

(REIT) Financial Report for Fiscal Period Ended April 2025

June 16, 2025

REIT Securities Issuer: Hoshino Resorts REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3287 URL: <https://www.hoshinoresorts-reit.com/en/>
 Representative: Kenji Akimoto, Executive Director
 Asset Management Company: Hoshino Resort Asset Management Co., Ltd.
 Representative: Kenji Akimoto, President & CEO
 Contact: Takahiro Kabuki, Director, Chief Strategy Officer, Chief Financial Officer

Scheduled date of submission of securities report: July 25, 2025
 Scheduled date of commencement of distributions payment: July 25, 2025

Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended April 2025 (from November 1, 2024 to April 30, 2025)

(1) Management Status (% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Apr. 2025	7,633	1.8	3,437	(1.4)	2,691	(1.6)	2,793	2.1
Ended Oct. 2024	7,496	12.4	3,485	22.4	2,735	18.6	2,734	16.9

Fiscal period	Profit per unit	Ratio of profit to net assets	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenue
	yen	%	%	%
Ended Apr. 2025	4,768	1.9	1.1	35.3
Ended Oct. 2024	4,788	2.0	1.2	36.5

(Note) A 2-for-1 split of investment units was implemented with a reference date of October 31, 2024 and an effective date of November 1, 2024. Profit per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended October 2024.

(2) Distributions Status

Fiscal period	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Distributions payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Apr. 2025	4,615	2,703	—	—	96.8	1.9
Ended Oct. 2024	9,218	2,700	—	—	98.7	1.9

(Note 1) Total distributions in the fiscal period ended April 2025 is an amount after adding reversal of reserve for tax purpose reduction entry of 5,441 thousand yen to unappropriated retained earnings and deducting reserve for tax purpose reduction entry of 95,068 thousand yen.

(Note 2) The main factors for the difference between distributions per unit for the fiscal period ended October 2024 in the above table (2) and profit per unit for the fiscal period ended October 2024 in the above table (1) are that profit per unit for the fiscal period ended October 2024 is calculated based on the assumption that the aforementioned 2-for-1 split of investment units was implemented at the beginning of the fiscal period ended October 2024 and is based on the average number of investment units during the fiscal period. Total distributions in the fiscal period ended October 2024 is an amount after adding reversal of reserve for tax purpose reduction entry of 3,583 thousand yen to unappropriated retained earnings and deducting reserve for tax purpose reduction entry of 39,434 thousand yen.

(Note 3) Since new investment units have been issued during the fiscal period, distributions payout ratio for the fiscal period ended October 2024 is calculated using the following formula:

Distributions payout ratio = Total distributions (excluding distributions in excess of earnings) / Profit × 100

(3) Financial Position

Fiscal period	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
	million yen	million yen	%	yen
Ended Apr. 2025	251,408	145,032	57.7	247,566
Ended Oct. 2024	248,855	144,939	58.2	247,407

(Note) A 2-for-1 split of investment units was implemented with a reference date of October 31, 2024 and an effective date of November 1, 2024. Net assets per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended October 2024.

(4) Status of Cash Flows

Fiscal period	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Apr. 2025	6,423	(6,680)	414	12,893
Ended Oct. 2024	4,083	(32,053)	27,418	12,736

2. Management Status Forecast for Fiscal Period Ending October 2025 (from May 1, 2025 to October 31, 2025) and Management Status Forecast for Fiscal Period Ending April 2026 (from November 1, 2025 to April 30, 2026)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Oct. 2025	8,675	13.7	4,293	24.9	3,511	30.5	3,510	25.7	6,000	—
Ending Apr. 2026	8,853	2.1	4,433	3.3	3,628	3.3	3,627	3.3	6,200	—

(Reference) Forecast profit per unit (fiscal period ending October 2025) 5,992 yen

Forecast profit per unit (fiscal period ending April 2026) 6,191 yen

Forecast profit per unit is calculated by the following formula:

Forecast profit per unit = Forecast profit / Forecast total number of investment units issued and outstanding at end of period

(Note) The forecasts for the distributions per unit for the fiscal period ending October 2025 and the fiscal period ending April 2026 are assuming that these distributions will be made after performing a reversal of part of the reserve for tax purpose reduction entry included in retained earnings.

* Others

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

- ① Total number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended April 2025	585,834 units	Fiscal period ended October 2024	292,917 units
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- ② Number of own investment units at end of period

Fiscal period ended April 2025	— units	Fiscal period ended October 2024	— units
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* Financial reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Special Note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of distributions.

Moreover, Hoshino Resorts REIT, Inc. does not guarantee the completeness or accuracy of the English translation of this report. If discrepancies arise between the English translation and the original Japanese text, the latter will prevail.

For property information, hotel operational results or other information, please see the website of Hoshino Resorts REIT, Inc. using the address provided below.

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

1. Management Status

(1) Management Status

① Overview of the Fiscal Period under Review

(a) Brief History of the Investment Corporation

Hoshino Resorts REIT, Inc. (hereinafter, “HRR”) invests in hotels, ryokans (Japanese-style inns) and ancillary facilities that serve at the core of the tourism industry and for which stable use is expected for the medium to long term.

HRR was established under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”) with Hoshino Resort Asset Management Co., Ltd. (hereinafter, the “Asset Management Company”) as the organizer and investments in capital of 150 million yen (300 units) on March 6, 2013. An issuance of new investment units through public offering (19,000 units) was implemented with July 11, 2013 as the payment due date, and the investment securities were listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter, the “Tokyo Stock Exchange”) (securities code: 3287) on July 12, 2013. HRR has steadily expanded its asset size since, bringing the assets held by HRR as of the end of the fiscal period under review to 70 properties (sum total of acquisition price: 229,710 million yen).

(b) Overview of Fund Procurement, Etc.

■ Overview of fund procurement

The following is the overview of fund procurement conducted by HRR during the fiscal period under review. There was no fund procurement conducted through issuance of investment units during the fiscal period under review.

Fund procurement date	Category	Total fund procurement amount (millions of yen)	(Main) use of funds	Remarks
December 11, 2024	Investment corporation bonds	1,500	Funds for redemption of the First Series Unsecured Investment Corporation Bond	
January 8, 2025	Long-term borrowings	3,150	Funds for acquisition of KAI Poroto	(Note 1) (Note 2) (Note 3)
March 31, 2025	Long-term borrowings	750	Refinancing funds	
April 30, 2025	Short-term borrowings	300	Refinancing funds	
April 30, 2025	Long-term borrowings	4,270	Refinancing funds	(Note 4)

(Note 1) A portion of such borrowings is funds that the financial institution, the lender of the portion of the borrowings, has determined to be eligible for the “Funds-Supplying Operations to Support Financing for Climate Change Responses (Climate Response Financing Operations)” carried out by the Bank of Japan to private financial institutions.

(Note 2) Part of the borrowing was conducted by HRR using the Mizuho Positive Impact Finance scheme of Mizuho Bank, Ltd.

(Note 3) Part of the borrowing was a green loan executed based on the Green Finance Framework developed by HRR. This green loan was used mainly as funds to acquire KAI Poroto, which is an eligible green property.

(Note 4) Part of the borrowing was a green loan executed based on the Green Finance Framework developed by HRR. This green loan was used for repayment of the borrowings for the initial acquisition of eligible green properties.

■ Status of borrowings

The status of HRR’s borrowings as of the end of the fiscal period under review is as follows.

Balance of interest-bearing liabilities (millions of yen)	99,066
Ratio of interest-bearing liabilities to total assets (LTV) (%)	39.4

■ Status of credit rating

The credit rating HRR has obtained as of the end of the fiscal period under review is as follows.

Credit rating agency	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: A+	Stable
	Bond credit rating (Note): A+	—
Rating and Investment Information, Inc. (R&I)	Issuer rating: A	Stable

(Note) The bond rating applies to the Second Series Unsecured Investment Corporation Bond (with special pari passu conditions among specified investment corporate bonds) (green bonds), the Third Series Unsecured Investment Corporation Bond (with special pari passu conditions among specified investment corporate bonds) (green bonds) and the Fourth Series Unsecured Investment Corporation Bond (with special pari passu conditions among specified investment corporate bonds).

(c) Sustainability Initiatives

HRR and the Asset Management Company believe it is important to maximize unitholder value through heightening HRR's sustainability while engaging in investment and asset management in a manner that is mindful of ESG (Environment, Social and Governance) considerations. In conjunction with its sponsor Hoshino Resorts, HRR has been exploring the benefits of travel that enhances human creativity and motivation, and accordingly has been striving to maintain natural environments that enable coexistence of living creatures and humans. Since the planet began encountering major problems with respect to changes in the environment and human communities nearly a century ago, Hoshino Resorts has been maintaining and developing hydroelectric power plants and the Karuizawa Wild Bird Sanctuary, and has also been creating communities such as its Liberal Education Art Seminars.

■ Environmental considerations

Having also inherited this DNA through its ESG initiatives, HRR has been striving to minimize the burden it poses on its natural surroundings as initiatives for the "Environment." To such ends, in recent years, HRR has been striving to become more resilient when it comes to addressing risks assessed on the basis of the Sustainability Policy and the Climate Change Resilience Policy by managing its properties in a manner that enlists a green building approach. One example of this is HOSHINOYA Karuizawa, which is equipped with unique technologies such as the utilization of hydroelectric power and the harnessing of geothermal heat or hot spring runoff for heating, and the incorporation of energy-efficient design in its building structures.

■ Contributing to regional coexistence and prosperity and sustainable value creation

HRR aims to achieve an investment approach that takes into account the notion of Creating Shared Value (CSV) under its ESG strategy, and accordingly strives to achieve a mutually beneficial co-existence with community members from the standpoint of preserving natural environments and contributing to society in its tourism business which is robustly tied to local communities. HRR furthermore provides backup support in terms of real estate operation in relation to improving customer satisfaction, which will lead to maximizing revenues from its tenant-operated lodging business.

■ Respect and wellbeing in the work environment

The Asset Management Company has been furnishing support for degree programs and certifications, engaging in programs to increase workforce diversity, and administering tenant satisfaction surveys as initiatives for "Society." Going forward, the Asset Management Company plans to devote an increasingly high level of attention to social issues, while also maintaining "Inclusive Culture" and "Inclusive Leadership," and placing emphasis on improving labor productivity and well-being, in addition to a real estate perspective. Furthermore, the Asset Management Company introduced the cumulative investment unit investment program with the intention to further enhance awareness of officers and employees of the Asset Management Company toward the improvement of HRR's results, as well as to contribute to the improvement of HRR's unitholder value over the medium to long term.

■ Strengthening governance

The Asset Management Company has conducted compliance training for officers and employees on 17 occasions under seven different themes over the year extending from May 2024 to April 2025, and will endeavor to strengthen governance through efforts that entail ongoing training going forward as initiatives for “Governance.”

Having drawn up the Sustainability Policy that provides guidance for such ESG initiatives, HRR and the Asset Management Company, after meetings of the ESG Committee held by officers and employees, visually portray various sustainability initiatives as one element of their disclosure to unitholders, clients of portfolio properties, operators, tenants, employees and other stakeholders.

HRR and the Asset Management Company endeavor to support Japan’s tourism industry through investments and asset management that take ESG into consideration, while remaining aware of its social responsibilities with respect to the environment and its local communities, serving as a hotel J-REIT.

■ External sustainability evaluation and acquisition of certifications

• GRESB Real Estate Assessment

HRR has obtained a rating of three stars in the GRESB Real Estate Assessment in 2024 for the fourth consecutive year.

HRR has also obtained a Green Star for the fifth consecutive year, designation indicating that its entry was distinguished on two fronts, one of which being the Management Component entailing evaluation of policies and organizational structures for ESG promotion, and the other of which being the Performance Component that entails assessment of environmental performance and tenant engagement with respect to properties owned.

Moreover, HRR received the highest “A Level” for the GRESB Public Disclosure, which assesses the width of ESG disclosure, for the third consecutive year.

• MSCI ESG rating

As of 2025, HRR is maintaining an MSCI ESG rating of “BBB.”

• Environmental certification

HRR obtained an S ranking for HOSHINOYA Karuizawa (Harunire Terrace) and ANA Crowne Plaza Hiroshima under the Certification for CASBEE (Comprehensive Assessment System for Built Environment Efficiency) for Real Estate, which serves as a green building certification program.

• Participation in Carbon Disclosure Project (CDP) climate change program evaluation

In 2024, HRR participated in the climate change program, which evaluates the extent of a company’s initiatives for managing risks of climate change and reducing greenhouse gas emissions, and how it is managing the financial impact, and received a “C” rating. In 2025, HRR will participate in “Water Security Program,” which evaluates initiatives related to the management of water risks and utilization of sustainable water resources, thereby further connecting its natural environment information and financial information, and maintaining its corporate transparency and financial health.

■ Supported initiatives

• Task Force on Climate-related Financial Disclosures (TCFD)

As the Asset Management Company has expressed its support for the recommendations of TCFD, established by the Financial Stability Board (FSB), it has joined the TCFD Consortium. HRR conducted scenario analysis on transitional and physical risks to examine how changes in the business environment in the long term related to climate change affect HRR, and has disclosed details of the analysis on its website. The policy is to implement various approaches going forward based on the verification results in order to promote the plan to reduce GHG emissions by at least 40% (compared with the 2020 level) by 2030 over the medium term and target net zero in 2050 as the goal. In addition, regarding the disclosure of financial impacts and environmental performance, we will promote efforts against climate change and increase the transparency of information disclosure by utilizing the evaluation process of CDP, which has the world’s largest environmental database based on TCFD-compliance questionnaires.

- Task Force on Nature-related Financial Disclosures (TNFD) Forum

The Asset Management Company participates in the TNFD Forum. This forum is an international community that develops frameworks for the purpose of financially evaluating nature-related risks and opportunities and disclosing them. With participants made up of various stakeholders, including companies, government agencies and NGOs, this forum aims to enhance visibility of the dependencies and effects on natural capital and ecosystem services while promoting sustainable economic activities. Through participation in this forum, the Asset Management Company is able to share in discussions and insights, which contributes to initiatives to enhance the transparency of data related to the symbiotic interaction between nature and economy.

- Japan Climate Leaders' Partnership (JCLP)

The Asset Management Company has joined the JCLP, a coalition of companies led by Japan-based companies committed to promoting climate change measures, as a supporting member. Aiming to expand the use of renewable energy and realize decarbonization in society, the Asset Management Company proposes policies and discloses information, and also seeks to gain skills to address climate change as part of its business acumen through participating in JCLP's efforts to provide leadership in climate change measures mainly through engaging in specific actions such as promoting further adoption of decarbonization technologies and reducing CO₂ in the overall supply chain.

(d) Management Status Outlook

The following management status is expected for the fiscal period ending October 2025 (from May 1, 2025 to October 31, 2025) and the fiscal period ending April 2026 (from November 1, 2025 to April 30, 2026).

Fiscal period ending October 2025 (25th fiscal period)

Operating revenue	8,675 million yen
Operating profit	4,293 million yen
Ordinary profit	3,511 million yen
Profit	3,510 million yen
Distributions per unit	6,000 yen
Distributions in excess of earnings per unit	– yen

Fiscal period ending April 2026 (26th fiscal period)

Operating revenue	8,853 million yen
Operating profit	4,433 million yen
Ordinary profit	3,628 million yen
Profit	3,627 million yen
Distributions per unit	6,200 yen
Distributions in excess of earnings per unit	– yen

(Note 1) The forecast figures above are the current forecast calculated under certain assumptions. Accordingly, the actual operating revenue, operating profit, ordinary profit, profit and distributions per unit may vary due to changes in the circumstances. In addition, the forecast is not a guarantee of the amount of distributions per unit.

(Note 2) The forecasts for the distributions per unit for the fiscal periods ending October 2025 and April 2026 are assuming that these distributions will be made after performing a reversal of part of the reserve for tax purpose reduction entry included in retained earnings.

② Significant Subsequent Events

(a) Acquisition of Assets

On May 1, 2025, HRR acquired the following real estate (acquisition price in total: 3,422 million yen).

Name of property	Location	Seller	Acquisition price (millions of yen) (Note)	Acquisition date
Hotel WBF Grande Asahikawa	Asahikawa-shi, Hokkaido	Hoshino Resort Management Co., Ltd.	3,000	May 1, 2025
Comfort Inn Niigata Kameda	Niigata-shi, Niigata	GREENS Co., Ltd.	422	May 1, 2025

(Note) “Acquisition price” indicates the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions), rounded down to the nearest million yen.

(b) Transfer of Assets

On May 31, 2025, HRR transferred the following real estate (transfer price: 5,559 million yen).

Name of property	Location	Buyer	Transfer price (millions of yen) (Note)	Transfer date
OMO7 Asahikawa	Asahikawa-shi, Hokkaido	Osaka Semba Hotel Management Co., Ltd.	4,785	May 1, 2025
KAI Aso	Kokonoe-machi, Kusu-gun, Oita	NBI Regional Revitalization Investment Co., Ltd.	774	May 1, 2025

(Note) “Transfer price” indicates the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions), rounded down to the nearest million yen.

(c) Amendment to Lease Agreements

HRR concluded amendment agreements to lease agreements concerning the following real estate and trust beneficiary rights in real estate.

a. Amendment Agreement to Lease Agreement (Effective on May 1, 2025)

Of its properties owned, HRR concluded amendment agreements (hereinafter individually or collectively referred to as “Amendment Agreement A”) concerning lease agreements concluded with Grand Hyatt Fukuoka, HOSHINOYA Okinawa, OMO7 Kochi, the b akasaka, the b sangenjaya, the b Nagoya and the b kobe for which Hoshino Resorts Group is the lessee, as well as a lease agreement concluded with the b asakusa, which holds trust beneficiary rights, for which Mitsubishi UFJ Trust and Banking Corporation is the lessor and Ishin Asakusa Operations Co., Ltd. is the lessee (which includes subsequent changes; hereinafter individually or collectively referred to as “Original Agreement A”) dated March 18, 2025 and April 18, 2025. As a result of this amendment, the calculation method for rent stipulated in the original agreement was partially changed, with an effective date of May 1, 2025. The impact on operating revenue resulting from the conclusion of this amendment agreement is expected to be +408 million yen in the fiscal period ending October 2025 and +309 million yen in the fiscal period ending April 2026.

Furthermore, in regards to Amendment Agreement A as it pertains to OMO7 Kochi, HRR agreed to return the balance of leasehold deposit which include the amount corresponding to renewal work investments pledged as a leasehold deposit by the lessee on the condition that renewal work be conducted in line with the rebranding of the property, and has returned said balance to the lessee on May 1, 2025.

b. Amendment Agreement to Lease Agreement (Effective on November 1, 2025)

Of its properties owned, HRR concluded amendment agreements (hereinafter individually or collectively referred to as “Amendment Agreement B”) to lease agreements (which includes subsequent changes; hereinafter individually or collectively referred to as “Original Agreement B”) concerning 31 properties (Note) for which Hoshino Resorts Group is the lessee on June 16, 2025. Amendment Agreement B consists mainly of a partial change to the calculation method for rent stipulated in Original Agreement B, a lease term extension for some properties, and a change to amend the fixed-term building lease agreement to an ordinary building lease agreement with a renewal at the time of expiration, with an effective date of November 1, 2025. The impact on operating revenue resulting from the conclusion of this amendment agreement is expected to be +425 million yen in the fiscal period ending April 2026.

(Note) 31 properties: HOSHINOYA Karuizawa, HOSHINOYA Kyoto, HOSHINOYA Fuji, HOSHINOYA Taketomi Island, HOSHINOYA Okinawa, RISONARE Yatsugatake, RISONARE Atami, KAI Matsumoto, KAI Ito, KAI Hakone, KAI Tamatsukuri, KAI Kinugawa, KAI Kaga, KAI Alps, KAI Enshu, KAI Nagato, KAI Kirishima, KAI Beppu, KAI Poroto, OMO7 Kochi, OMO7 Osaka, Iriomote Hotel, BEB5 Karuizawa, Hotel WBF Grande Asahikawa, ANA Crowne Plaza Hiroshima, ANA Crowne Plaza Kanazawa, ANA Crowne Plaza Toyama, Grand Prince Hotel Osaka Bay, Grand Hyatt Fukuoka, hotel androoms Osaka Hommachi, and Sol Vita Hotel Naha

(2) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities report (submitted on January 24, 2025).

2. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	23rd fiscal period (As of Oct. 31, 2024)	24th fiscal period (As of Apr. 30, 2025)
Assets		
Current assets		
Cash and deposits	12,120,176	12,370,776
Cash and deposits in trust	496,121	402,677
Operating accounts receivable	315,933	382,632
Deposits paid	120,000	120,000
Prepaid expenses	440,547	422,709
Income taxes refund receivable	94	799
Consumption taxes refund receivable	1,708,474	—
Other	—	14,533
Total current assets	15,201,348	13,714,129
Non-current assets		
Property, plant and equipment		
Buildings	115,531,980	119,479,137
Accumulated depreciation	(21,334,401)	(22,824,429)
Buildings, net	94,197,579	96,654,708
Structures	6,590,635	6,851,060
Accumulated depreciation	(960,700)	(1,051,716)
Structures, net	5,629,934	5,799,344
Machinery and equipment	86,658	86,658
Accumulated depreciation	(79,508)	(82,867)
Machinery and equipment, net	7,149	3,791
Tools, furniture and fixtures	1,909,497	2,022,715
Accumulated depreciation	(877,640)	(997,294)
Tools, furniture and fixtures, net	1,031,856	1,025,421
Land	77,217,039	78,129,494
Buildings in trust	25,302,971	25,410,924
Accumulated depreciation	(998,551)	(1,308,805)
Buildings in trust, net	24,304,420	24,102,119
Structures in trust	796,735	799,110
Accumulated depreciation	(10,090)	(17,545)
Structures in trust, net	786,644	781,564
Tools, furniture and fixtures in trust	855	7,370
Accumulated depreciation	(104)	(666)
Tools, furniture and fixtures in trust, net	750	6,703
Land in trust	15,409,582	15,409,582
Construction in progress	334,104	1,017,430
Total property, plant and equipment	218,919,062	222,930,161
Intangible assets		
Leasehold interests in land	8,387,425	8,387,425
Land leasehold interests in trust	3,433,418	3,433,418
Software	78,896	107,607
Total intangible assets	11,899,741	11,928,451

	(Unit: thousands of yen)	
	23rd fiscal period (As of Oct. 31, 2024)	24th fiscal period (As of Apr. 30, 2025)
Investments and other assets		
Investment securities	565,995	564,236
Long-term prepaid expenses	1,235,072	1,227,749
Deferred tax assets	382	231
Leasehold and guarantee deposits	984,006	984,006
Leasehold and guarantee deposits in trust	34,054	34,054
Total investments and other assets	2,819,511	2,810,279
Total non-current assets	233,638,315	237,668,892
Deferred assets		
Investment corporation bond issuance costs	15,858	25,516
Total deferred assets	15,858	25,516
Total assets	248,855,521	251,408,537

(Unit: thousands of yen)

	23rd fiscal period (As of Oct. 31, 2024)	24th fiscal period (As of Apr. 30, 2025)
Liabilities		
Current liabilities		
Operating accounts payable	728,097	305,078
Short-term borrowings	480,000	780,000
Current portion of long-term borrowings	10,753,424	11,198,704
Current portion of investment corporation bonds	1,500,000	—
Accounts payable - other	1,068,263	904,453
Income taxes payable	632	646
Accrued consumption taxes	56,153	151,802
Accrued expenses	26,111	34,614
Advances received	997,375	1,029,562
Total current liabilities	15,610,057	14,404,860
Non-current liabilities		
Long-term borrowings	80,905,132	83,288,000
Investment corporation bonds	2,300,000	3,800,000
Leasehold and guarantee deposits received	4,918,890	4,701,063
Leasehold and guarantee deposits received in trust	181,700	181,700
Total non-current liabilities	88,305,722	91,970,763
Total liabilities	103,915,780	106,375,624
Net assets		
Unitholders' equity		
Unitholders' capital	141,951,477	141,951,477
Surplus		
Voluntary retained earnings		
Reserve for tax purpose reduction entry	245,119	280,970
Total voluntary retained earnings	245,119	280,970
Unappropriated retained earnings (undisposed loss)	2,743,145	2,800,466
Total surplus	2,988,264	3,081,436
Total unitholders' equity	144,939,741	145,032,913
Total net assets	144,939,741	145,032,913
Total liabilities and net assets	248,855,521	251,408,537

(2) Statement of Income

(Unit: thousands of yen)

	23rd fiscal period From: May 1, 2024 To: Oct. 31, 2024	24th fiscal period From: Nov 1, 2024 To: Apr. 30, 2025
Operating revenue		
Leasing business revenue	7,311,695	7,630,574
Gain on sale of real estate properties	160,959	—
Distributions of investments in silent partnerships	—	2,549
Other revenue	23,630	—
Total operating revenue	7,496,285	7,633,124
Operating expenses		
Expenses related to leasing business	3,256,581	3,377,616
Asset management fees	608,309	644,489
Asset custody fees	6,773	7,368
Administrative service fees	27,725	31,446
Remuneration for directors (and other officers)	3,000	3,000
Audit fees	9,900	10,150
Other operating expenses	98,424	121,280
Total operating expenses	4,010,715	4,195,351
Operating profit	3,485,570	3,437,772
Non-operating income		
Interest income	1,046	5,855
Insurance claim income	60,876	24,623
Interest on tax refund	—	3,384
Miscellaneous income	619	630
Total non-operating income	62,543	34,493
Non-operating expenses		
Interest expenses	451,880	499,056
Interest expenses on investment corporation bonds	18,376	27,307
Amortization of investment corporation bond issuance costs	1,730	1,865
Financing fees	292,794	250,408
Investment unit issuance expenses	48,142	2,285
Other	108	129
Total non-operating expenses	813,032	781,052
Ordinary profit	2,735,081	2,691,213
Extraordinary income		
Subsidy income	—	102,962
Total extraordinary income	—	102,962
Profit before income taxes	2,735,081	2,794,175
Income taxes - current	698	743
Income taxes - deferred	(370)	151
Total income taxes	328	894
Profit	2,734,752	2,793,280
Retained earnings brought forward	8,392	7,185
Unappropriated retained earnings (undisposed loss)	2,743,145	2,800,466

(3) Statement of Unitholders' Equity

23rd fiscal period (from May 1, 2024 to October 31, 2024)

(Unit: thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of period	123,843,495	218,113	218,113	2,347,687	2,565,800	126,409,295	126,409,295
Changes during period							
Issuance of new investment units	18,107,982	—	—	—	—	18,107,982	18,107,982
Provision of reserve for tax purpose reduction entry	—	30,259	30,259	(30,259)	—	—	—
Reversal of reserve for tax purpose reduction entry	—	(3,253)	(3,253)	3,253	—	—	—
Dividends of surplus	—	—	—	(2,312,288)	(2,312,288)	(2,312,288)	(2,312,288)
Profit	—	—	—	2,734,752	2,734,752	2,734,752	2,734,752
Total changes during period	18,107,982	27,006	27,006	395,458	422,464	18,530,446	18,530,446
Balance at end of period	141,951,477	245,119	245,119	2,743,145	2,988,264	144,939,741	144,939,741

24th fiscal period (from November 1, 2024 to April 30, 2025)

(Unit: thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of period	141,951,477	245,119	245,119	2,743,145	2,988,264	144,939,741	144,939,741
Changes during period							
Provision of reserve for tax purpose reduction entry	—	39,434	39,434	(39,434)	—	—	—
Reversal of reserve for tax purpose reduction entry	—	(3,583)	(3,583)	3,583	—	—	—
Dividends of surplus	—	—	—	(2,700,108)	(2,700,108)	(2,700,108)	(2,700,108)
Profit	—	—	—	2,793,280	2,793,280	2,793,280	2,793,280
Total changes during period	—	35,850	35,850	57,321	93,171	93,171	93,171
Balance at end of period	141,951,477	280,970	280,970	2,800,466	3,081,436	145,032,913	145,032,913

(4) Statement of Cash Distributions

(Unit: yen)

	23rd fiscal period From: May 1, 2024 To: Oct. 31, 2024	24th fiscal period From: Nov. 1, 2024 To: Apr. 30, 2025
I. Unappropriated retained earnings	2,743,145,179	2,800,466,337
II. Reversal of voluntary retained earnings Reversal of reserve for tax purpose reduction entry	3,583,188	5,441,827
III. Amount of distributions [Amount of distributions per investment unit]	2,700,108,906 [9,218]	2,703,623,910 [4,615]
IV. Voluntary retained earnings Reserve for tax purpose reduction entry	39,434,000	95,068,729
V. Retained earnings brought forward	7,185,461	7,215,525
Method of calculation of amount of distributions	In accordance with the policy provided in Article 37, Paragraph 1 of the Articles of Incorporation of HRR that “distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for distribution of HRR provided in Article 67-15 of the Act on Special Measures Concerning Taxation,” the decision was made to distribute 2,700,108,906 yen as distributions of earnings, which is almost the entire aggregate amount of the balance remaining after adding the amount of reversal of reserve for tax purpose reduction entry to unappropriated retained earnings and deducting the amount of reserve for tax purpose reduction entry as set forth in Article 47 of the Corporation Tax Act. Furthermore, the distribution of cash in excess of earnings provided in Article 37, Paragraph 2 of the Articles of Incorporation will not be conducted.	In accordance with the policy provided in Article 37, Paragraph 1 of the Articles of Incorporation of HRR that “distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for distribution of HRR provided in Article 67-15 of the Act on Special Measures Concerning Taxation,” the decision was made to distribute 2,703,623,910 yen as distributions of earnings, which is almost the entire aggregate amount of the balance remaining after adding the amount of reversal of reserve for tax purpose reduction entry to unappropriated retained earnings and deducting the amount of reserve for tax purpose reduction entry as set forth in Articles 42 and 47 of the Corporation Tax Act. Furthermore, the distribution of cash in excess of earnings provided in Article 37, Paragraph 2 of the Articles of Incorporation will not be conducted.

(5) Statement of Cash Flows

(Unit: thousands of yen)

	23rd fiscal period From: May 1, 2024 To: Oct. 31, 2024	24th fiscal period From: Nov 1, 2024 To: Apr. 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,735,081	2,794,175
Depreciation	1,958,762	2,042,937
Loss on retirement of non-current assets	42,116	14,675
Amortization of investment corporation bond issuance costs	1,730	1,865
Interest income	(1,046)	(5,855)
Interest expenses	470,256	526,363
Financing fees	292,794	250,408
Investment unit issuance expenses	48,142	2,285
Decrease (increase) in operating accounts receivable	(3,474)	(66,699)
Decrease (increase) in prepaid expenses	(45,353)	17,837
Decrease (increase) in consumption taxes refund receivable	(1,708,474)	1,708,474
Increase (decrease) in accrued consumption taxes	(280,707)	95,649
Increase (decrease) in operating accounts payable	6,323	(31,694)
Increase (decrease) in accounts payable - other	305,597	(191,301)
Increase (decrease) in advances received	131,872	32,186
Decrease (increase) in long-term prepaid expenses	(181,707)	7,322
Decrease in property, plant and equipment due to sale	1,065,830	—
Other, net	(284,540)	(261,989)
Subtotal	4,553,203	6,936,642
Interest received	1,046	5,855
Interest paid	(470,219)	(517,712)
Income taxes paid	(770)	(1,434)
Net cash provided by (used in) operating activities	4,083,261	6,423,349
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,471,898)	(6,316,822)
Purchase of property, plant and equipment in trust	(29,470,676)	(99,718)
Purchase of intangible assets	(7,735)	(44,533)
Purchase of investment securities	(1,247)	(1,970)
Proceeds from collection of long-term loans receivable	750,000	—
Refund of leasehold and guarantee deposits received	(1,127,374)	(217,827)
Proceeds from leasehold and guarantee deposits received	2,274,981	—
Net cash provided by (used in) investing activities	(32,053,950)	(6,680,872)

	(Unit: thousands of yen)	
	23rd fiscal period From: May 1, 2024 To: Oct. 31, 2024	24th fiscal period From: Nov 1, 2024 To: Apr. 30, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	480,000	300,000
Repayments of short-term borrowings	(950,000)	—
Proceeds from long-term borrowings	18,420,000	8,170,000
Repayments of long-term borrowings	(6,280,001)	(5,341,852)
Proceeds from issuance of investment units	18,107,982	—
Payments of investment unit issuance expenses	(48,142)	(2,285)
Proceeds from issuance of investment corporation bonds	—	1,500,000
Payments of investment corporation bond issuance costs	—	(11,524)
Redemption of investment corporation bonds	—	(1,500,000)
Distributions paid	(2,311,194)	(2,699,660)
Net cash provided by (used in) financing activities	27,418,644	414,678
Net increase (decrease) in cash and cash equivalents	(552,044)	157,156
Cash and cash equivalents at beginning of period	13,288,342	12,736,297
Cash and cash equivalents at end of period	12,736,297	12,893,454

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If there is any discrepancy between the English translation and the original Japanese text, the latter shall prevail.*