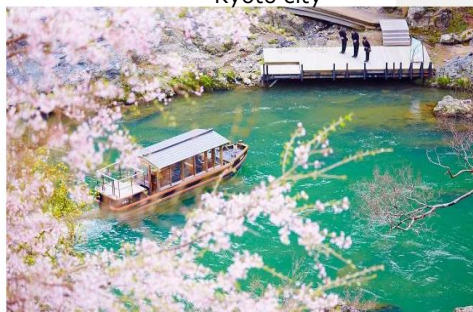
Using content related to "cherry blossoms," "festivals," "autumn leaves," "snow," and "nature/activities", which are of great interest to tourists visiting Japan, we introduce both **"All-time Favorite" tourist destinations** that are well known to many tourists visiting Japan and **"hidden gems"** that have wonderful material but are not well known overseas.

ALL-TIME FAVORITE

All-time Favorite: HOSHINOYA Kyoto, Kyoto city

Colorful Kyoto's Bright Blooms (Kyoto)

Kyoto is the definitive destination when cherry blossom season arrives, with its ancient streets and storied temples flourishing with vibrant sakura. With the city's parks and rivers lined with incredible species, numerous public spaces are taken over by spectacular festivals dedicated to this special occasion.



HIDDEN GEMS

Nagato Yumoto's Springs and Sakura (Yamaguchi)

Nagato Yumoto Onsen was visited by feudal lords for hundreds of years, seeking immense relaxation in its rejuvenating hot spring. Spanning the banks of the scenic Otozuregawa River, a charming path allows for exceptional sakura viewing during the day and night, while kawadoko - riverfront terraces - rest on the river edge and provide an up-close vantage point.



Towards the resolution of over-tourism in Japan

The Current State of Inbound Tourism and Issues

- In 2023, the total number of foreign visitors to Japan exceeded 117.75 million, surpassing the figure for 2019, before the COVID-19 pandemic. On the other hand, approximately 73% of all overnight stays were in the top five prefectures (Tokyo, Osaka, Kyoto, Hokkaido, and Fukuoka), and the number of tourists visiting Japan and staying overnight in regional areas remains small. How to encourage tourists to visit regional areas is an important issue for tourism in Japan as a whole.

Source: Prepared by the Asset Management Company based on the Japan Tourism Agency's "Lodging Travel Statistics Survey."

Utilizing nature tourism

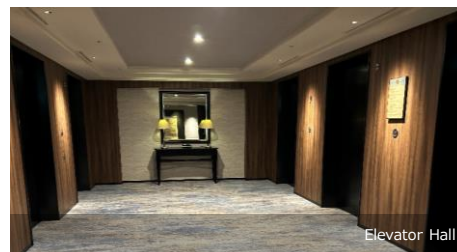
- Hoshino Resorts believes that utilizing nature tourism is an effective way to solve this problem and that by attracting overseas nature lovers to Japan, it will be possible to **maintain and expand inbound tourism while also solving the problem of the current imbalance in tourism to specific regions.**
- Hoshino Resorts has had a division called Picchio, which is made up of ecotourism professionals, for over 20 years, and they have been helping with nature tourism at facilities in places such as Karuizawa, Hokkaido, Yatsugatake, and the Yaeyama Islands.
- At present, long-term mountain regeneration projects are also underway, including projects for Mount Tanigawa and Tateyama, and in the future, they will continue to create trips where you can enjoy nature based on high-quality accommodation facilities.

Growth strategy through investment in appeal and rebranding

To strengthen the medium- to long-term competitiveness of the properties it owns, HRR is systematically investing in strategic CAPEX and rebranding to enhance their appeal.

Grand Prince Hotel Osaka Bay (GPO)

- The hotel is gradually renovating all 416 rooms in preparation for the “2025 Japan International Exposition” (Osaka/Kansai Expo). The hotel offers a sophisticated space, harmonizing the luxury of serene bay area views distant from the hustle and bustle of Osaka, the vibrant night view of the city, and the stunning sunset over Osaka Bay, all with the stately atmosphere of the GPO.
- While maintaining the luxurious feel of the existing facilities, it will offer functionality to meet MICE demand and the commercial viability of an urban resort.
- In line with the Osaka/Kansai Expo, it will resume operations in all rooms from April 2025, and it is expected to receive high praise from users, leading to an increase in RevPAR and GOP in the medium to long term.



Assumptions for Key Indicators

	Hyatt Regency Osaka 2019 results		Grand Prince Hotel Osaka Bay Target
Occupancy	66.7%		73.3%
ADR	16,170 yen	RevPAR +22.2%	17,973 yen
RevPAR	10,781 yen		13,172 yen
Sales	3,959 million yen	GOP +91.3%	4,780 million yen
GOP	540 million yen		1,033 million yen

Rebranding to Comfort Inn

- The “Chisun Inn” hotels operated by the Solare Group will be rebranded as “Comfort Inn” hotels operated by Greens Co.,Ltd.(“Greens”) to start operation in stages from July 2024.
- As a dedicated hotel operator, Greens has 65 years of experience in various operations, including its mainstay urban hotels near train stations, roadside hotels, and operator change projects. It can be expected to provide stable management.
- Implementation of rebranding investment for opening

Source: Japan Tourism Agency, 'Accommodation Travel Statistics Survey,' prepared by this asset management company.

Breakfast venue

To capture not only the primary business demand but also leisure and inbound demand, we offer a unique breakfast experience under the concept of "Fun Every Morning: A Hearty Morning Feast" in an open and welcoming space, providing a breakfast that can only be enjoyed at this hotel.



Rooms

Supporting the guests' comfortable sleep with original pillows and bedding specially made for the Greens.



Comparison of performance before and after rebranding

	Before rebranding 18/10-19/9	After rebranding Estimated value	Percentage change
Occupancy rate	81.2%	81.6%	+0.4pt
ADR	6,148 yen	6,750 yen	+9.8%
RevPAR	4,995 yen	5,508 yen	+10.3%
NOI	1,459 million yen	1,463 million yen	+0.3%

Summary of real estate appraisal amount, etc.

	Real estate appraisal amount, etc.			Key factors
	End of 23 rd FP (Unit: million yen)	VS. previous FP (Unit: million yen)		
Total of 69 properties	259,404	+2,677	+1.0%	
Total for properties operated by the Hoshino Resorts	135,274	+1,594	+1.2%	
5 HOSHINOYA Properties	41,220	+340	+0.8%	HOSHINOYA Karuizawa: Increase in operating revenue due to strong performance RISONARE Atami: Increase in operating revenue due to strong performance KAI Hakone: Increase in operating revenue due to strong performance BEB5 Karuizawa: Increase in operating revenue due to strong performance
2 RISONARE Properties	14,090	+330	+2.4%	
13 KAI Properties	32,884	+544	+1.7%	
Hoshino Resorts Others	47,080	+380	+0.8%	
Total for properties operated by outside operators	124,130	+1,083	+0.9%	
Full service hotels	52,410	-180	-0.3%	Grand Prince Hotel Osaka Bay: Impact of sales suspension due to guest room renovations the b asakusa: Increase in operating revenue due to strong performance, decrease in cap rate Comfort Inn (Hitachinaka, etc.): Increase in operating revenue due to strong performance
Hotels that specialize in accommodation	50,336	+797	+1.6%	
Roadside properties	21,384	+466	+2.2%	
Unrealized profit	30,030	+4,843	+19.2%	

Fundraising adapted to changes in the financial situation

HRR's Financial Management Strategy

- We will conduct highly sound fund procurement by controlling the risk of future interest rate hikes through flexible financial management, given the uncertain interest rate environment.

1 Reduction of interest rate fluctuation risk through long-term fixation

We aim to manage our finances with an emphasis on stability. We reduce the risk of interest rate fluctuations through long-term fixation. We also consider reducing financial costs by appropriately adjusting funding terms and the ratio of fixed to variable while taking into account the overall condition of the assets.

2 Diversify the timing of loan repayment

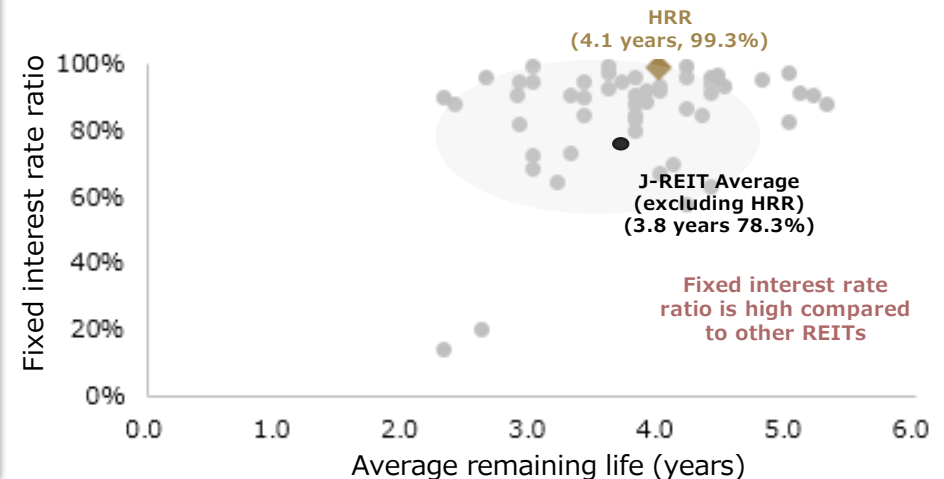
We will continue to promote diversification of repayment dates, aiming to strengthen our resistance to rising interest rates and minimize refinancing risk.

3 LTV control to achieve both financial soundness and agility in property acquisition

The LTV ratio will be basically controlled at a low level, below 40%, to ensure financial soundness and mobility in property acquisition.

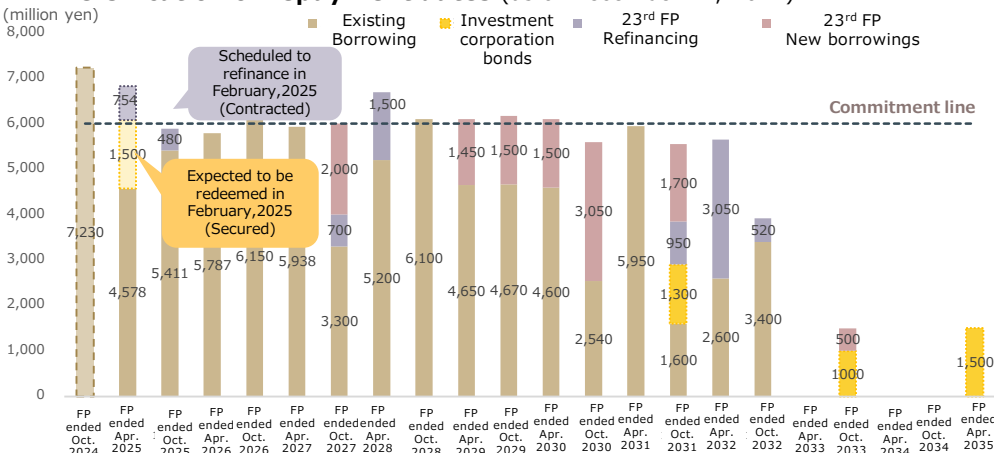
1 Reduction of interest rate fluctuation risk through long-term fixation

- **Distribution of Fixed Ratio and Average Remaining Maturity (compared to listed J-REIT)**
- Controlling interest rate fluctuation risk by a relatively high fixed-to-float ratio and lengthening of remaining maturity



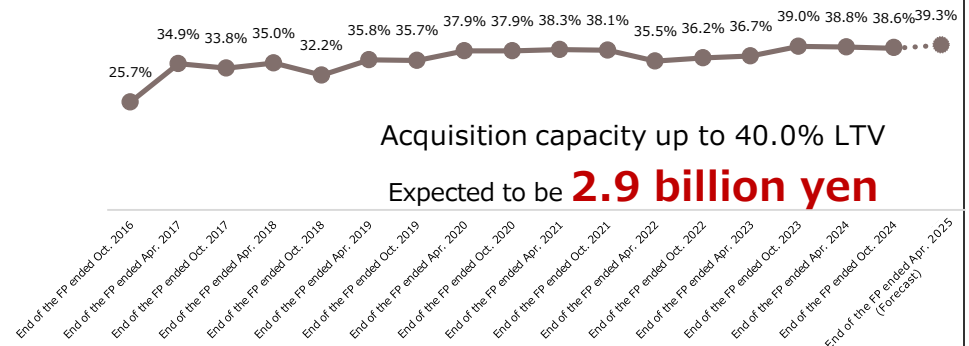
2 Diversify the timing of loan repayment

■ Diversification of repayment dates (as of December 11, 2024)



3 LTV control to achieve both financial soundness and agility in property acquisition

■ LTV Trends



Flexible financial management and establishment of diverse procurement methods

Recent initiatives

- Continuing on from last year, this is the first issuance of 10-year investment corporation bonds with an A+ rating within this year (1.853% p.a.). Proceeds will be used to redeem the 7-year corporate bond, thereby extending the term of the loan.
- Achieved a reduction in financing costs through ongoing discussions with financial institutions
- Implemented financing through positive impact finance, the first initiative of its kind for a hotel sector REIT
- In refinancing in October, in response to rising interest rates, 95% of the principal of the loans subject to the swap was fixed. This fulfilled the requirements for exceptional treatment of interest rate swaps while also controlling the cost of fixing the interest rate.

Financing through Positive Impact Finance

- Positive Impact Finance is a financing scheme that comprehensively analyzes and evaluates corporate activities' environmental, social, and economic impact and provides financing to support the continuation of those activities. This time, we raised funds by utilizing the Mizuho Bank's "Mizuho Positive Impact Finance" scheme.
- The impact is evaluated based on Hoshino Resorts' unique activities, such as the local entertainment at Hoshino Resorts' KAI hotels as part of the regional revitalization initiative and the Iriomote cats' conservation activities at the Iriomote Hotel as part of the biodiversity initiative.
- The Mizuho Group will take the lead in monitoring the quantitative and qualitative aspects of the project to see whether it is improving positive impact and reducing negative impact.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Initiatives unique to the area (KAI Kaga)

→ Initiatives to revitalize the local economy



15 LIFE ON LAND

Iriomote cats' conservation activities (weeding activities)

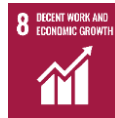
→ Initiatives to conserve biodiversity



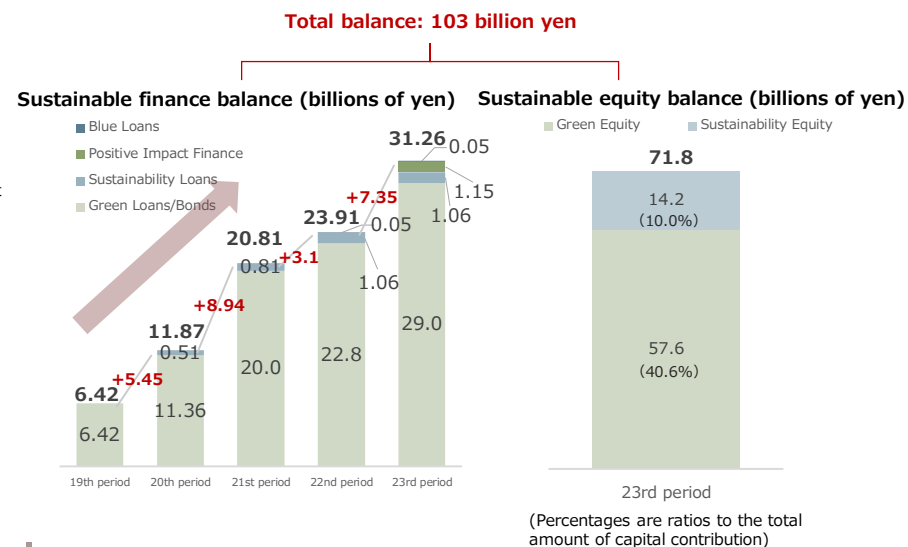
6 CLEAN WATER AND SANITATION

Utilization of seawater desalination equipment (heat pump)

→ Initiatives to reduce water consumption



Sustainable Finance and Sustainable Equity

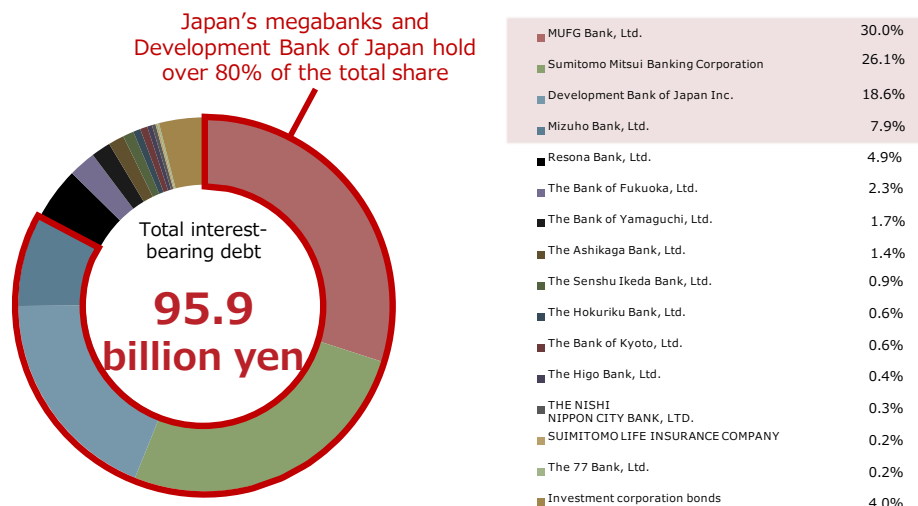


Status of credit ratings, etc.

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)

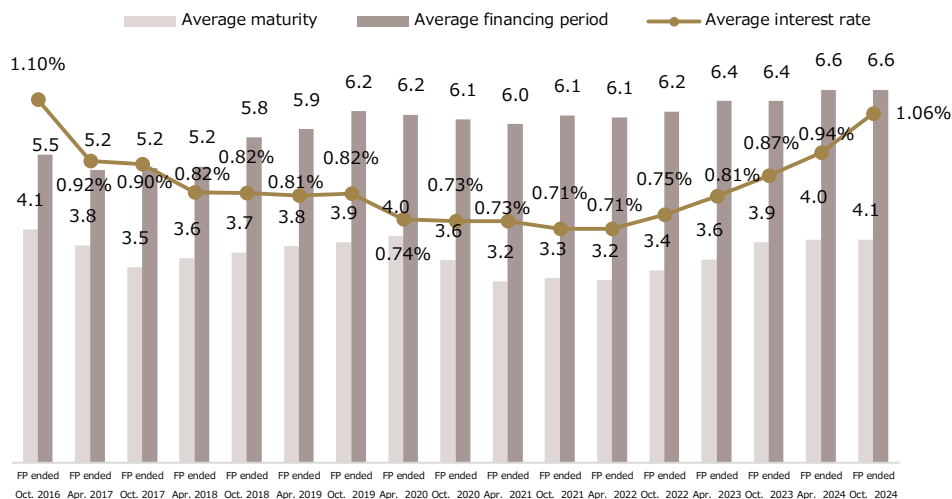
Stable financial base and financial stability

Lender formation

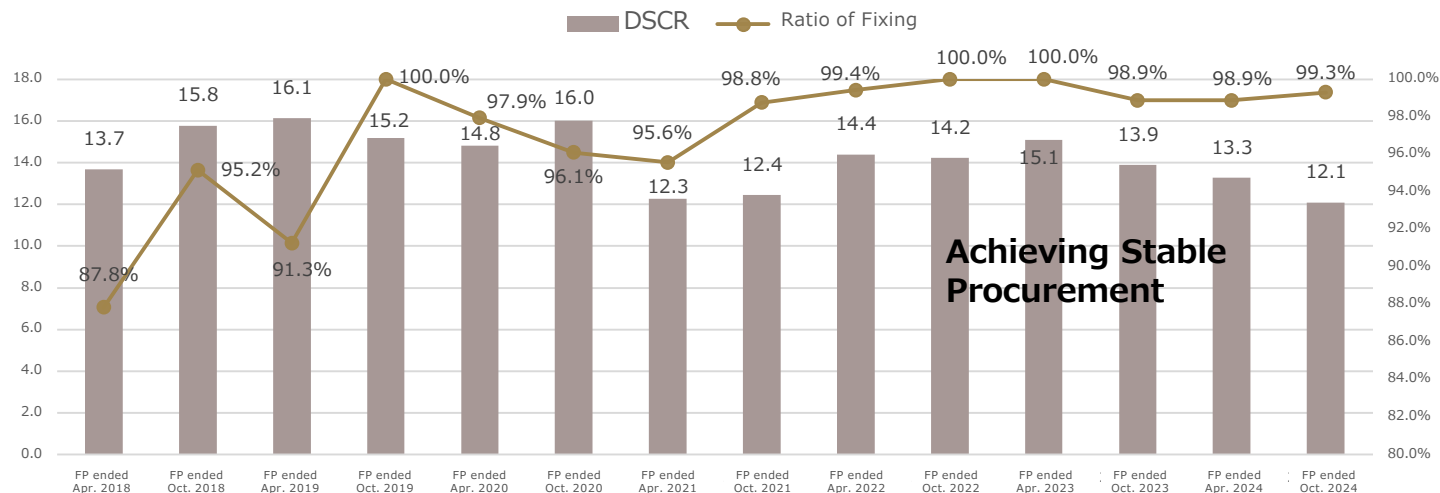


As of October 31, 2024

Change in procurement conditions



DSCR, Transition of the Ratio of Fixing



Key financial indicators (As of October 31, 2024)

Ratio of long-term interest-bearing debt: 99.5%

Fixed interest rate: 99.3%

Average remaining period:
4.1 years

Average margin: 1.06%

CHAPTER

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RISONARE Osaka

Future operation strategy

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



Asset size

300.0 billion yen or more in the medium term

- Inclusion in the TSE REIT Core Index
- Increased liquidity
- Risk diversification

Property structure

Ratio of resorts operated by Hoshino Resorts in excess of 50%

- Securing of sustainable competitiveness and revenue stability
- Revitalization of the tourism market
- Working with local communities to create sustainable economic mechanisms

Internal growth

Growth through collaboration with operators

- Unique software and attractive investment that go hand in hand
- Rebranding opportunities
- Selection of superior operators

Financial foundations

Balancing of long-term stability and acquisition mobility

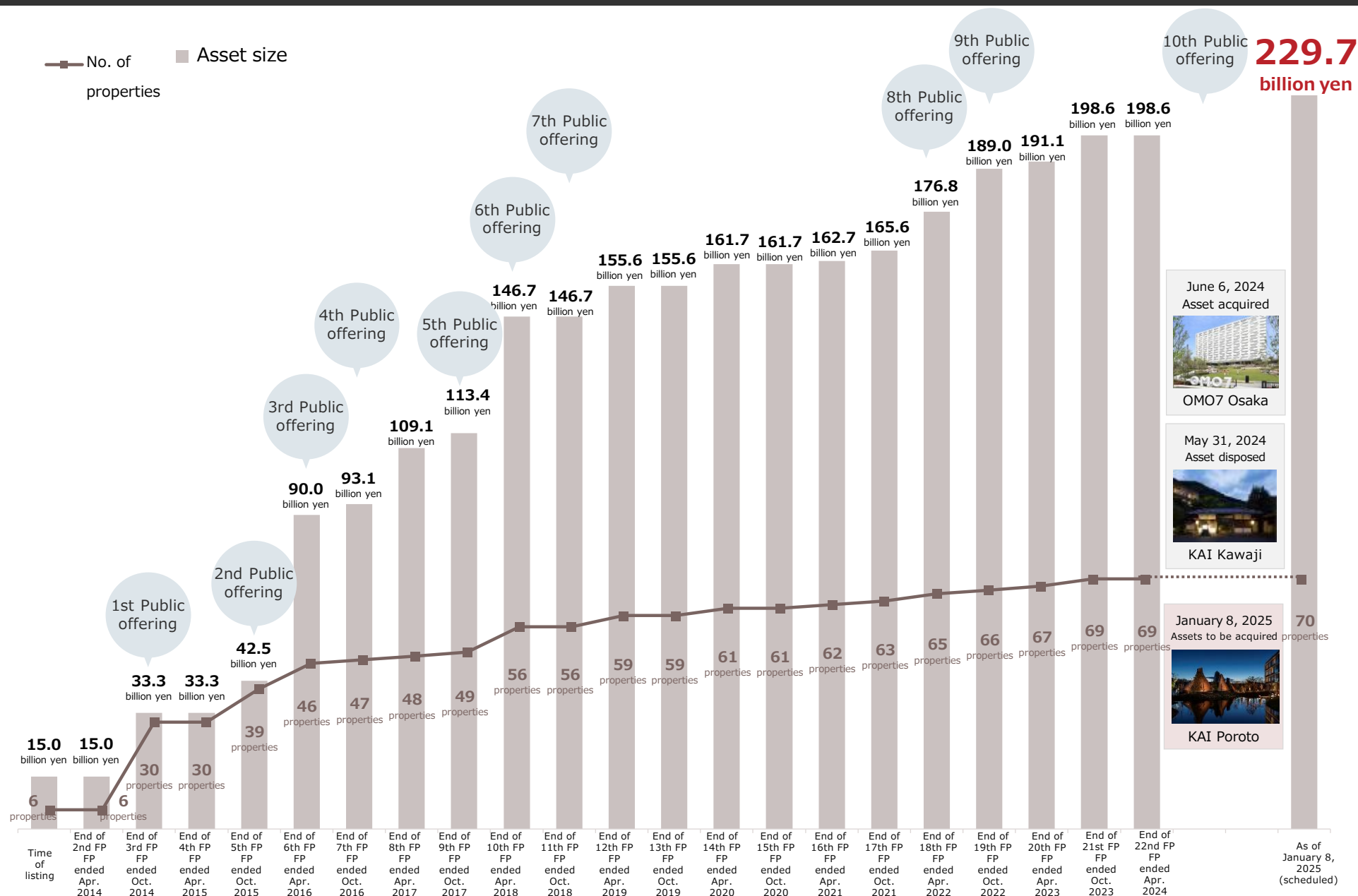
- Reduction of interest rate fluctuation risk through long-term fixation
- Diversify repayment periods for loans
- Balance financial soundness and acquisition mobility through LTV control

ESG initiatives

Contributing to the improvement of long-term investor value, the future global environment and the tourism industry

- Avoidance of stranded assets by setting medium- and long-term targets for the reduction of GHG emissions and taking specific actions
- Construction of the role and economic cycle of accommodation facilities in the regions
- Activities aimed at a nature positive economy

Steady growth in asset size



Portfolio structure (based on acquisition price)

As of January 8, 2025 (scheduled)

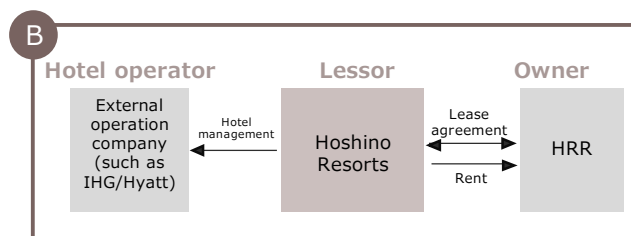
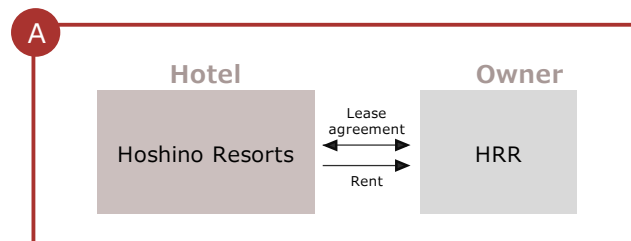
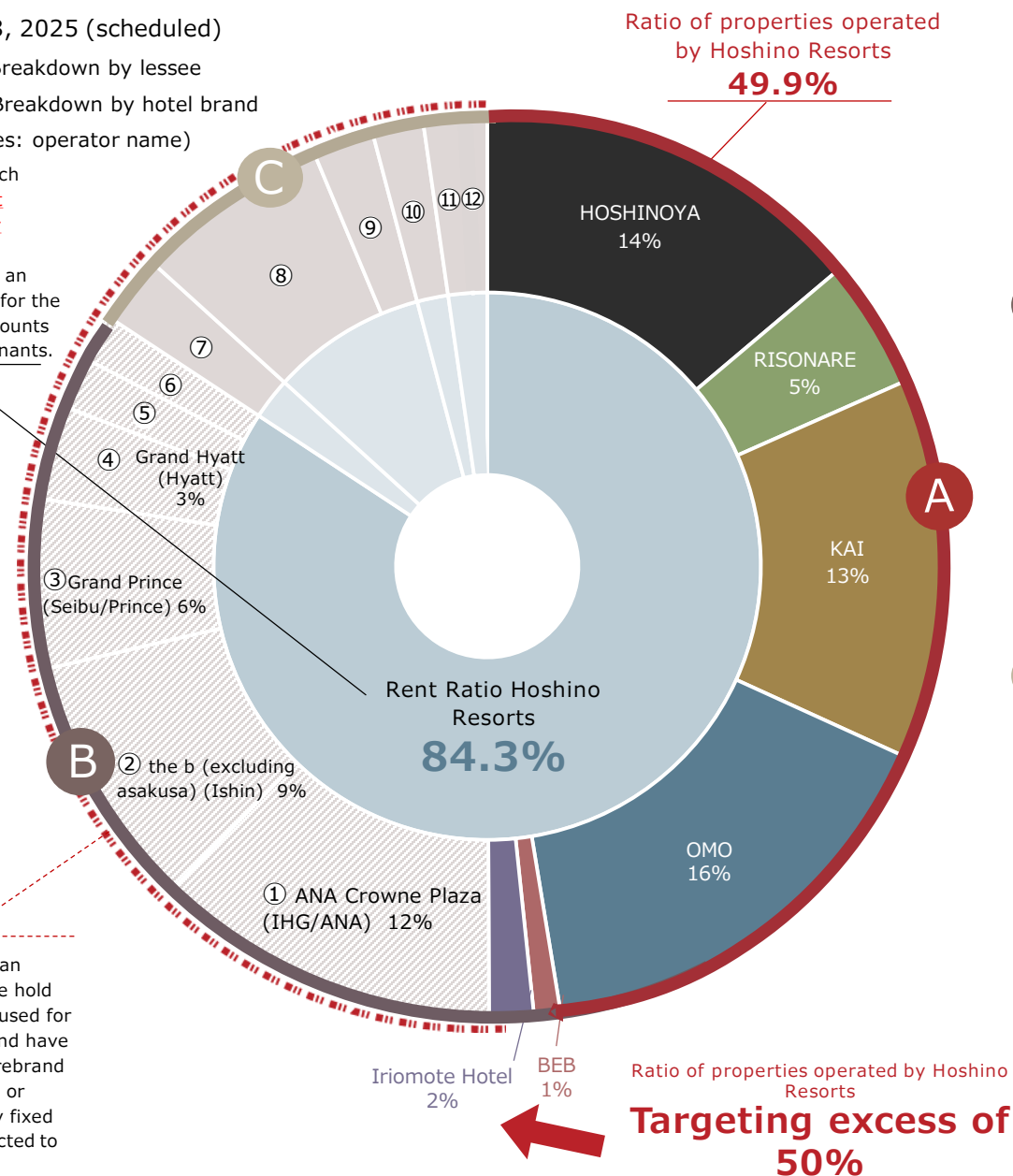
● Inner circle: Breakdown by lessee

○ Outer circle: Breakdown by hotel brand

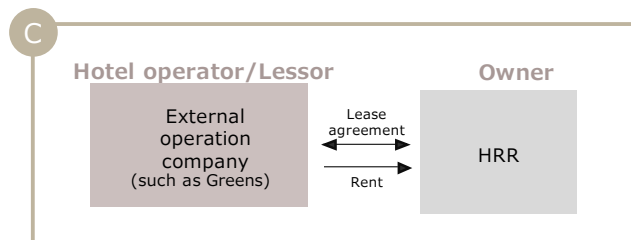
(in parentheses: operator name)

Hoshino Resorts, which continued to pay rent without reductions or deferrals through the COVID-19 pandemic, an unprecedented crisis for the tourism industry, accounts for the majority of tenants.

For brands other than Hoshino Resorts, we hold properties that are used for tourism purposes and have the opportunity to rebrand to Hoshino Resorts, or properties with fully fixed rents that are expected to have stable rents.



- | | |
|-------------------------------------|-----|
| ① ANA Crowne Plaza (IHG/ANA) | 12% |
| ② the b (excluding asakusa) (Ishin) | 9% |
| ③ Grand Prince (Seibu/Prince) | 6% |
| ④ Grand Hyatt (Hyatt) | 3% |
| ⑤ hotel androoms (Solare) | 2% |
| ⑥ Sol Vita (Green Hospitality) | 2% |



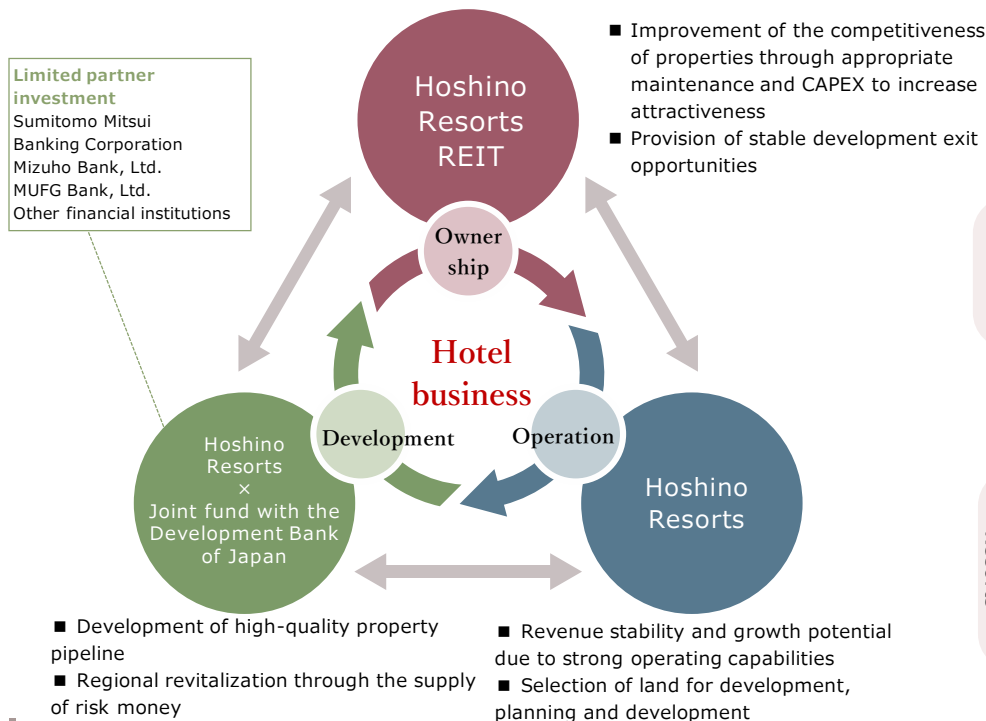
- | | |
|---------------------------|----|
| ⑦ the b asakusa (Ishin) | 2% |
| ⑧ Comfort Inn (Greens) | 7% |
| ⑨ Comfort (Greens) | 2% |
| ⑩ Candeo (Candeo) | 2% |
| ⑪ Quintessa (Core Global) | 1% |
| ⑫ HOTEL VISTA (Vista) | 1% |

Please see our website for other portfolio summaries and maps.
<https://www.hoshinoresorts-reit.com/en/portfolio/>
<https://www.hoshinoresorts-reit.com/en/portfolio/map.html>

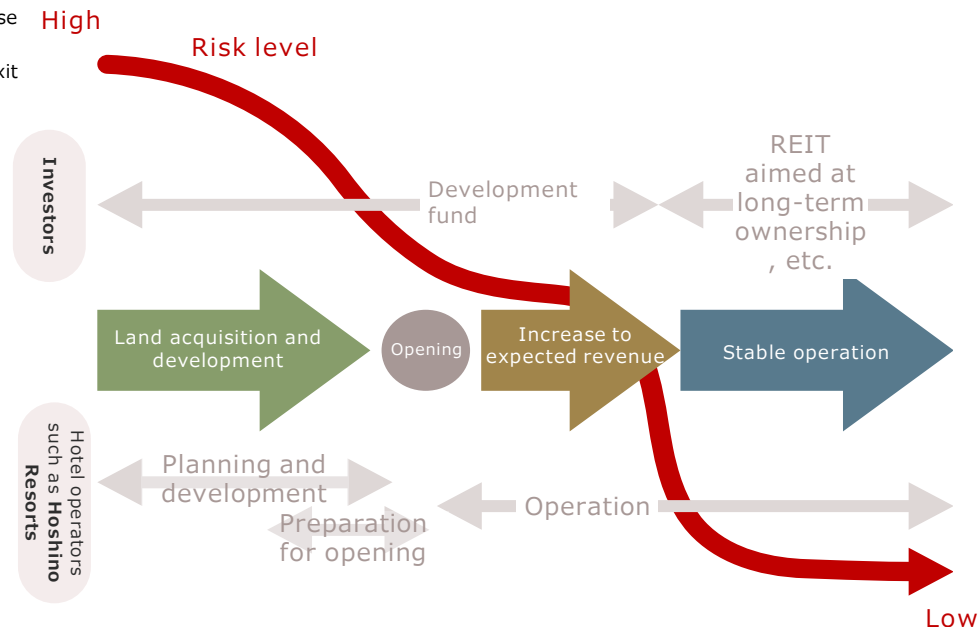
Abundant acquisition opportunities through DBJ joint fund, a jointly managed fund by Hoshino Resorts and Development Bank of Japan

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



Conceptual image of risk level from hotel development to stable operation



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

Properties already acquired by HRR

KAI Alps
KAI Nagato
KAI Kirishima
KAI Beppu

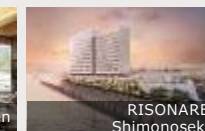
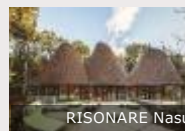
HOSHINOYA Okinawa (77.47% total shareholding)
OMO7 Osaka
KAI Poroto

(Acquisition of a predetermination on January 8, 2025)

7 properties 61.3 billion yen



Hoshino Resorts x DBJ joint fund owned properties



List of the property pipeline

Ch. 3-05

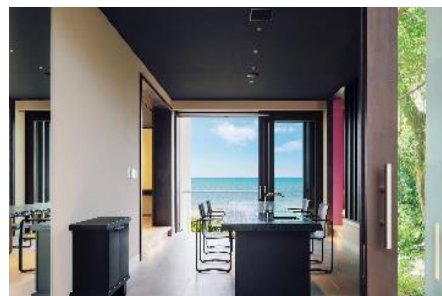
Hoshino Resorts REIT, Inc.

Hoshino Resorts x DBJ joint fund owned properties (partial)



RISONARE Nasu

Start of operation: 2019



HOSHINOYA Okinawa

Start of operation: 2020



KAI Unzen

Start of operation: 2022



RISONARE Shimonoseki:

Start of operation (plan): 2025



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	OMO5 Hakodate

Hoshino Resorts development projects (partial)

Start of operation	Name of facility
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
TBD	Asuka-mura, Nara

Hoshino Resort Tourism Revitalization Fund Project

Start of operation	Name of facility
2024	KAI Akiu
2024	KAI Okuhida
2026 (plan)	TBD (Equity in investment in a silent partnership of Onsenryokan 3-gou, a limited liability company)

ALL-JAPAN Tourism Nation Fund Project

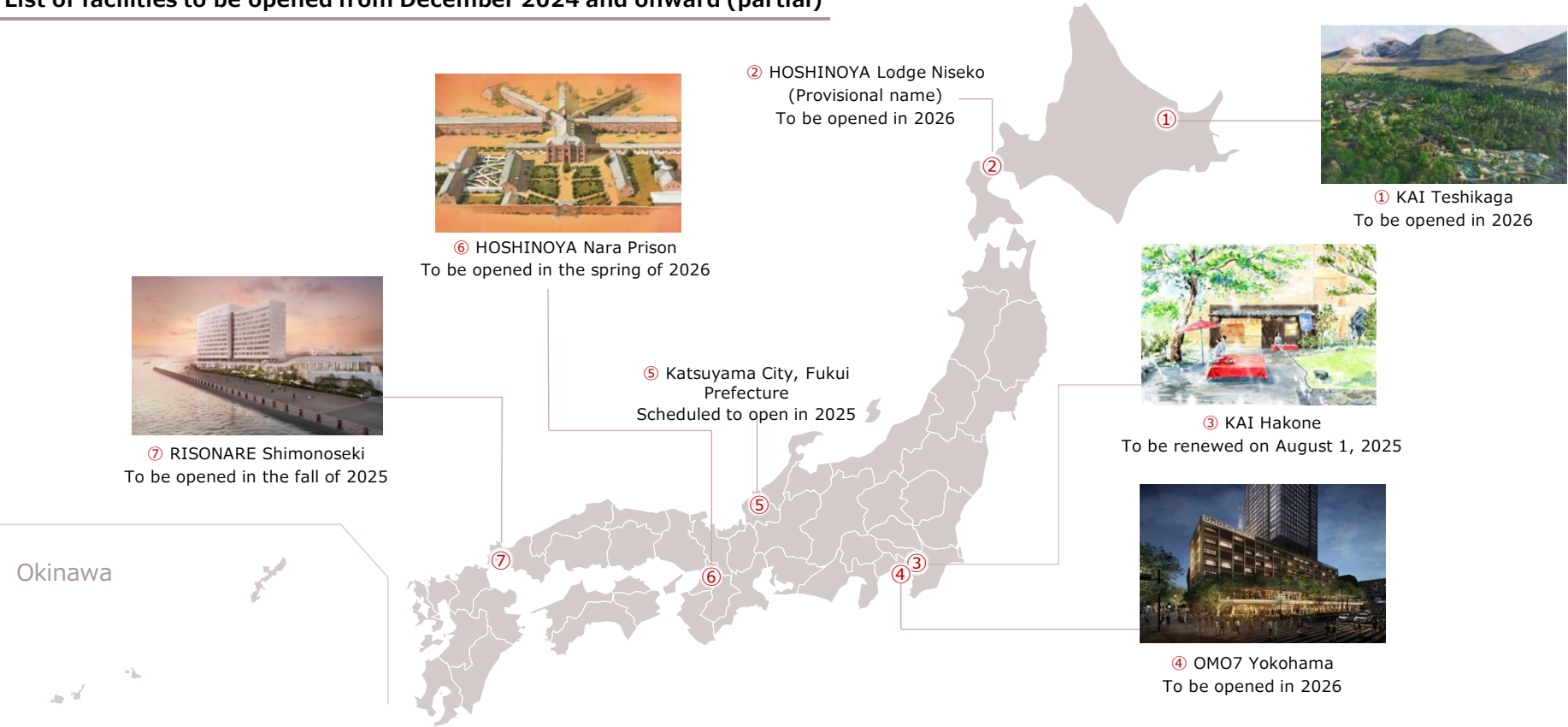
Start of operation	Name of facility
2022	KAI Izumo
2023	OMO Kansai Airport

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
2022	OMO5 Otaru
2022	KAI Yufuin
2024	Hoshino Resorts 1955 Tokyo Bay

Future development and openings

List of facilities to be opened from December 2024 and onward (partial)



TOPICS Major initiatives of Hoshino Resorts

Opening the first hot spring Ryokan in the continental United States

■ Aiming to become a “Globally Competitive Hotel Management Company”

Hoshino Resorts has been preparing to expand into North America for a long time. Now that we have the financial strength and hotel management systems, we will open the first authentic hot spring, Ryokan, in the United States in 2028. The location of the new hot spring resort will be Sharon Springs, a historic hot spring resort in New York State, USA, which is around a 3.5-hour drive from Manhattan.

In ancient times, Native Americans used the mineral springs at Sharon Springs for their healing properties, and in the mid-1800s, it began to be developed as a resort area. Still, in the 1900s, as air travel became more popular, it declined as a tourist destination. Opening a hot spring Ryokan in this long-neglected hot spring resort area with the cooperation and support of the local people and contributing to the revitalization of the area is a start for Hoshino Resorts' North American business.



CHAPTER

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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; and it will do so with sponsors and operators by clarifying each others roles, and 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).

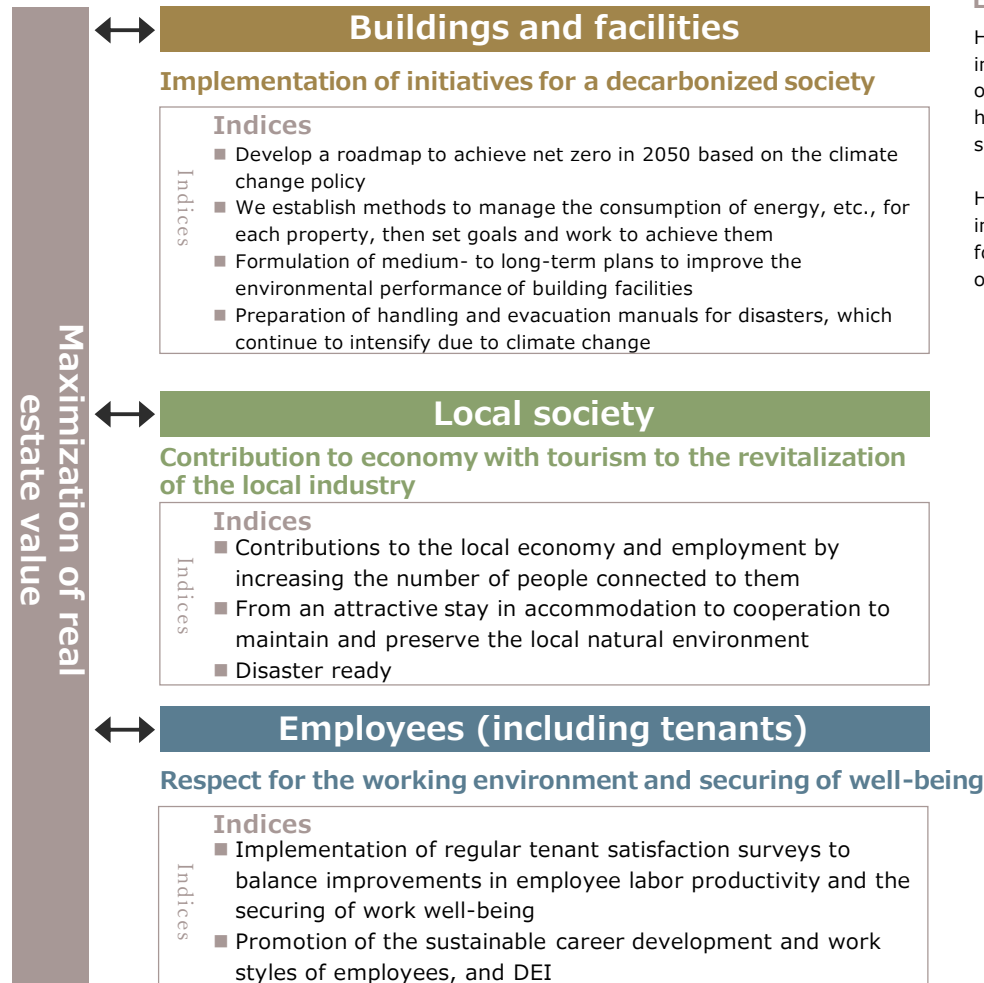
HOSHINOYA E&T

ESG initiatives

Building a comprehensive ecosystem unique to the tourism industry

We aim to create a sustainable business model that maintains a sustainable competitive advantage while addressing environmental and social issues by linking “real estate and facility management”

Building a sustainable business model and marketing development that is characteristic of the tourism industry

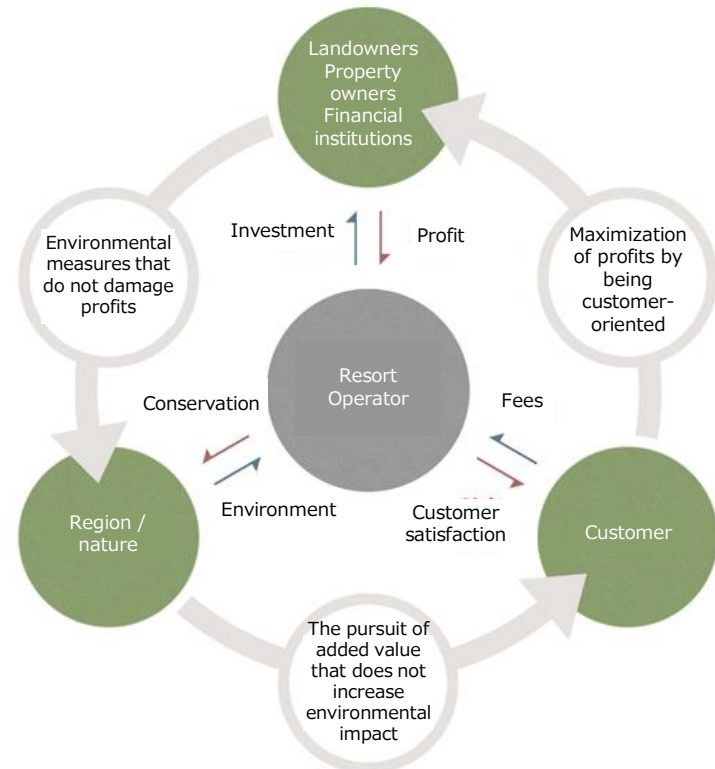


Hoshino Resorts' environmental management

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.

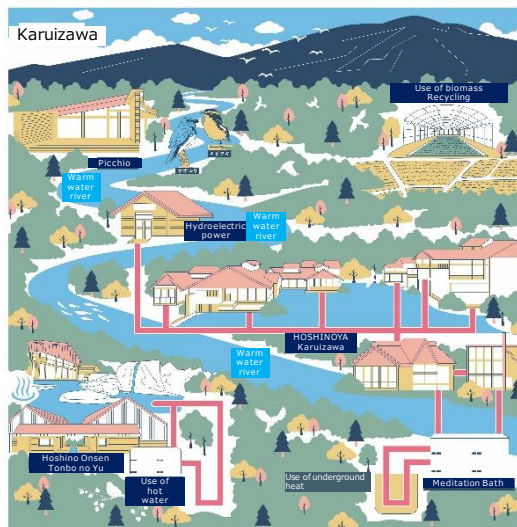


The creation of new value for local communities and real estate by addressing environmental and social issues

HOSHINOYA Karuizawa – Respect for co existence with nature and takeover of activities taken from its foundation

As a resort that is built upon a rich natural environment, we use a unique EIMY ecosystem in order to minimize the burden on nature. Specifically, the ecosystem includes **hydroelectric power, a system using underground heat and recycling using biomass**.

From an architectural aspect, there is a “furo,” a small roof that uses natural cool air during the summer and serves as natural air conditioning. We have realized a design that respects co-existence with nature and protects biodiversity further. We have been pursuing sustainable resort operations.



Utilization of natural energy



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



Vents in guest room ceilings, known as a “furo,” that use natural cool air and serve as a natural air conditioning

Landscape design that respects for a natural environment



Two ponds created for water for power generation are centered within the facility. It is designed to conserve existing geographic features and vegetation as much as possible



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

List of environmental management awards of HOSHINOYA Karuizawa

- 2003 “MOE Minister Award” in 6th Green Purchase Grand Prize
- 2006 Fuji Sankei Business Eye Award in Global Environment Awards
- 2007 MOE Minister Award for Anti Global Warming Activities
ANRE Director General Award in New Energy Awards
- 2012 METI Minister Award for Reduce, Reuse, and Recycle Promotion Contributors
- 2016 Award by MOE Minister for Recycling Oriented Society Promotion Contributors
- 2024 Newsweek Japan SDGs Awards 2023 (Decarbonization Category Award)

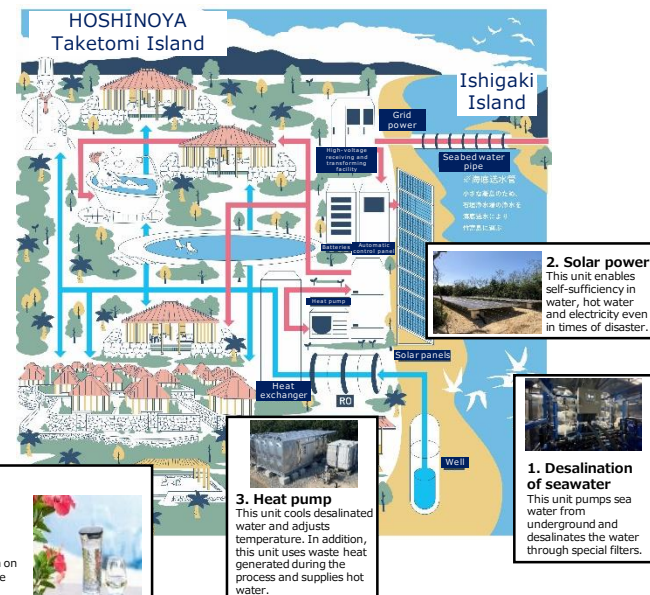
HOSHINOYA Taketomi Island – Use of seawater desalination equipment and contribution to the region

We installed a seawater desalination heat source hot water heat pump unit to enable self sufficiency in drinking water by desalination of seawater. Not only does this prepare us to supply water to the people on the island in times of disaster, but it also contributes to reducing CO₂ emissions.

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

Other effects

- E:** We discontinued the provision of mineral water in plastic bottles in guest rooms, which had reached approximately 40,000 bottles per year. This has contributed to environmental conservation on the Taketomi Island.
- S:** We concluded an agreement with Taketomi Town on support for evacuees and designated shelters, etc. We can supply safe water to people on the island.



Iriomote Hotel - Aiming to contribute to the local economy through a circular economy

The Iriomote Hotel, located on Iriomote Island, which is registered as a World Natural Heritage site, began a project in 2023 to work with the island's pineapple farmers to recycle food waste from the island as compost. In April 2024, the hotel started composting food waste from its restaurant on the hotel grounds. The aim is to establish a cycle of sustainable agriculture, with the compost being regularly managed by Iriomote Hotel staff and, in the future, being returned to the island's pineapple farmers as a resource, and the peaches grown with the compost being served to hotel guests.

Composting of food waste from the hotel restaurant

The composting shed uses rice husks and rice bran provided by local rice farmers as a floor material, and mixing this with the food waste from the hotel makes it easier for aerobic microorganisms to decompose it, promoting composting.

Aiming for the “Spring Peach Pineapple Festival” in 2026

Since 2021, we have been holding events during the harvest season for peach pineapples in collaboration with the island's pineapple farmers. Since 2023, we have been participating in recycling initiatives. We have also launched a project that links the consumption of peach pineapple with tourism and are putting into practice a circular economy on the island. In 2026, we plan to make this a medium- to long-term activity to introduce peach pineapple grown using this compost to our guests.



Environmental (E) initiatives

Environmental performance

Energy consumption

Period	FY2021	FY2022	FY2023
No. of properties	61	63	65
Energy consumption (MWh)	163,150	172,256	186,039
Energy consumption per basic unit (kWh/m)	330.5	333.7	354.1

GHG emissions

Period	FY2021	FY2022	FY2023
No. of properties	61	63	65
Greenhouse gas (GHG) emissions (t-CO ₂)	51,274	54,929	61,784
Greenhouse gas (GHG) emissions per basic unit (kgCO ₂ /m)	103.9	106.4	117.6

Water consumption

Period	FY2021	FY2022	FY2023
No. of properties	60	63	66
Water consumption (m)	1,505,654	1,708,488	1,682,120
Water consumption per basic unit (m/m)	3.1	3.2	3.1

Waste

Period	FY2021	FY2022	FY2023
No. of properties	50	59	61
Amount of waste (t)	2,442	3,647	4,171
Recycling ratio (%)	20.1	21.9	21.2

Green lease agreements

- Building owners and tenants work together and voluntarily decide on the reduction of environmental impacts, such as the energy efficiency of real estate and the improvement in a working environment, executed by exchanging contracts and memorandums of understanding.
- By implementing green lease agreements, we aim to improve profits through reduced utility costs, improve the global environment, and create a relationship where both the lessor and lessee can use the building in a sustainable way and benefit from reduced utility costs.

Green lease agreements concluded (as of October 31, 2024)

Number of properties with a green lease agreement executed

58/69 properties

Execution ratio based on leasable floor area

93.5%

Initiatives we support



We are conducting a scenario analysis of transition and physical risks in line with the TCFD framework to examine how long-term changes in the business environment related to climate change could affect HRR. Based on the results of this analysis, we plan to implement various approaches to achieve a GHG emissions reduction rate of at least 40% (compared with 2020) by 2030 and a net zero target by 2050.



For details of the scenario analysis, please refer to “Initiatives for Climate Change”:
<https://www.hoshinoresorts-reit.com/en/sustainability/climate.html>



We support the TNFD Forum, which comprises diverse stakeholders such as companies, governments, and NGOs. We aim to promote sustainable economic activities by visualizing the dependence on and impact of natural capital and ecosystem services. Through the forum, we will gradually improve the data and transparency regarding the interaction between nature and the economy.



By participating in the JCLP, which demonstrates leadership in areas such as policy proposals, information dissemination, the spread of low-carbon technologies, and CO₂ reduction across the entire supply chain, to expand the use of renewable energy and achieve a decarbonized society, we will develop the skills to respond to climate change using the power of business.

External sustainability evaluation

- GRESB 2024 Real Estate Assessment: 3 Stars, GRESB Disclosure Assessment: A Level



GRESB
★ ★ ★ 2024



GRESB
★ ★ ★ ★ ★ Public Disclosure 2024

- In the GRESB Real Estate Assessment, we maintained our GRESB Rating of 3 Stars; it is rated on a scale of 5. We were also selected as the second-ranked company in the Asia Hotel Sector this year.
- In the GRESB Disclosure Assessment, our efforts in disclosing ESG information were highly evaluated as well as last year, and we again received the highest level of assessment, A, this year.



Through CDP, which has the world's largest environmental database based on questionnaires that comply with the TCFD, more than 23,000 companies worldwide currently disclose ecological information and utilize the evaluation process. In 2024, HRR submitted responses regarding climate change to promote initiatives to address climate change and increase the transparency of information disclosure.

Implementation of tenant satisfaction surveys

<Hoshino Resorts REIT, Inc.>

- HRR regularly conducts satisfaction surveys of the tenants' employees in properties it owns, incorporating aspects such as work comfort and health promotion from the well-being perspective. We added two back office buildings to HOSHINOYA Taketomi Island this fiscal year.

HOSHINOYA Taketomi Island: Background to the expansion of the back office

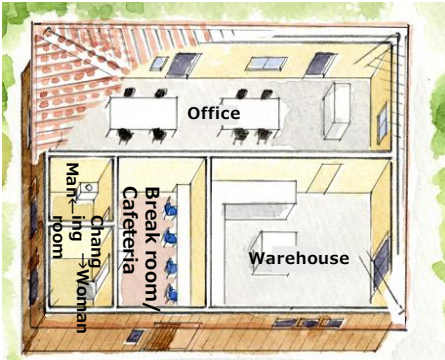
- Issues identified through surveys, etc.
 - Securing a nap space for employees who have difficulty returning home due to weather or work-related reasons and are unable to use the ferry service
 - Improving workflow due to the uneven location of back office spaces on the vast grounds
 - Expanding the functions of the back office due to an increase in the number of employees
 - Securing appropriate labor productivity through the warehouse and office space adjustments, restrooms, etc.
- Direction of the solution to the issues
 - Extend the back office to include the necessary functions in two locations: the front area and the backyard area
 - This extension will increase the number of offices and meeting spaces, creating an environment that is conducive to communication
 - By decentralizing the canteen and rest rooms, it will be possible to secure rest time close to the work area, improving the work environment

Backyard Area Building



Capsule beds that save space

Front Area Building



Staff canteen that covers the problem of having to eat out

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 resource 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)

	2021	2022	2023
Total number of employees	34	36	46
Male	21	22	29
Female	13	14	17
Percentage of males	62%	61%	63%
Percentage of females	38%	39%	37%
Percentage of male managerial positions	83%	90%	90%
Percentage of female managerial positions	17%	10%	10%
Annual turnover	10.7%	5.9%	14.4%
Overtime hours worked (monthly average)	27 hours	25 hours	21 hours

Contribution to local society and economy

<Hoshino Resorts RISONARE Yatsugatake - Local Industry and the Economy>

- The Yatsugatake Marché, celebrating its 15th year this year, has contributed to the local economy and supported agriculture over the medium to long term. This year, local producers gathered, and the market was bustling with activity between July 13 and August 25, 2024.

The first sustainable market corner was set

up. Among the vegetables that farmers carefully grew, there are also "non-standard products" that are delicious but do not meet the market distribution standards in color or shape and cannot be shipped. This year, a corner was set up to sell these non-standard products.



Non-standard vegetables that don't make it into the distribution system



Attractive projects are being held to celebrate the 15th anniversary

<ANA Crowne Plaza Toyama - Contribution to the Local Community>

- This was a social contribution activity carried out by the IHG Group in September. It was held by visiting the Keiko Gakuen Child Development Support Center in Toyama City. The children enjoyed hotel sweets from the ANA Crowne Plaza Toyama's kitchen car.



Announcement banner



Event scene

CHAPTER

5



星野温泉旅館（開業当時）

Appendix (1): About Sponsor Hoshino Resorts

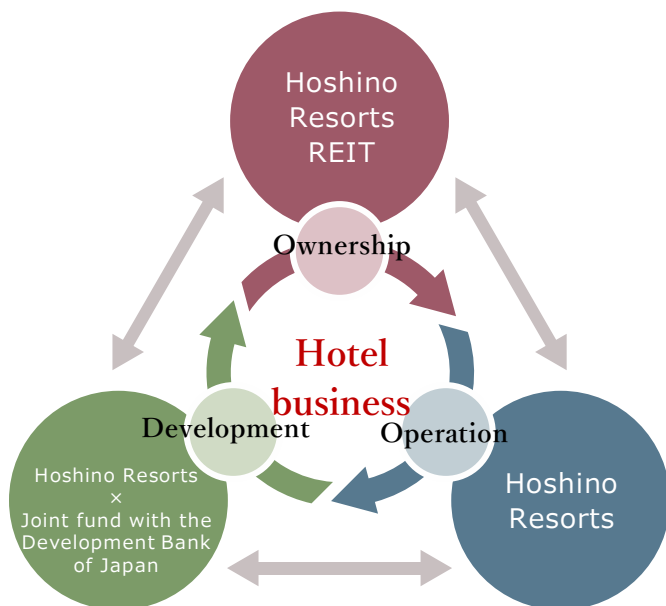
The history of Hoshino Resorts

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

Revitalized large resorts and hot spring ryokan projects and launched 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 2024

Hoshino Resorts operates 67 accommodation facilities in Japan and 5 overseas.



Introduction of the History of Hoshino Resorts (in Japanese)

About Hoshino Resorts Brand

Hoshino Resorts - Seven journeys - Seven Spheres of Delight



OMO

Exciting urban hotels

City tourism hotel to discover the city



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

Resort hotels with sophisticated design and plenty of activities

Countryside resort with food culture unique to the landscape



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

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



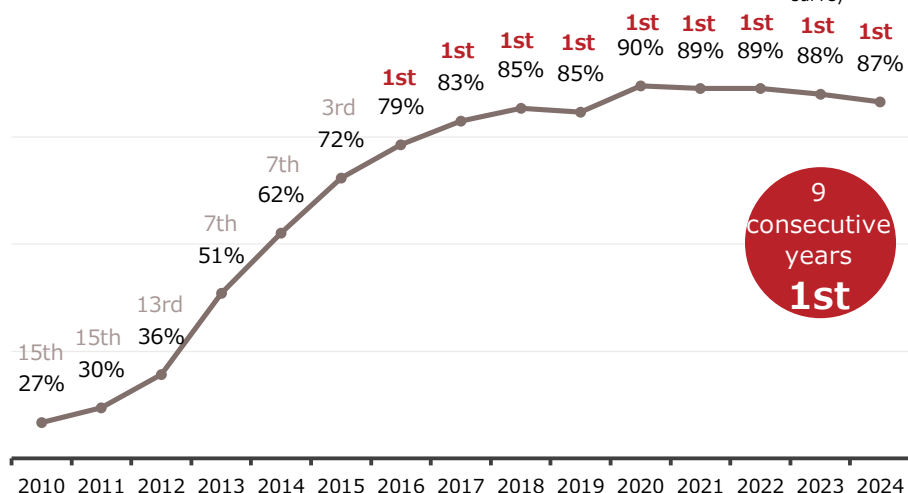
Daytrip Destinations

From hot springs to skiing, we have a variety of services to enjoy a day off

Thermal soaks and thrilling slopes

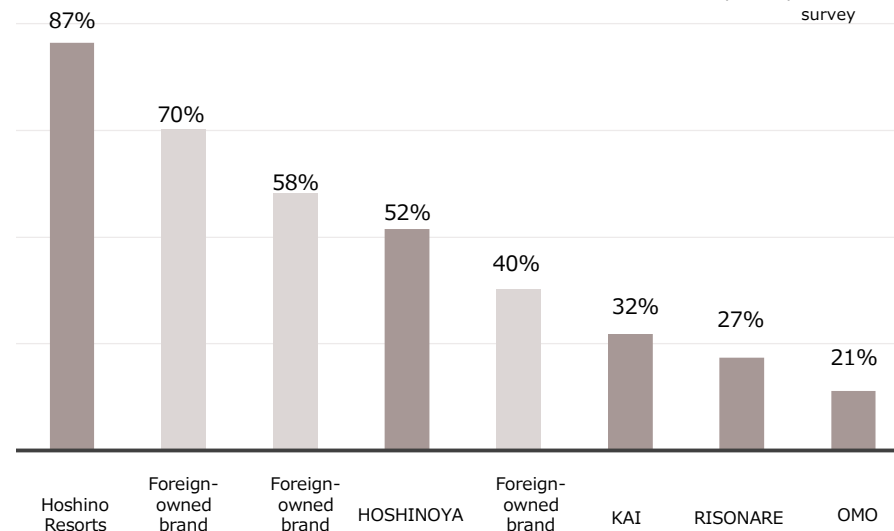
Change in Hoshino Resorts hotel brand recognition (Japan)

(Source) Hoshino Resorts survey



Recognition by hotel brand (2024)

(Source) Hoshino Resorts survey



"Management based on the textbook"

At Hoshino Resorts, we believe that in a changing market environment, we should rely on the tried-and-tested principles of management rather than intuition. While making management decisions in accordance with the textbook, we always place importance on sustainability in a challenging environment and boldly take on growth opportunities. We believe that by achieving the frontier of productivity, choosing activities involving trade-offs, and fostering a sense of fit between these activities, we can secure a position that is difficult for competitors to imitate.

Fit between activities



Branding

- With the brand promise of “making travel more enjoyable,” we are developing unique facilities that make the most of the characteristics of each region throughout Japan
- We strive to maintain and strengthen our brand by providing local charm that can only be experienced there and creating customer experiences that exceed expectations

Flat organizational culture

- A culture where everyone can discuss issues openly and frankly, regardless of their job responsibilities, on an equal footing
- Each individual can freely express their ideas, and through fair team discussions, they can think for themselves and make the right management decisions

Creating a unique appeal

- The staff themselves can feel the appeal of the area where they live, and by working as a team, they can refine this appeal and create it with a marketing mindset
- Not only do we generate economic benefits through hotel management, but we also protect the natural environment unique to the area and cultural assets that that environment has nurtured and pass them on to the next generation

Service Team

- By performing all operations related to management without dividing them up and by multitasking, we have many points of contact with our customers
- Continue to provide value to all stakeholders involved with Hoshino Resorts with the ultimate customer orientation.

Specialized management & REIT

- To expand to multiple locations with low capital and risk, we launched Japan's first real estate investment trust (REIT) specializing in tourism and chose a specialized management strategy
- Creating an environment where ordinary investors can invest in the growth of the tourism industry was a major step towards making the tourism industry a top-class industry

CHAPTER

6



KAI Kirishima

Appendix (2): About Hoshino Resorts REIT and the portfolio

Overview of property portfolio by brand ①

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

As of January 8, 2025 (scheduled)

Operator						
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
Annual ADR	About 90,000 yen	About 70,000 yen	About 51,000 yen	About 21,000 yen	About 19,000 yen	About 28,000 yen
Representative facilities	 HOSHINOYA Karuizawa	 RISONARE Yatsugatake	 KAI Hakone	 OMO7 Osaka	 BEB5 Karuizawa	 Iriomote Hotel
No. of properties owned	5	2	13	3	1	1
Total acquisition price (ratio)	31,803 million yen (13.8%)	10,383 million yen (4.5%)	30,883 million yen (13.4%)	35,819 million yen (15.6%)	2,170 million yen (0.9%)	3,650 million yen (1.6%)

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 January 8, 2025 (scheduled)

Operator	IHG ANA Hotels	Hyatt International	Seibu Prince Hotels	Ishin Hotels Group	Greens
Brand					
Genre	Full service	Full service	Full service	Specialized in accommodation	Roadside
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
Annual ADR	About 13,000 yen	About 34,000 yen	About 19,000 yen	About 10,000 yen	—
Representative facilities	 ANA Crowne Plaza Hiroshima	 Grand Hyatt Fukuoka	 Grand Prince Hotel Osaka Bay	 the b akasaka	 Comfort Inn Suwa Inter
No. of properties owned	3	1	1	5	22
Total acquisition price (ratio)	28,401 million yen (12.4%)	7,700 million yen (3.4%)	13,866 million yen (6.0%)	26,430 million yen (11.5%)	15,995 million yen (7.0%)

Rent type

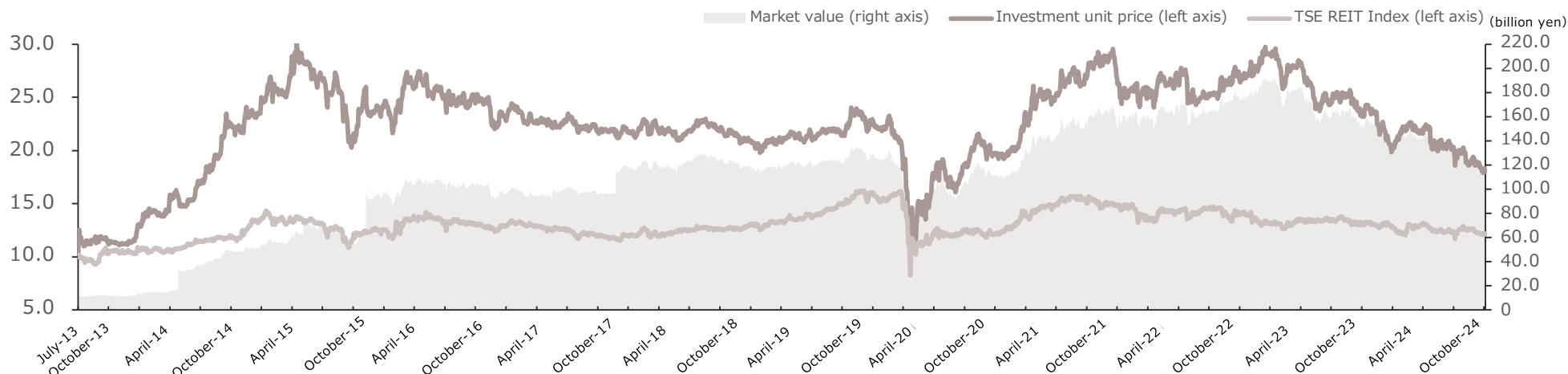
(As of January 8, 2025 (scheduled))

Rent type		Fixed rent	Fixed rent + Variable rent	Fixed rent + Variable rent	Variable rent
Benchmark index for calculation of Variable rent		—	Facility sales	Facility sales	Facility sales
No. of properties		8 properties	7 properties	54 properties	1 property
Acquisition price	Amount	7.2 billion yen	17.7 billion yen	188.7 billion yen	16.0 billion yen
	Ratio	3.1%	7.7%	82.2%	7.0%
Property name		◆ 5 Candeo Properties ◆ Comfort: Hakodate, Tomakomai, Kure	◆ Hoshinoya: Karuizawa, Kyoto ◆ RISONARE: Yatsugatake ◆ KAI: Matsumoto, Ito, Hakone, Aso	◆ HOSHINOYA: Fuji, Taketomi Island, Okinawa ◆ RISONARE: Atami ◆ KAI: Tamatsukuri, Kinugawa, Kaga, Alps, Enshu, Nagato, Kirishima, Beppu, Poroto ◆ OMO7 Osaka, OMO7 Asahikawa, OMO7 Kochi, BEB5 Karuizawa, Iriomote Hotel ◆ 22 Roadside Properties ◆ 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 (conceptual image)					

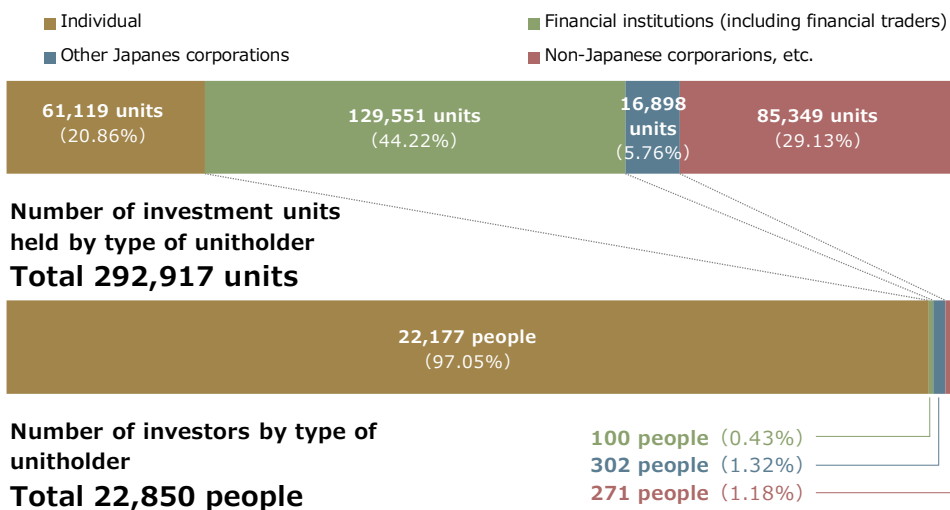
Changes in market value and investment unit price/ Information on investors as of the end of the fiscal period ended October 2024

Ch. 6-04

Changes in market value and investment unit price



Investor composition (as of October 31, 2024)



Major investors	Number of investment units held (units)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	50,506	17.24
Custody Bank of Japan, Ltd. (Trust account)	38,401	13.10
BNP PARIBAS SINGAPORE/2S/JASDEC/CLIENT ASSET	17,470	5.96
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	12,697	4.33
UBS AG SINGAPORE	5,220	1.78
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	5,130	1.75
K.K. Horizon Hotels	4,732	1.61
STATE STREET BANK WEST CLIENT - TREATY 505234	4,723	1.61
Hoshino Resorts Inc.	3,623	1.23
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP	3,491	1.19
Total	145,993	49.84

* Percentage of investment units held by Hoshino Resorts: 4.49%

P8

Note 1: The timing and specific calculation method of Variable rent in “Assumption of Rent” will vary depending on each property.

Note 2: “Total of the properties operated by Hoshino Resorts” is calculated by aggregating data from “4 HOSHINOYA,” “2 RISONARE,” “7 KAI,” and “OMO7 Asahikawa.”

“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),” “22 Roadside properties,” “4 the b properties,” and “Grand Hyatt Fukuoka.”

P10

Note 1: “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 of “KAI Poroto”, by the planned acquisition price of “KAI Poroto”, rounded to the first decimal place. “Appraisal NOI yield” was calculated by the Asset Management Company, and is not a figure stated in the real estate appraisal report. Net operating income is income before deducting depreciation. It is different from net cash flow (NCF), which is derived by adding interest on security deposits, etc. to and deducting capital expenditures from net operating income. In addition, net operating income by the direct capitalization method is used.

Note 2: “Appraisal NCF yield” indicates a figure calculated by the Asset Management Company by dividing net cash flow (NCF) for one year, stated in the real estate appraisal report. of “KAI Poroto”, by the planned acquisition price of “KAI Poroto”, 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 a figure stated in the real estate appraisal report.

Note 3: “Yield after depreciation” indicates a figure calculated by the Asset Management Company by dividing the figure derived by deducting estimated depreciation as of the date of this document from net operating income, which was derived by subtracting operating expenses from operating revenue stated in the real estate appraisal report of “KAI Poroto”, by the planned acquisition price of “KAI Poroto”, rounded to the first decimal place. Estimated depreciation as of the date of this document 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” is calculated by the Asset Management Company (result of trial calculations), and is not a figure stated in the real estate appraisal report. In addition, net operating income by the direct capitalization method is used.

P11

Note: In calculating the “New acquisition/ properties operated by Hoshino Resorts” ratio, the acquisition price of “Hyatt Regency Osaka” was proportionally divided by the number of rooms in each of “Hyatt Regency Osaka” and “RISONARE Osaka” due to the opening of “RISONARE Osaka.” The same applies hereinafter.

P12

Note 1: The “Total of the properties operated by Hoshino Resorts” and “Total of the properties operated by outside operators” do not include properties acquired after May 2018.

Note 2: The figures for Grand Prince Hotel Osaka Bay prior to June 30, 2023, are calculated based on the figures for Hyatt Regency Osaka prior to the rebranding. The same applies hereafter.

P13

Note: “Total of the properties operated by Hoshino Resorts” does not include properties acquired after January 2019.

P15

Note 1: Data for “OMO7 Kochi” is compiled from May 1, 2024 onward, and data for “OMO7 Osaka” is compiled from June 1, 2024 onward.

Note 2: The inbound ratios for the “22 roadside properties” for July 2024 and earlier are those at the time of the Chisun Inn.

Note 3: The inbound ratio of “Grand Prince Hotel Osaka Bay” before June 2023 is the same as that of “Hyatt Regency Osaka”.

P18

Note: The real estate appraisal values, etc. of the 13 KAI properties do not include “KAI Poroto”.

P20

Note 1: This refers to procurement through Mizuho Bank’s Mizuho Positive Impact Financing scheme.

Note 2: “Sustainable Finance Outstanding” refers to the total outstanding balance of sustainable loans, green loans, blue loans, positive impact finance, sustainable bonds, and green bonds.

Note 3: “Sustainable Equity Outstanding” refers to the total amount of outstanding sustainable and green equity.

Note 4: “Sustainable Finance Outstanding” and “Sustainable Equity Outstanding” are calculated based on the criteria of the previous BELS evaluation due to changes in the BELS evaluation system.

P21

Note 1: "DSCR" is calculated by the following formula.

$$\text{DSCR} = \text{NOI} \div (\text{interest expense} + \text{Interest on investment corporation bonds} + \text{contractual repayments})$$

Note 2: Fixed interest rates include yield curve swap agreements that review interest rates at scheduled intervals.

P26

Note: The "Image of risk level from hotel development to stable operation" is only an image of the generally assumed risk level from hotel development to stable operation and the roles of related parties. It does not guarantee or promise that the actual development will be as shown in the diagram.

P27

Note 1: Where the year given in the "Start of operation" column is followed by the parenthesized word "plan," the year merely indicates the year that, as of the date of this document, HRR plans on starting operation. It may be subject to change.

Note 2: "Hoshino Resort Tourism Revitalization Fund" is a joint fund formed by Hoshino Resorts and RISA Partners Inc.

Note 3: "ALL JAPAN Tourism Nation Fund" is a fund that partners with the leading companies of various sectors as well as regional financial institutions in order to invest in assets throughout all 47 prefectures in Japan, free of any regional constraints. It engages in various businesses guided by a broad range of purposes, including the launch, renovation, and conversion of hotels and other accommodation establishments, promoting reforms in the way lodging establishments are operated and managed, promoting startups that support the national push to elevate Japan's status as a tourist destination, and revitalizing traditional industries.

Note 4: "Properties owned by third parties" refer to properties operated by Hoshino Resorts Group that are not owned by Hoshino Resorts Group, the DBJ joint fund, Hoshino Resort Tourism Revitalization Fund, or ALL JAPAN Tourism Nation Fund

P31

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."

P32

Note 1: The figures in "Environmental Performance" are based on the figures provided by the operator of each property.

Note 2: "Energy Consumption," "Water Consumption," "GHG Emissions," and "Waste" are calculated from April to March each year.

Note 3: The number of properties for "Energy Consumption," "Water Consumption," "GHG Emissions," and "Waste" is based on properties owned by HRR for which 100% of the area for which data was obtained.

Note 4: "Energy consumption per basic unit" is calculated as (energy consumption of properties with 100% of the area of data acquisition among properties owned) ÷ basic unit denominator (area (㎡) of properties with 100% of the area of data acquisition among properties owned).

Note 5: "Water consumption per basic unit" is calculated as (water consumption of 100% of the properties in the portfolio) ÷ denominator of basic unit (area (㎡) of the properties in the portfolio with 100% of the area of data acquisition).

Note 6: "GHG emissions per basic unit" is calculated as (greenhouse gas (GHG) emissions from properties with 100% of the total area covered by data) ÷ basic unit denominator (area (㎡) of properties with 100% of the total area covered by data).

Note 7: "Recycling rate" is calculated ÷ amount of waste recycled by the amount of waste generated for the property with 100% of the data acquisition area (of the properties owned).

Note 8: The percentage of "Green Lease Agreement" based on the leasable area is calculated based on the lease agreement of each property.

Note 9: "Percentage contracted based on leasable floor area" is calculated using the following:

$$\text{"Percentage contracted based on leasable floor area"} = \text{total leasable floor area of properties with green lease agreements} \div \text{total leasable floor area of the portfolio overall} \times 100$$

Note 10: The "External Evaluation on Sustainability," 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.

P39

Note 1: Annual ADR is a reference value calculated taking May 2023 to April 2024 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," "KAI Beppu" and "KAI Poroto" from the 13 KAI properties.

P40

Note: Annual ADR is a reference value calculated taking November 2023 to October 2024 as the base period. However, the properties for which the operator is "Greens" are not disclosed because the lessee has not consented to disclosure.

P41

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

P48

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.

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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.

* 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.

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)