



# Hoshino

星野リゾート  
REIT

Presentation Materials

Fiscal Period Ended April  
2024/22nd FP

Hoshino Resorts REIT, Inc. Presentation Materials

Securities Code: 3287  
<https://www.hoshinoresorts-reit.com/en/>

Asset Management Company:  
Hoshino Resort Asset Management Co., Ltd.  
June.17.2024





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





CHAPTER

# 1

Hoshino Resorts REIT, Inc. Presentation Materials



星のや竹富島

Financial summary



# Financial summary for the fiscal period ended April 2024 (22nd fiscal period)

	Results of the 21st FP	Forecast for the 22nd FP <small>(Financial results as of Dec. 18, 2023) (A)</small>	Results of the 22nd FP <small>(B)</small>	Comparison with Forecast <small>(B) – (A)</small>
<b>Operational status</b> <small>(million yen)</small>				
Operating revenue	6,435	6,570	6,670	+100
Operating expenses	3,695	3,814	3,823	+9
Operating profit	2,740	2,756	2,847	+91
Ordinary profit	2,185	2,221	2,305	+84
Profit	2,184	2,220	2,338	+118
<b>Distribution per unit</b>	8,557 yen	8,700 yen	9,048 yen	+348 yen
<b>Others</b>				
Rental NOI <small>(million yen)</small>	5,130	5,197	5,291	+94
Rental NOI yield	5.2%	5.2%	5.3%	+0.09pt
LTV	39.0%	38.8%	38.8%	+0.03pt
NAV per unit	572,919 yen	-	584,150 yen	-

## Breakdown of operating revenue

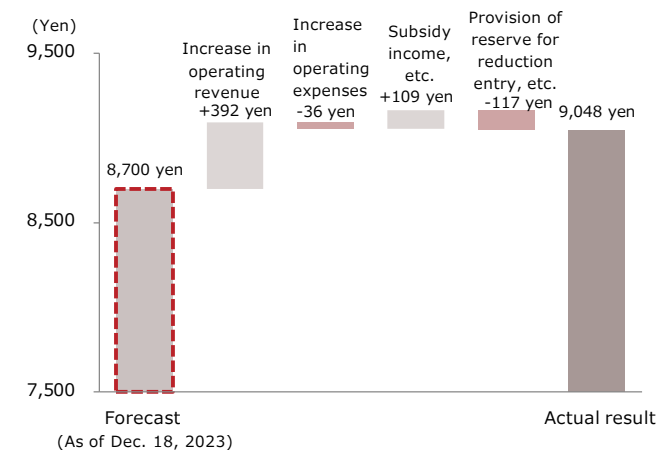
■ Fixed rent	4,845 million yen (72.6%)
■ Floating rent	1,766 million yen (26.5%)
■ Other revenue	58 million yen (0.9%)

## Comparison with previous forecast of operating expenses

■ Rental business expenses (repair expenses)	+30 million yen
■ Rental business expenses (expenses other than repair expenses)	-4 million yen
■ Increase/decrease in other expenses	-16 million yen

## Breakdown of distribution increase and decrease

■ Distribution per unit	9,048 yen
■ Comparison with forecast	+348 yen (+4.0%)



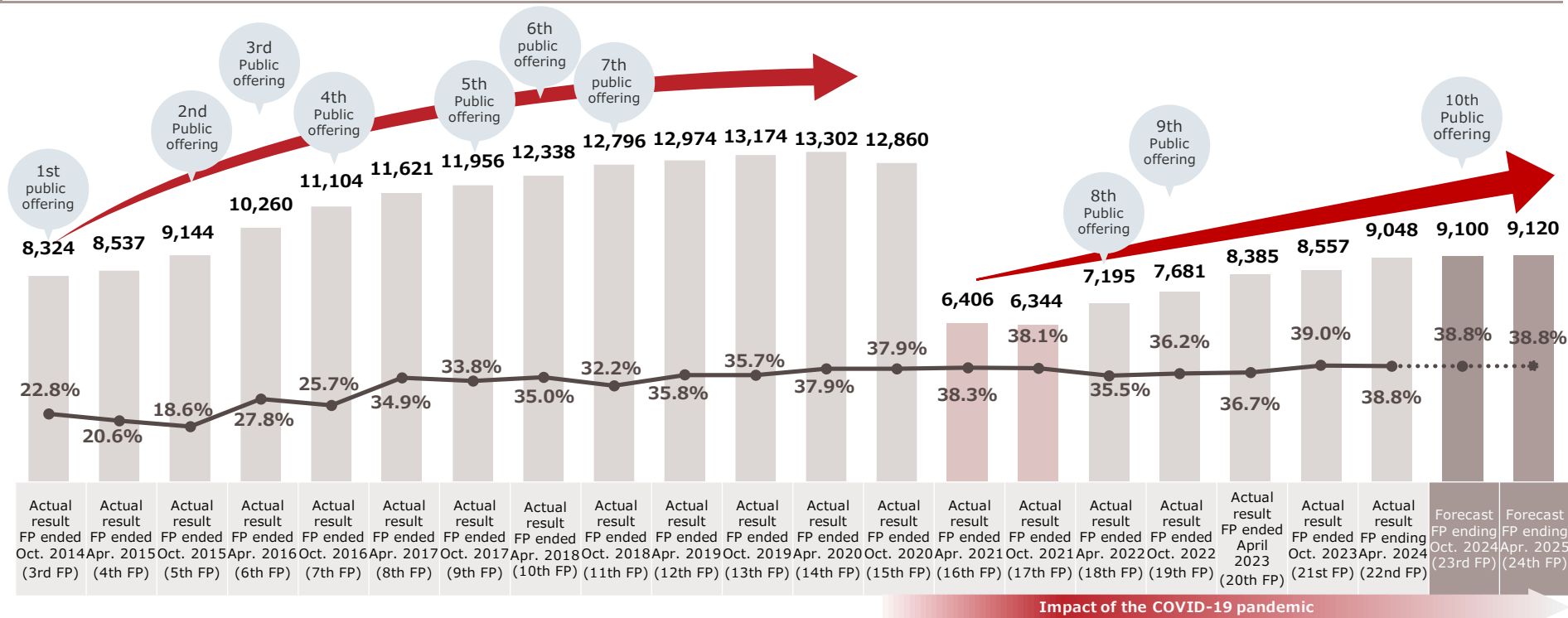


# Actual distributions and distribution forecast per unit and changes in LTV

## Actual distributions and distribution forecasts

	at the time of the previous financial statement announcement (released Dec. 18, 2023)	This announcement (released Jun. 17, 2024)	
Results of the 22 <sup>nd</sup> FP (ended Apr. 2024)	8,700 yen	<b>Actual results 9,048 yen</b> (vs. at the time of the previous financial statement announcement+348 yen)	<ul style="list-style-type: none"> <li>Although most of the properties have fixed variable rents as of the previous forecast, the performance of the b asakusa and Quintessa Hotel Osaka Shinsaibashi whose variable rents is linked to GOP of the previous month recovered, and the actual results exceeded the forecast for the rents.</li> </ul>
Forecast for the 23 <sup>rd</sup> FP (FP ending Oct. 2024)	8,700 yen	<b>Forecast 9,100 yen</b> (vs. at the time of the previous financial statement announcement+400 yen)	<ul style="list-style-type: none"> <li>Hoshino Resorts-operated properties will continue to be affected by the temporary labor shortage of January 2023 onward.</li> <li>On the other hand, the performance of properties operated by outside operators will continue to recovered, and rents for Grand Hyatt Fukuoka and ANA Crowne Plaza Hiroshima among others are expected to increase compared with the previous fiscal year.</li> <li>Temporal expense due to the transfer profits of KAI Kawaji and public offering is recorded.</li> </ul>
Forecast for 24 <sup>th</sup> FP (FP ending Apr. 2025)	-	<b>Forecast 9,120 yen</b> (vs. 23rd period +20yen, +0.2%)	<ul style="list-style-type: none"> <li>Hoshino Resorts-operated properties will continue to be affected by the temporary labor shortage of January 2023 onward, as in the 23rd fiscal period.</li> <li>On the other hand, the performance of properties operated by outside operators will continue to recovered, as in the 22nd fiscal period, and rents are expected to increase compared with the previous fiscal year.</li> <li>Eternal growth due to public offering will be a major contributing factor.</li> </ul>

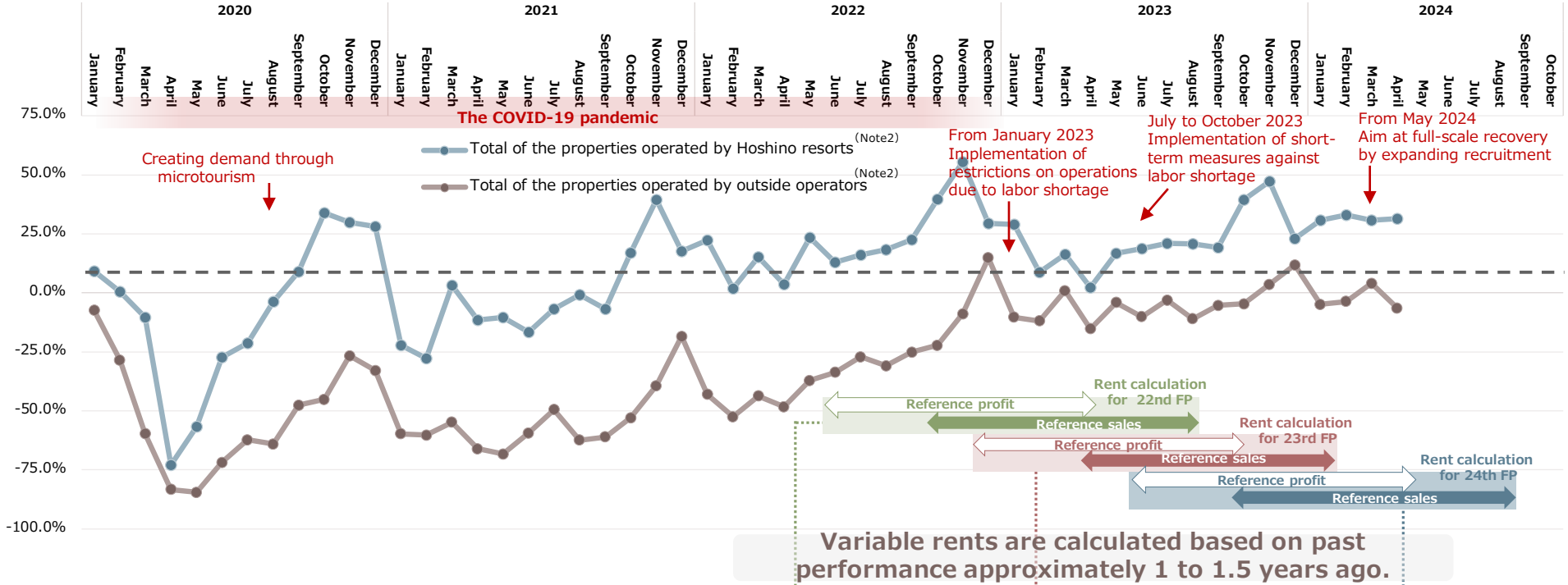
## Changes in distributions per unit (yen, after considering investment unit split) and LTV (%)





# Correspondence between rent and hotel sales/profit

Rate of change in RevPAR compared with 2019



Rent assumptions (Unit: million yen) (Note1)

Operators	Brand
Properties operated by Hoshino Resorts	HOSHINOYA
	RISONARE
	KAI
	OMO
	Others
<b>Sub-total</b>	
Properties operated by outside operators	3 ANA Crowne Plaza Properties
	22 Roadside Properties
	5 the b Properties
	Others
	<b>Sub-total</b>
<b>Total</b>	

Results of FP ended April 2024 (the 22nd FP)		
Fixed rent, etc.	Floating rent	Total
1,030	276	1,307
374	320	694
717	401	1,119
224	-	224
125	35	160
<b>2,471</b>	<b>1,034</b>	<b>3,506</b>
696	-	696
558	223	781
312	338	651
817	170	988
<b>2,384</b>	<b>732</b>	<b>3,117</b>
<b>4,856</b>	<b>1,766</b>	<b>6,623</b>

Forecast of FP ended October 2024 (the 23rd FP)		
Fixed rent, etc.	Floating rent	Total
1,030	226	1,257
374	329	704
644	350	995
783	-	783
125	36	161
<b>2,958</b>	<b>943</b>	<b>3,901</b>
696	22	718
671	197	869
312	358	671
820	295	1,116
<b>2,500</b>	<b>875</b>	<b>3,375</b>
<b>5,459</b>	<b>1,818</b>	<b>7,277</b>

Forecast of FP ended April 2024 (the 24th FP)		
Fixed rent, etc.	Floating rent	Total
799	300	1,100
374	373	747
641	319	960
1,089	-	1,089
125	44	169
<b>3,030</b>	<b>1,037</b>	<b>4,068</b>
696	83	779
455	389	845
312	395	708
817	321	1,138
<b>2,281</b>	<b>1,189</b>	<b>3,471</b>
<b>5,312</b>	<b>2,227</b>	<b>7,540</b>

Primary Rent calculation period

Reference profit	June 2022 to May 2023
Reference sales	October 2022 to September 2023

Reference profit	December 2022 to November 2023
Reference sales	April 2023 to March 2024

Reference profit	June 2023 to May 2024
Reference sales	October 2023 to September 2024



(As of June 17, 2024)

Rent type		Fixed rent	Fixed rent + floating rent	Fixed rent + floating rent	Floating rent
Benchmark index for calculation of floating rent		-	Facility sales	Facility profit	Facility profit
No. of properties		8 properties	29 properties	31 properties	1 property
Acquisition price	Amount	7.2 billion yen	33.7 billion yen	169.6 billion yen	16 billion yen
	Ratio	3.2%	14.9%	74.9%	7.1%
Property name		<ul style="list-style-type: none"> <li>◆ 5 Candeo Properties</li> <li>◆ Comfort: Hakodate, Tomakomai, Kure</li> </ul>	<ul style="list-style-type: none"> <li>◆ Hoshinoya: Karuizawa, Kyoto</li> <li>◆ RISONARE: Yatsugatake</li> <li>◆ KAI: Matsumoto, Ito, Hakone, Aso</li> <li>◆ 22 Roadside Properties</li> </ul>	<ul style="list-style-type: none"> <li>◆ HOSHINOYA: Fuji, Taketomi Island, Okinawa</li> <li>◆ RISONARE: Atami</li> <li>◆ KAI: Tamatsukuri, Kinugawa, Kaga, Alps, Enshu, Nagato, Kirishima, Beppu</li> <li>◆ OMO7 Osaka, OMO7 Asahikawa, OMO7 Kochi, BEB5 Karuizawa, Iriomote Hotel</li> <li>◆ 3 ANA Crowne Plaza Properties</li> <li>◆ 5 the b properties</li> <li>◆ hotel androoms Osaka Hommachi</li> <li>◆ Sol Vita Hotel Naha</li> <li>◆ Quintessa Hotel Osaka Shinsaibashi</li> <li>◆ Grand Hyatt Fukuoka</li> <li>◆ Comfort Hotel Takamatsu</li> <li>◆ HOTEL VISTA MATSUYAMA</li> </ul>	<ul style="list-style-type: none"> <li>◆ Grand Prince Hotel Osaka Bay</li> </ul>
Rent plan image		<p>Fixed rent</p>	<p>Fixed rent</p> <p>Floating rent (sales-linked)</p> <p>Facility sales × Factor (Note)</p>	<p>Fixed rent</p> <p>Floating rent (profit-linked)</p> <p>Facility profit × Factor (Note)</p>	<p>Floating rent (profit-linked)</p> <p>Facility profit × Factor (Note)</p>

CHAPTER

# 2

Hoshino Resorts REIT, Inc. Presentation Materials



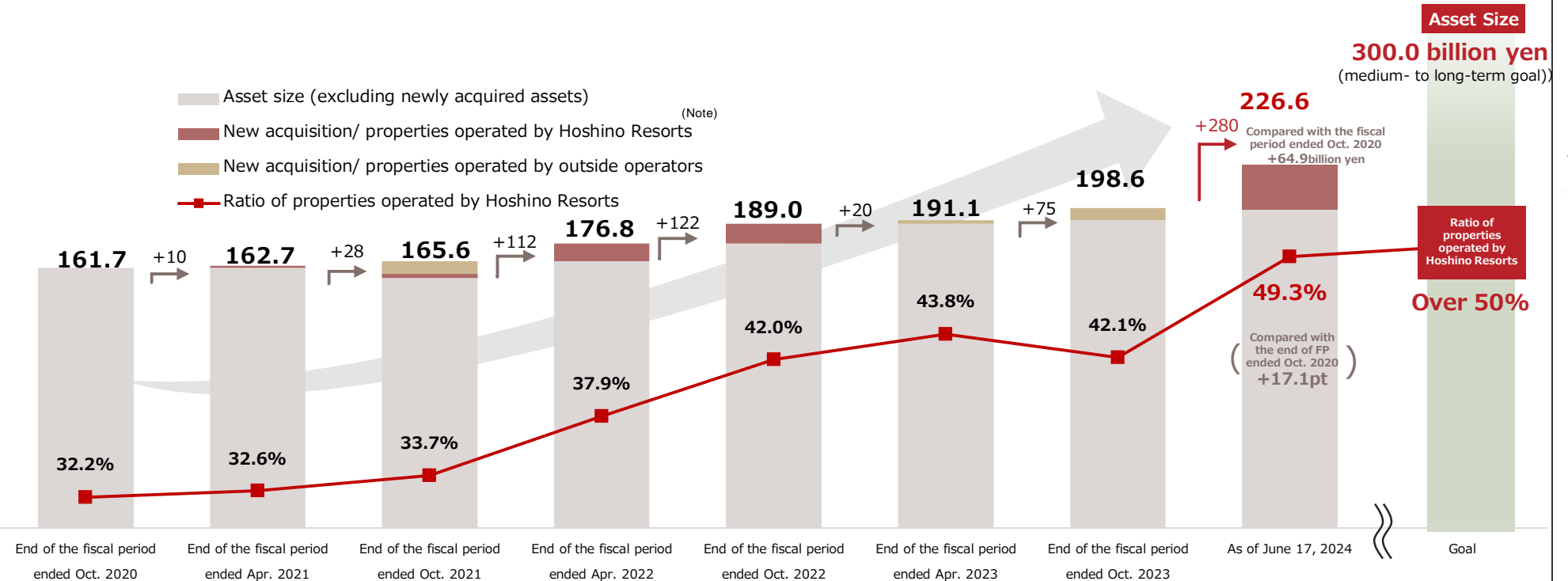
KAI Hakone

## Outline and Highlights of 10th Public Offering



# Promote Active Initiatives Toward Medium- to Long-term Goal

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



# Property Overview (1) Highlights

## OMO7 大阪 OMO7 Osaka

### Concept (Note1) Fall in Love with Osaka

Enjoy the city view of Osaka from the sail-shaped hotel.  
 Enjoy the surrounding lawns and trees with lively crowd or relax in a bathhouse.  
 This is Osaka's newest destination. Offering a wide variety of classic delicacies and vibrant dishes, the hotel is waiting for your visit.  
 Dive into lesser known areas such as Shinsekai of Osaka, the city of water, for unforgettable experience.  
 You will surely fall in love with Osaka, a city that you may think you know, but you don't.

### "OMO" Brand - Exciting "City" Hotel



A new concept for hotels produced by staff who love the city with local residents.  
 The attractiveness of the city is reflected in the foods, guest rooms, and activities so that guests will encounter unexpected charms and come to love the city without realizing it.

### Property Overview

Location	Naniwa-ku, Osaka-city	Acquisition price	29,000 million yen
Completion date	November 2021	Real estate appraisal value	34,000 million yen
Date of acquisition	June 6, 2024	Ratio to real estate appraisal value	85.3%
Total number of guest rooms	436 rooms	Lease agreement period	20 years
Lessee	Hoshino Resorts	Appraisal NOI yield	5.5%
Operator	Hoshino Resorts	Appraisal NCF yield	5.4%
Rent type	Fixed + Variable (Fixed rent for the first 2 years)	Yield after depreciation	4.3%



Appearance



Neighborhood map (Too big OSAKA BOARD)



Conceptual image of dining at OMO7 Osaka

### KPIs in the operating results and appraisal (Note3)

	January 2024	February 2024	March 2024	April 2024	Assumed value during stable operating period used in the appraisal <span style="float: right;">(Note2)</span>
Occupancy rate	62.4%	71.5%	80.6%	78.2%	80.0%
ADR	25,962yen	25,442yen	26,845yen	26,389yen	31,500yen
RevPAR	16,193yen	18,186yen	21,647yen	20,627yen	25,200yen

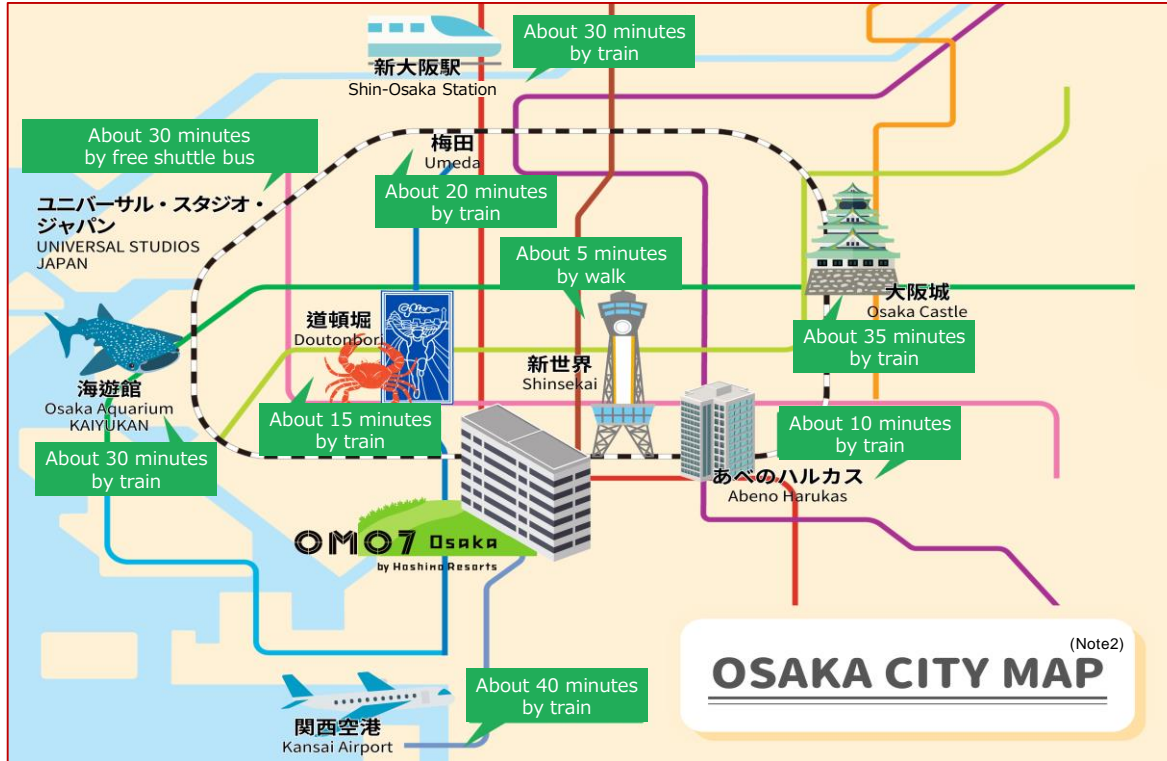


# Property Overview (2) Location

(Note1)

## This is the center of Osaka tourism

- This property is located in front of Shin-Imamiya Station and has **very convenient access to 8 railway lines including the nearby stations.**
- Just one train ride from Kansai International Airport and Shin-Osaka Station, offering very good access to major tourist attractions in Osaka, this location is ideal for tourists looking to fully enjoy sightseeing in Osaka.
- This property, an alliance hotel with Universal Studios Japan (USJ), offers a free shuttle bus to USJ that operates daily, allowing for easy and convenient transportation.



## A highly convenient location as a base for travel in the Kansai area



## Naniwasuji Line is planned to start operating in 2031<sup>(Note3)</sup>

**TOPICS**

Naniwasuji Line is a new railway line between Osaka Station (Umekita area), which opened in March 2023, and JR Namba Station and Shin-Imamiya Station on the Nankai Main Line. The opening of this line is expected to improve the accessibility to Kansai International Airport and Shin-Osaka Station, and reinforce the railway network and the north-south city axis of Osaka, etc.



Universal Studios Japan



Dotonbori



Shinsekai



Osaka Castle

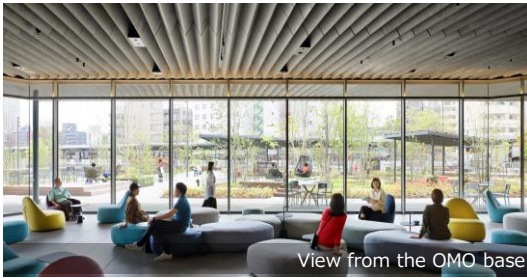


## Lush Garden Area "Miya-green"

- Garden area of **about 7,600 m<sup>2</sup>** where you can feel the spacious greenery in an urban area.
- You can spend **time to enjoy the resort** in the area like a green hill that consists of a large lawn square, terraced decks/terraces surrounding the square, etc.
- As chairs and large sofas, etc. are also placed there, families and groups can relax.
- At night, "PIKAPIKA NIGHT" is held, a neon art event limited to guests. You can also enjoy seasonal events in addition to seeing the illumination on the whole wall of the hotel, strolling in yukata with a Japanese lantern in one hand, having takoyaki and craft beer, etc.

### Won "42nd Osaka City Landscape Architecture Award (known as Osaka Machinami Award)"

The wooden decks, lawn square, and activities of "Miya-green" were evaluated for their contribution to improving the surrounding environment and won "Green Award" in December 2023. In addition, the large three-dimensional sign of the characters "OMO7" and staging with LED illumination using the outer wall of the building were expected to be a new tourist spot of Osaka and won "Architecture Sign and Art Award" at the same time.



View from the OMO base



Conceptual image of a meal at a deck/terrace



Deck/terrace



Naniwa Record Music



Panoramic view of Miya-green



PIKAPIKA Fireworks



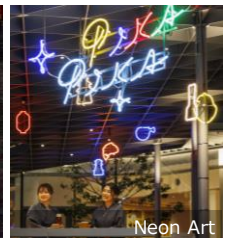
Deck/terrace



Neighborhood stand after a bath



PIKAPIKA Lantern



Neon Art



## Characteristics of guest rooms

- Though the property is located in an urban area, **the average capacity per room is 3.2 guests and the average area is 36.0 m<sup>2</sup>**. HRR believes that this is why guests can stay comfortably and be relieved of the tiredness from traveling.
- Diverse guest rooms are available to meet the needs of trips by groups and families. Especially, this property is characteristic in that **it has many spacious rooms with a capacity of 6 guests and an area of about 60 m<sup>2</sup> (66 rooms)**, including "IDOBATA Suite" and "OMO House."
- In addition to spacious guest rooms, as **shoes are prohibited in all guest rooms**, families with kids can stay with a sense of security. In addition, as most of the guest rooms are **tatami rooms**, inbound tourists can experience Japanese culture.

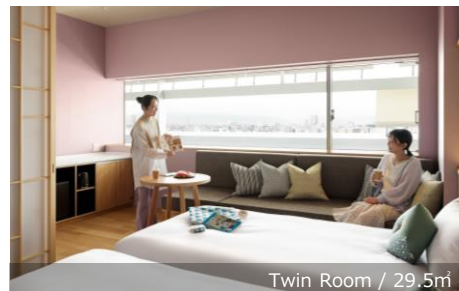
## Various guest rooms

(As of March 31, 2024)

Guest room type (representative example)	Capacity	Area	Number of rooms
IDOBATA Suite	6 guests	59.0m <sup>2</sup>	61 rooms
OMO House	6 guests	60.0m <sup>2</sup>	5 rooms
Twin Room	3 guests	29.5m <sup>2</sup>	127 rooms
Corner Twin Room	3 guests	35.2m <sup>2</sup>	48 rooms
King Room	2 guests	29.7m <sup>2</sup>	96 rooms
DANDAN Room	3 guests	29.6m <sup>2</sup>	60 rooms
Deluxe Room	2 guests	50.7m <sup>2</sup>	24 rooms
<b>Average per room</b> <sup>(Note)</sup>	<b>3.2 guests</b>	<b>36.0m<sup>2</sup></b>	



IDOBATA Suite / 59.0m<sup>2</sup>



Twin Room / 29.5m<sup>2</sup>



King Room / 29.7m<sup>2</sup>



DANDAN Room / 29.6m<sup>2</sup>



OMO House / 60.0m<sup>2</sup>

# Property Overview (5) Example Itinerary

(Note)

## Authentic activities and luxurious experience in Osaka style

3:00pm



OMO Base



Arrived at OMO7 Osaka!  
You can enjoy a scenic view with changes of the seasons in the city through the big window



IDOBATA Suite



Relax and plan your trip in the room in front of OSAKA Board, on which representative tourist spots of Osaka are drawn

4:00pm



Guided tour for a deep dive into Shinsekai



A tour that explores the highlights of the deep and nostalgic downtown area of Shinsekai in Osaka, walking around with the neighborhood guide OMO Rangers

5:00pm



Shinsekai



After walking around, enjoy going out for gourmet food and visiting restaurants recommended by the OMO Rangers in Shinsekai

8:00pm



"Yuya" public bath



Relax in "Yuya", where you can enjoy feeling the bath culture of Osaka, during intervals of your trip full of exciting experiences

8:30pm



neighborhood stand after a bath



After stepping out of the bath, change into a free rental yukata and go to "Miya-green." Enjoy a blissful time with takoyaki and beer of neighborhood

9:30pm



PIKAPIKA Fireworks



Enjoy the special night time watching the lovely fireworks shown one after another on the wall of the hotel in the motif of symbols of Osaka

Following day



OMO Bus Ride  
- Bound for Universal Studios Japan

\*To start on August 1, 2024



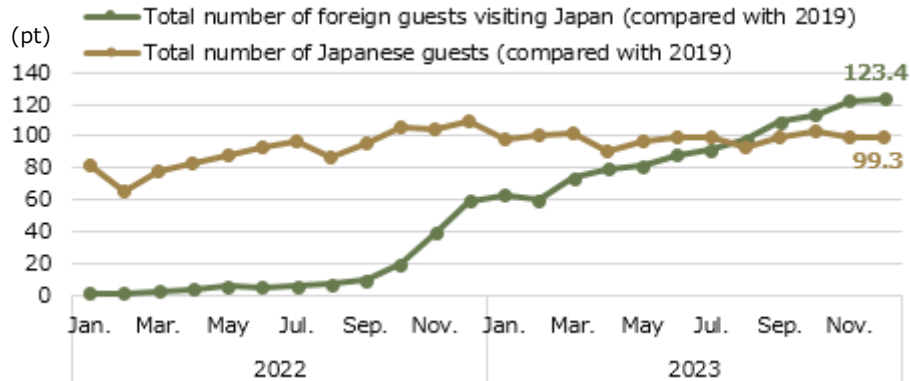
The OMO Rangers authorized by Universal Studios Japan ride with you on the free shuttle buses bound for the park! Let's go to the park with a feeling of excitement while enjoying various pieces of content



## Trend in the number of guests of domestic accommodation <sup>(Note1)</sup>

- The total number of foreign guests visiting Japan has recovered to the level prior to the COVID-19 pandemic in September 2023 and has remained at a higher level in the following months than in 2019.

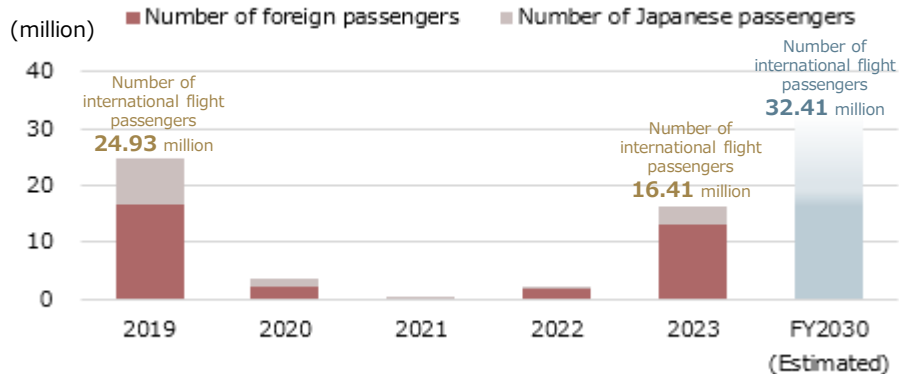
Number of foreign and Japanese guests of domestic accommodation facilities (indexed with the monthly result of the same month of 2019 as 100)



Source: Created by the Asset Management Company based on "Accommodation Survey" by the Japan Tourism Agency

## Trend in the number of international flight passengers at Kansai International Airport <sup>(Note2)</sup>

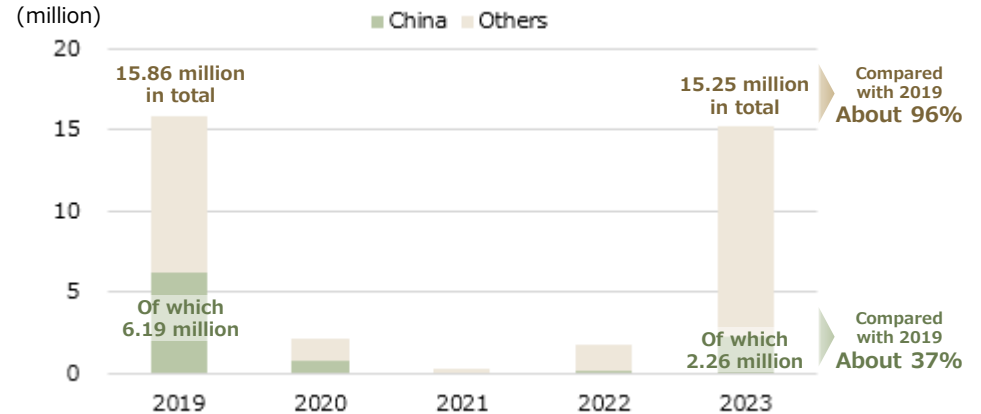
- The number of international flight passengers (Kansai International Airport) is still recovering to pre-COVID levels, but with demand from various Asian countries driving the visitation to Japan, it is expected that the expansion of inbound tourism will lead to a recovery to pre-COVID levels and further growth in the future.



Source: Created by the Asset Management Company based on "Monthly Usage Report" and "Report by Investigation Commission on Future Demand for Flights of Kansai International Airport" by Kansai Airports

## Transition of the number of foreign guests in Osaka <sup>(Note3)</sup>

- In 2023, the total number of foreign guests in Osaka almost recovered to the level before COVID-19 pandemic.
- On the other hand, Chinese tourists are still at about 37% of the 2019 level, and HRR expects a recovery in the future.



Source: Created by the Asset Management Company based on "Accommodation Survey" by the Japan Tourism Agency

## Tourism market of Osaka with growing attractions

- The new area of USJ is planned to be opened in the latter half of 2024** <sup>(Note4)</sup>

The new area "SUPER NINTENDO WORLD" of USJ is planned to be opened in the latter half of 2024.

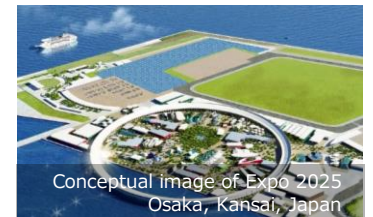
- Holding of Expo 2025 Osaka, Kansai** <sup>(Note5)</sup>

Expo 2025 Osaka, Kansai, Japan is planned to be held for half a year from April to October 2025 and large number of visitors from home and abroad are expected to visit.

Source: Created by the Asset Management Company based on "Master Plan for Expo 2025 Osaka, Kansai, Japan" by the Japan Association for the 2025 World Exposition

- Osaka IR (Integrated Resort) is aimed to open** <sup>(Note6)</sup>

Osaka IR has been approved by the government and is aimed to open by the fall of 2030.



Source: Japan Association for the 2025 World Exposition



Source: Osaka IR KK

# Reinforcement of the Portfolio with this Public Offering

HRR seeks to improve the quality of the portfolio by acquiring "OMO7 Osaka," the newly built flagship property of the Hoshino Resorts at a discounted price compared with the appraisal value.

	Before this Public Offering <sup>(Note1)</sup>	Acquired asset (OMO7 Osaka)	Disposed asset (KAI Kawaji)	After this Public Offering <sup>(Note1)</sup>
Number of properties	69 properties	1 property	1 property	69 properties
Asset size	198.6 billion yen	29.0 billion yen	1.0 billion yen	226.6 billion yen
NOI yield <sup>(Note2)</sup>	5.3%	5.5%	11.4%	5.3%
Ratio of properties operated by Hoshino Resorts	42.1%	100%	100%	49.3%
Ratio of properties with Green Building certification <sup>(Note3)</sup>	31.3%	99.2%	-	36.1%
Implied cap rate <sup>(Note4)</sup>	4.8%	-	-	-
Investment ratio by Hoshino Resort <sup>(Note5)</sup>	4.78% (FP ended Oct.2023:3.84%)			4.49%
NAV per unit <sup>(Note6)</sup>	584,150 yen			585,284yen
Borrowing capacity	4.3 billion yen			4.7 billion yen
Rating	JCR : A+ (Stable) R&I : A (Stable)			Aim at further improvement



# Evolution of Hoshino Resorts' OMO brand.

## A targeted differentiation strategy and the evolution of the OMO brand.

- The entry of Hoshino Resorts into the urban hotel market follows a differentiation strategy. Unlike many urban hotels, OMO has focused on the urban tourism market as its main target from the start.
- The initiatives, such as the **OMO Rangers** who create content to enjoy the city within 500 steps of the hotel, are unprecedented and highly specialized, which required some time to penetrate into the market.
- As a result of patiently promoting this new concept, awareness has increased, strengthening cooperative relationships with local businesses. Additionally, the OMO brand continues to evolve, with improvements in the specialization of the OMO Rangers' duties.
- Recently, the concept has expanded beyond the initial neighborhood idea, fostering collaborations with attractive tourist content in each city, creating mutual synergies.



OMO Rangers who leverage relations with local communities



Kumamon, a popular local PR character, that comes OMO every week



OMO Bus Ride  
~For Universal Studios Japan~  
\*Scheduled to start on August 1, 2024

## What is "OMO"?

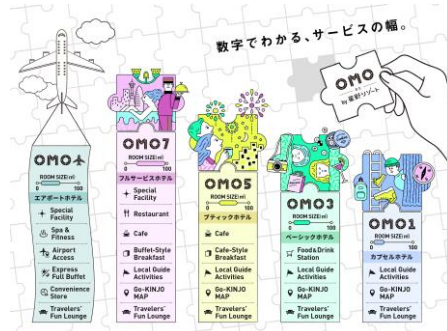
- Hoshino Resorts expands into cities nationwide, offering a new concept hotel where passionate staff, deeply connected to the community, engage with local residents.

## Expansion of OMO

Currently, we have 16 facilities nationwide.

## A variety of services that can be understood through numbers

The number following "OMO" allows you to choose the ideal hotel based on your travel purpose and how you want to spend your time.



## OMO7 Kochi by Hoshino Resorts ~Grand Opening on June 13, 2024~

### The concept is "A hearty feast awaits—come, nightfall!"

- Experience the essence of Kochi's hospitality rooted in "okyaku culture" as "rakuen" (pleasurable feast). You'll be warmly welcomed with "Yoo-kita ne!" and **treated to Kochi's delicious cuisine at dinner, daily Yosakoi dance performances**, relaxing moments in the **large communal bath**, and plenty of excitement! It's a stay packed with Kochi's charms, delivered in true "kojan to" style.

### Facility Overview



Number of guest rooms	133 rooms (B1F-22F)
Access	3 minutes on foot from Tosaden Tram "Saembacho Station" 30 minutes by car from Kochi Ryoma Airport
Ancillary facilities	Guest rooms, OMO Base (Reception, OMO CAFE&BAR, OMO Dining, Go-KINJO Map, free space, lockers, shops) Laundry, public bath, banquet hall

## Enjoy the lively atmosphere of the Yosakoi Festival every evening with "Yosakoi Rakuen (musical banquet) LIVE."

- The staff themselves become dancers, performing the traditional "Seicho Yosakoi Naruko Dance," beloved by the people of Kochi Prefecture, alongside a vibrant dance set to OMO7 Kochi's original music.
- The term "rakuen(musical banquet)" in the name represents a coined expression that embodies Kochi's culture of hospitality, where everyone is welcomed without distinction. It encapsulates the image of welcoming guests with warmth, the vibrant atmosphere of the Yosakoi Festival, and an experiential production where dancers and audience become one.



# CAPEX case study for enhancing facility attractiveness in collaboration with Hoshino Resorts

To enhance medium- to long-term competitiveness of owned properties, HRR has carried CAPEX that leverages the power of the sponsors' intangible assets in a planned manner and worked to improve attractiveness of stays.

## KAI Enshu

- Renovation from 2021 has been completed. As a facility where guests can enjoy one of the Japan's leading tea production areas, we create attractiveness of stays on both intangible and tangible aspects. The entire building has been renewed with wood and curves to create a bright and clean setting.
- Guest rooms are equipped with "living with a tea counter" where guests can brew favorite tea. Public spaces have a "tea stand" for cold-brew tea and a "tea cellar" with a selection of tea leaves from 13 tea varieties. During stays, guests can fully enjoy tasty green tea anytime and anywhere.



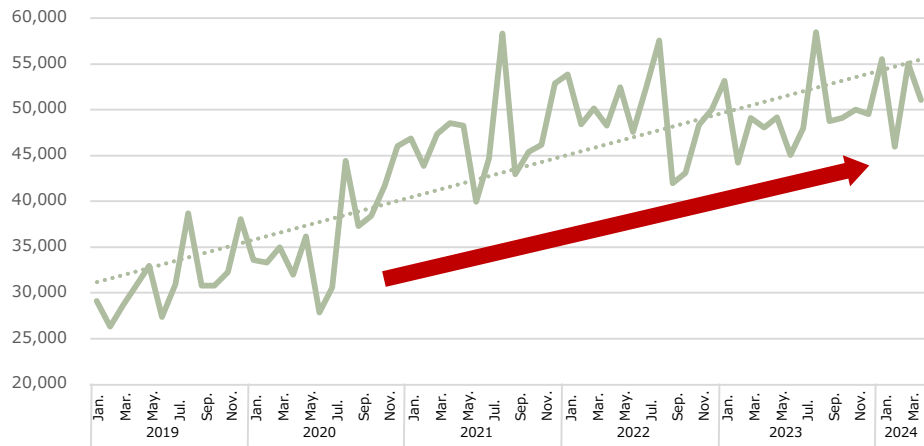
Living with a tea counter



Tea stand

### Change in ADR (KAI Enshu)

- ADR has increased since 2021, the year for starting renovation



## RISONARE Yatsugatake (OTTO SETTE)

- On April 30, 2024, the main dining "OTTO SETTE" was reopened after renovation.
- Under the new concept "Vino e Verdura" that means wine (Vino) and vegetables (Verdura) in Italian, we changed the dining entirely into space design inspired by a wine cave.
- The guest-exclusive fine dining has evolved. Improvement in attractiveness of stays that is appropriate to ADR is expected.



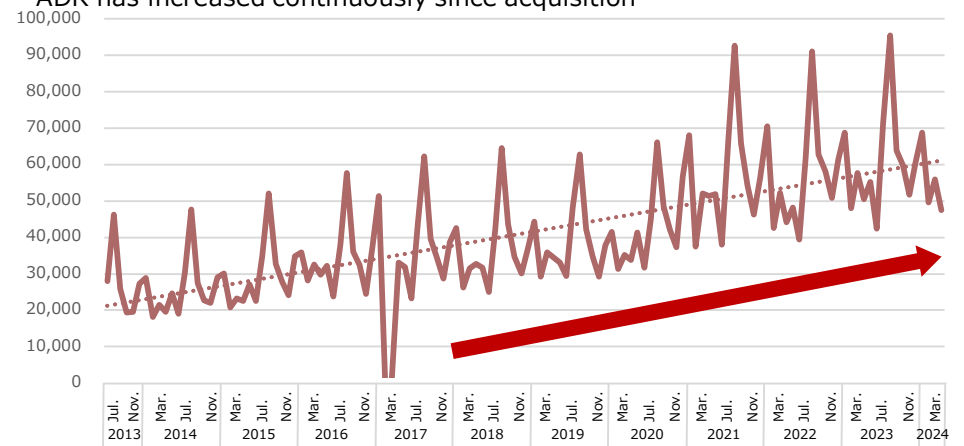
Guest seats



Wine cellar with total length of about 11 m

### Change in ADR (RISONARE Yatsugatake)

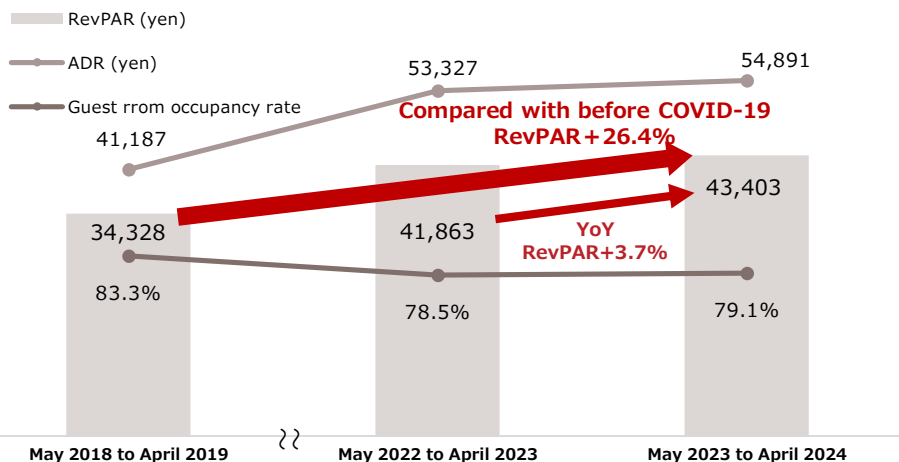
- Although there have been differences between peak and low seasons, ADR has increased continuously since acquisition





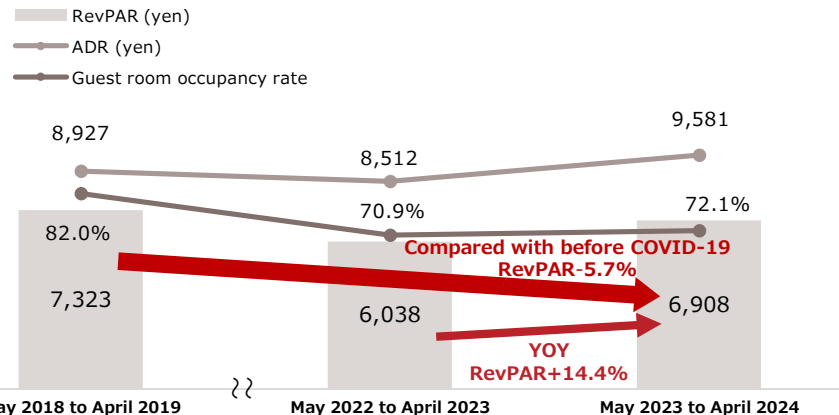
# Operating results summary by brand (prior to COVID-19 pandemic and changes over the last two years)

## Total properties operated by Hoshino Resorts (Note 1)



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

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



		2018/5 to 2019/4	2022/5 to 2023/4	2023/5 to 2024/4	Compared with before COVID-19 pandemic	Compared with the previous year
		(①)	(②)	(③)	(③-①)	(③-②)
HOSHINOYA 4 properties	Guest room occupancy rate	88.9%	77.3%	73.4%	-15.5pt	-3.9pt
	ADR (yen)	74,623	89,203	93,378	+18,755	+4,175
	RevPAR (yen)	66,320	68,925	68,550	+2,230	-375
RISONARE 2 properties	Guest room occupancy rate	88.8%	78.2%	78.8%	-10.0pt	+0.6pt
	ADR (yen)	42,863	66,878	69,760	+26,897	+2,882
	RevPAR (yen)	38,064	52,297	54,947	+16,883	+2,650
KAI 8 properties	Guest room occupancy rate	79.6%	85.6%	81.9%	+2.3pt	-3.7pt
	ADR (yen)	39,260	45,965	48,146	+8,886	+2,181
	RevPAR (yen)	31,256	39,362	39,448	+8,192	+86
OMO7 Asahikawa	Guest room occupancy rate	77.7%	71.5%	80.8%	+3.1pt	+9.3pt
	ADR (yen)	11,507	15,045	16,374	+4,867	+1,329
	RevPAR (yen)	8,935	10,762	13,232	+4,297	+2,470

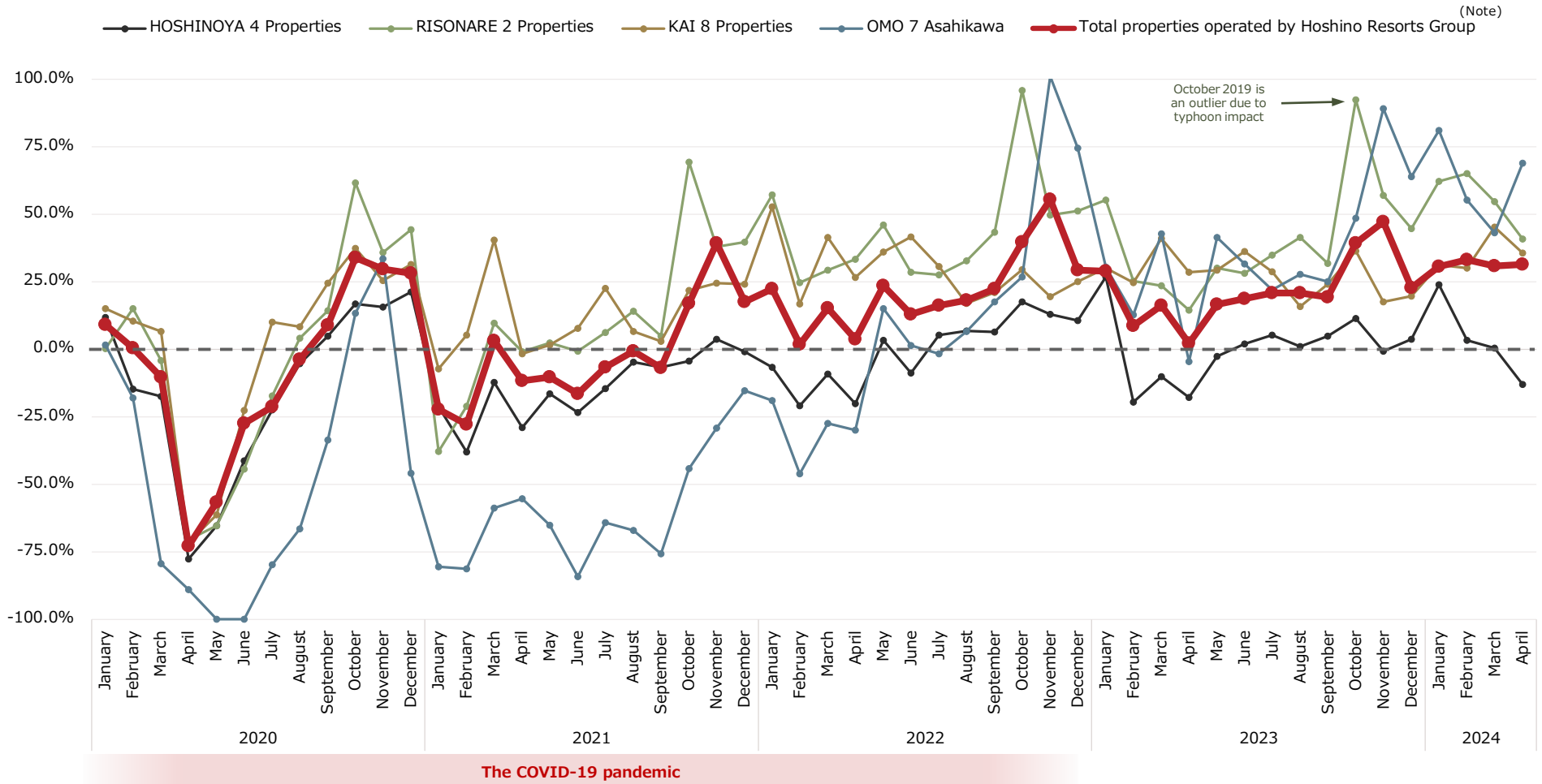
		2018/5 to 2019/4	2022/5 to 2023/4	2023/5 to 2024/4	Compared with before COVID-19 pandemic	Compared with the previous year
		(①)	(②)	(③)	(③-①)	(③-②)
ANA Crowne Plaza 3 properties	Guest room occupancy rate	81.0%	67.3%	71.8%	-9.2pt	+4.5pt
	ADR (yen)	13,200	11,201	13,729	+529	+2,528
	RevPAR (yen)	10,686	7,538	9,855	-831	+2,317
Grand Prince Hotel Osaka Bay	Guest room occupancy rate	72.5%	41.3%	46.3%	-26.2pt	+5.0pt
	ADR (yen)	15,305	18,687	19,488	+4,183	+801
	RevPAR (yen)	11,096	7,724	9,018	-2,078	+1,294
Roadside 22 properties	Guest room occupancy rate	80.8%	75.9%	75.7%	-5.1pt	-0.2pt
	ADR (yen)	6,084	6,309	6,371	+287	+62
	RevPAR (yen)	4,919	4,788	4,822	-97	+34
the b 4 properties	Guest room occupancy rate	93.6%	80.8%	79.3%	-14.3pt	-1.5pt
	ADR (yen)	9,923	8,556	10,463	+540	+1,907
	RevPAR (yen)	9,283	6,916	8,299	-984	+1,383



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 )

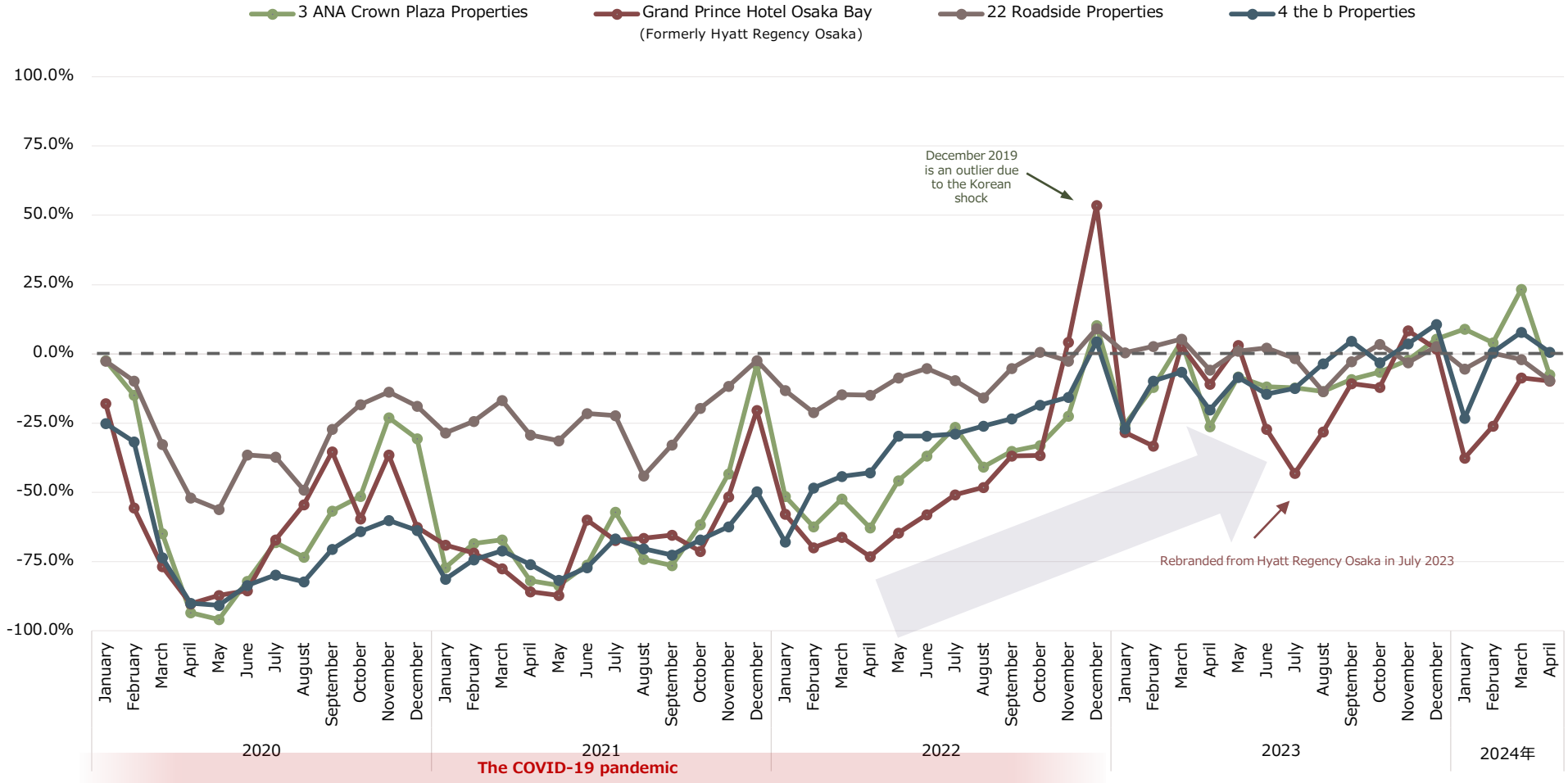
Rate of change in RevPAR compared with 2019





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

## Rate of change in RevPAR compared with 2019



# Summary of real estate appraisal amount, etc.

	Real estate appraisal amount, etc.			Key factors
	End of 22nd FP (Unit: million yen)	VS. previous FP (Unit: million yen)		
<b>Total of 69 properties</b>	<b>224,067</b>	<b>+2,755</b>	<b>+1.2%</b>	
<b>Total for properties operated by the Hoshino Resorts</b>	<b>101,020</b>	<b>+1,393</b>	<b>+1.4%</b>	
5 HOSHINOYA Properties	40,880	+1,230	+3.1%	HOSHINOYA Karuizawa: Increase in operating revenue due to strong performance, decrease in cap rate RISONARE Yatsugatake: Increase in operating revenue due to strong performance, decrease in cap rate KAI Beppu: decrease in cap rate OMO7 Kochi: Decrease in operating revenue because the business has been closed for renovation
2 RISONARE Properties	13,760	+290	+2.2%	
13 KAI Properties	33,680	+333	+1.0%	
Hoshino Resorts Others	12,700	-460	-3.5%	
<b>Total for properties operated by outside operators</b>	<b>123,047</b>	<b>+1,362</b>	<b>+1.1%</b>	
Full-service hotels	52,590	+230	+0.4%	ANA Crowne Plaza Hiroshima: decrease in cap rate theb Asakusa: Increase in operating revenue due to strong performance Chisun Inn Fukui: Increase in operating revenue due to strong performance
Hotels that specialize in accommodation	20,918	+419	+2.0%	
Roadside properties	49,539	+713	+1.5%	
<b>Unrealized profit</b>	<b>25,187</b>	<b>+2,865</b>	<b>+12.8%</b>	



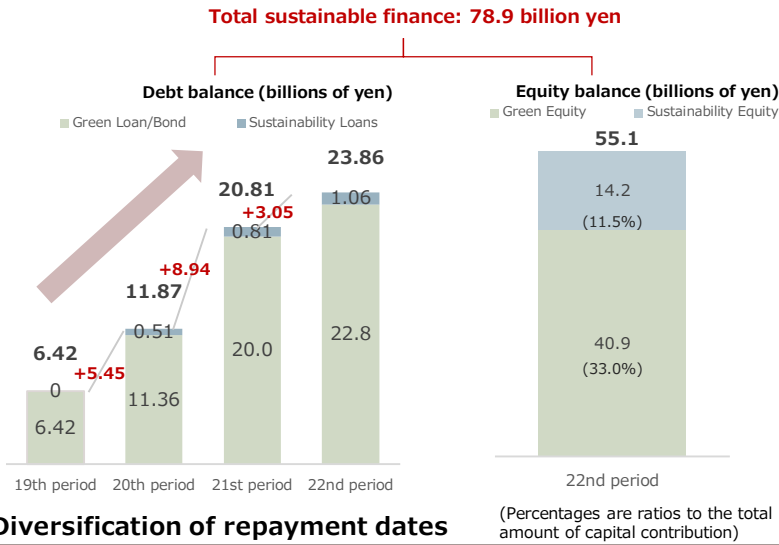
# Flexible financial management and establishment of diverse procurement methods ①

By achieving flexible, diverse procurement methods, we are managing our finances in response to changes in financial conditions.

### Recent initiatives

- Acquired OMO7 Osaka through green equity offerings and green loans, a first for a hotel REIT.
- Implemented financing for up to 9 years with the top 5 banks, leveraging good relationships with the banking syndicate and funding from banks participating in the Bank of Japan's "Climate Response Financing Operations."
- As the first initiative for a J-REIT, procured a seawater desalination plant for "HOSHINOYA Taketomi Island" through a blue loan, contributing to marine conservation and sustainable fisheries.
- Won the ARES ESG AWARD 2023 "Best Recommend (Nominated by Others) Social Category" in January 2024 by securing sustainability finance with environmental improvement effects and social benefits.

### Sustainable financing <sup>(Note 1)</sup>

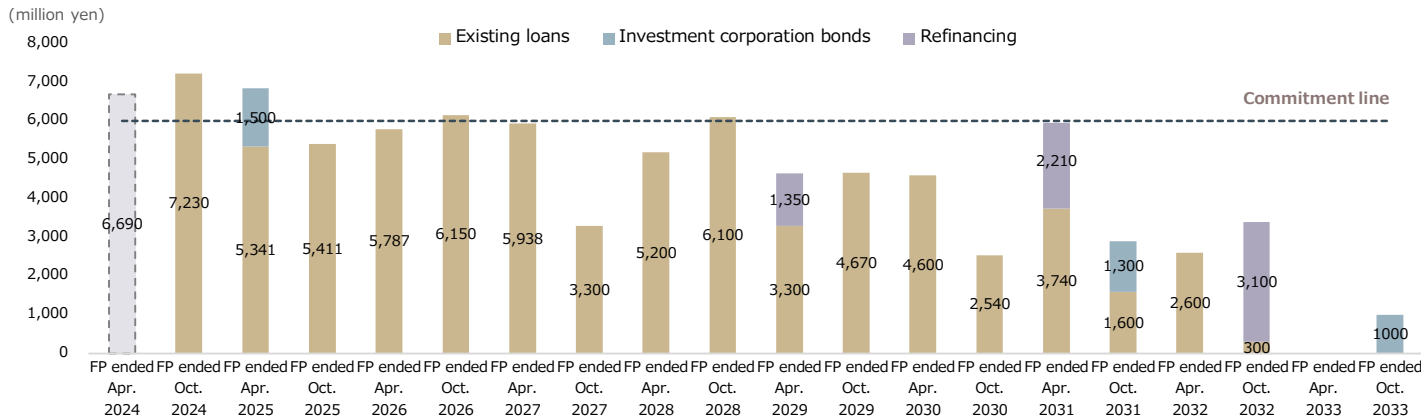


### First procurement via blue loan by J-REIT

- HRR became the first J-REIT to borrow funds via a "blue loan," a loan designated for businesses that contribute to marine conservation and sustainable fishing.
- The funds procured via this blue loan were applied to the funding required for the capital investment in the seawater desalination equipment introduced in "HOSHINOYA Taketomi Island" in February 2021.
- At "HOSHINOYA Taketomi Island," seawater is processed into fresh water for self-supply, leading to the elimination of providing bottled mineral water in the guest rooms, totaling about 40,000 bottles annually. This initiative is part of promoting sustainable hotel business operations.



### Diversification of repayment dates



As of April 30, 2024

### Key financial indicators

(As of April 30, 2024)

Fixed interest rate: 98.9%

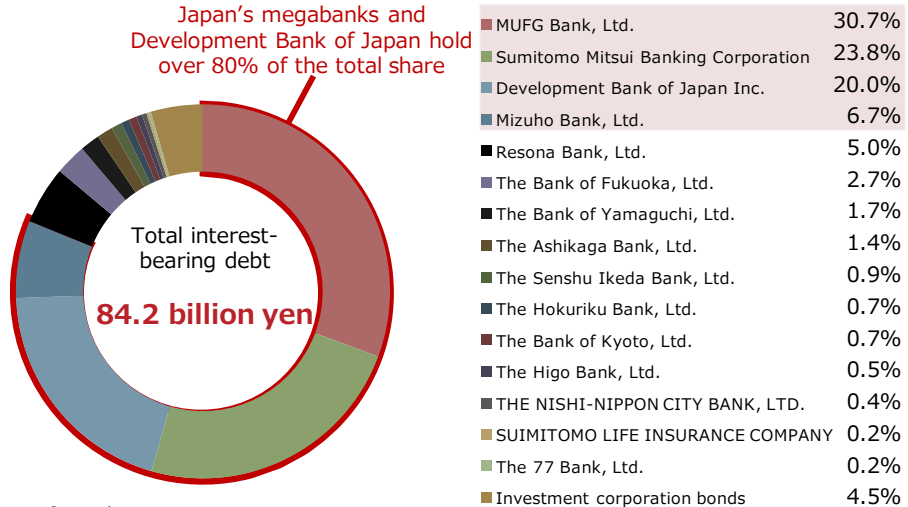
(Note 2)  
Fixed interest rate: 98.9%

Average remaining period:  
4.0 years

Average margin: 0.94%

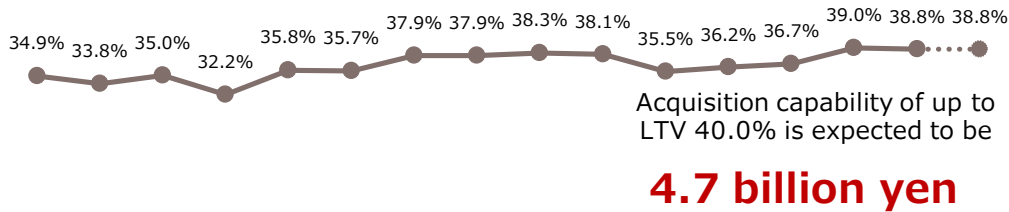
# Flexible financial management and establishment of diverse procurement methods ②

## Lender formation



As of April 30, 2024

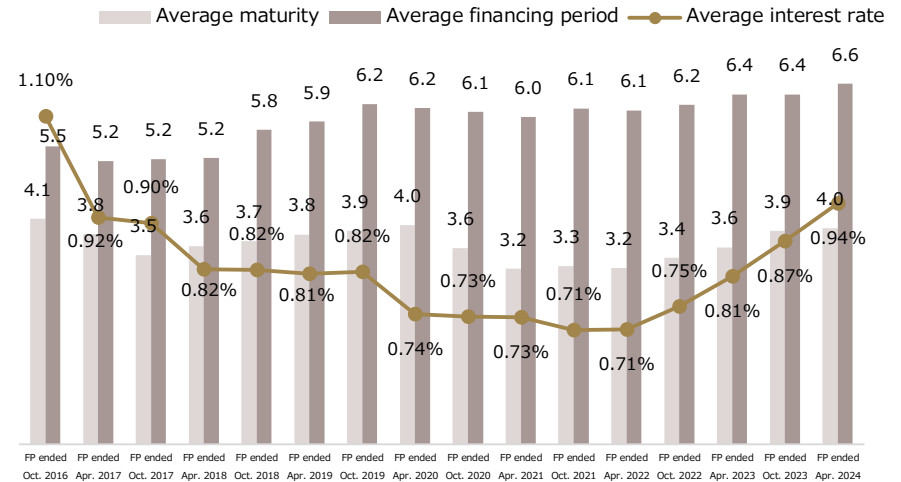
## Change in LTV



## 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	<b>A+ (stable)</b>	<b>SU1 (F)</b>	<b>Green1 (F)</b>	<b>A (stable)</b>

## Change in procurement conditions



FP ended Apr. 2017, Oct. 2017, Apr. 2018, Oct. 2018, Apr. 2019, Oct. 2019, Apr. 2020, Oct. 2020, Apr. 2021, Oct. 2021, Apr. 2022, Oct. 2022, Apr. 2023, Oct. 2023, Apr. 2024, Oct. 2024 (forecast)

## Aim for new co-existence with the natural environment by applying energy-saving wisdom of Japanese architecture

HRR believes this property is designed under a construction plan that updates intrinsic, passive environmental control technologies of Japanese architecture to contemporary formats and aims for a sustainable hotel with an eye on the next 100 years.

### Wisdom of Japanese architecture



Bamboo blinds and shoji screens to reduce direct solar radiation



Deep eaves to block solar heat



Thatched air layers to insulate heat



Water sprinkling and plant transpiration to vaporize heat and drop temperature

### Utilization in OM07 Osaka

External membranes to reduce solar radiation load



Large eaves to reduce solar radiation load



Roof air layers to realize high-performance heat insulation

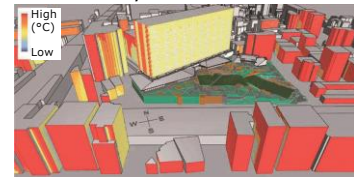


Irrigation and green square's plant transpiration to drop temperature

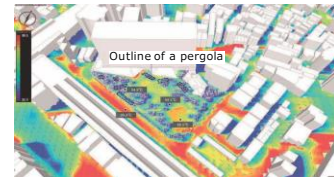


## Examples of analyzing effects of each technology (Note 1)

By wrapping buildings in exterior membranes, membrane materials produce an effect like bamboo blinds and block direct sunlight on concrete frames. Solar radiation from windows is planned to be reduced by 30-45%.



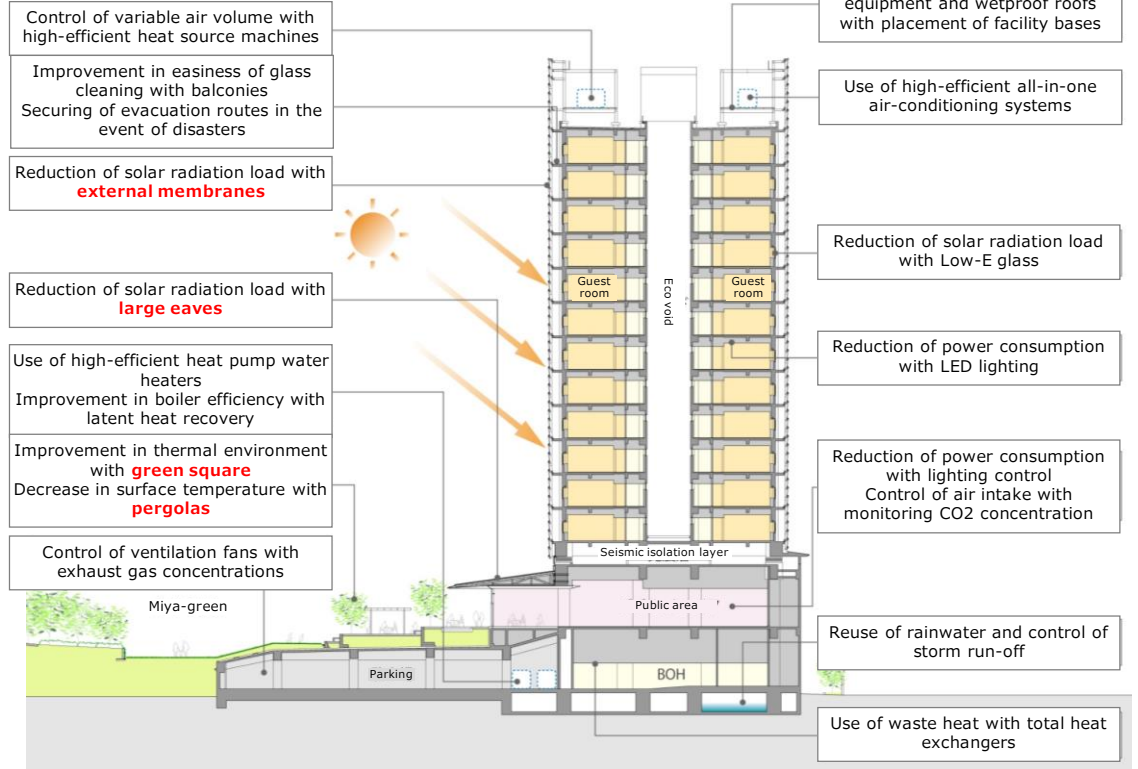
The green square "Miya-green" has pergolas and includes greenery with around 200 plantings and approximately 1,700 m<sup>2</sup> of grass, helping to reduce the heat island effect.



## Protect buildings from solar heat with passive environmental controls that use wisdom of traditional technologies as a motif

### Cross-sectional diagram

(Note 2)



The hotel acquired the highest 5 stars in the third-party certification under BELS (Building-Housing Energy-efficiency Labeling System) in 2022. The hotel was also certified as "ZEB Oriented." (Note 4)



## Award winner for "commercial facility and other architecture category in the 2022 Osaka Environmentally Friendly Architecture Award" (Note 5)

The hotel won the "award for commercial facility and other architecture category in the 2022 Osaka Environmentally Friendly Architecture Award." The hotel was recognized for its contribution to controlling an urban heat island effect through a unique idea utilizing technologies of Japanese architecture and improving the landscape in the area.

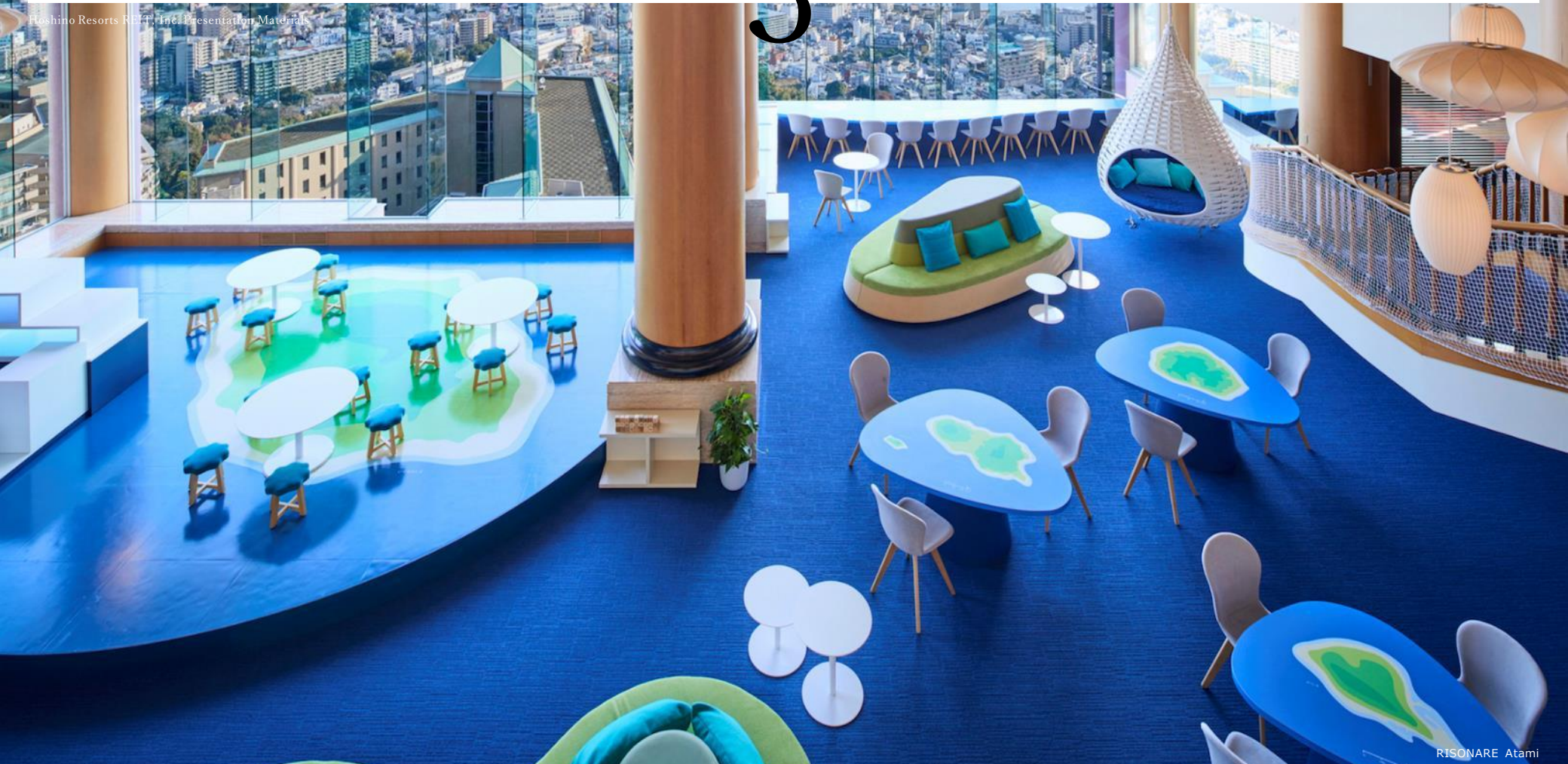
TOPICS



CHAPTER

# 3

Fushino Resorts REIT, Inc. Presentation Materials

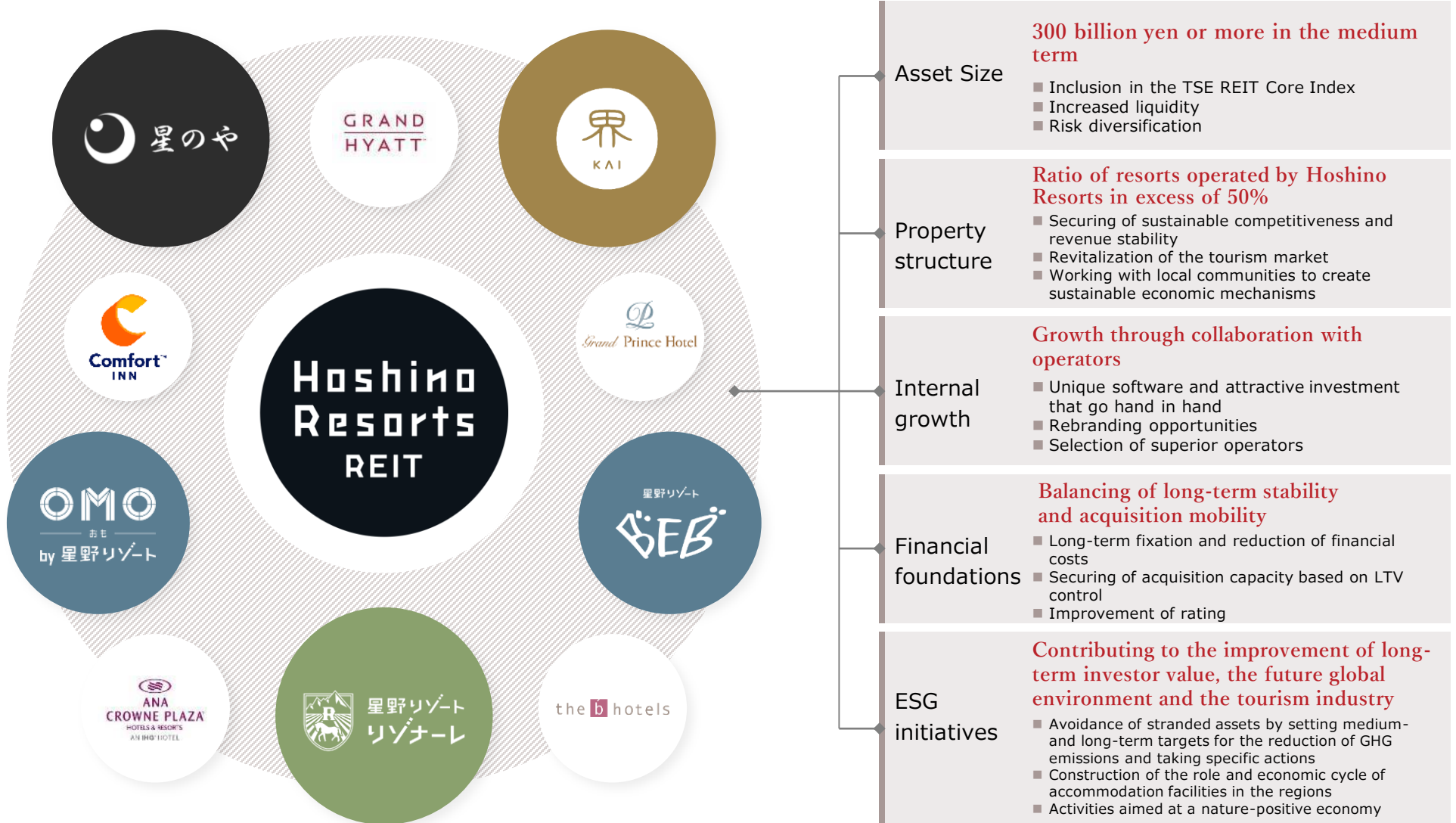


RISONARE Atami

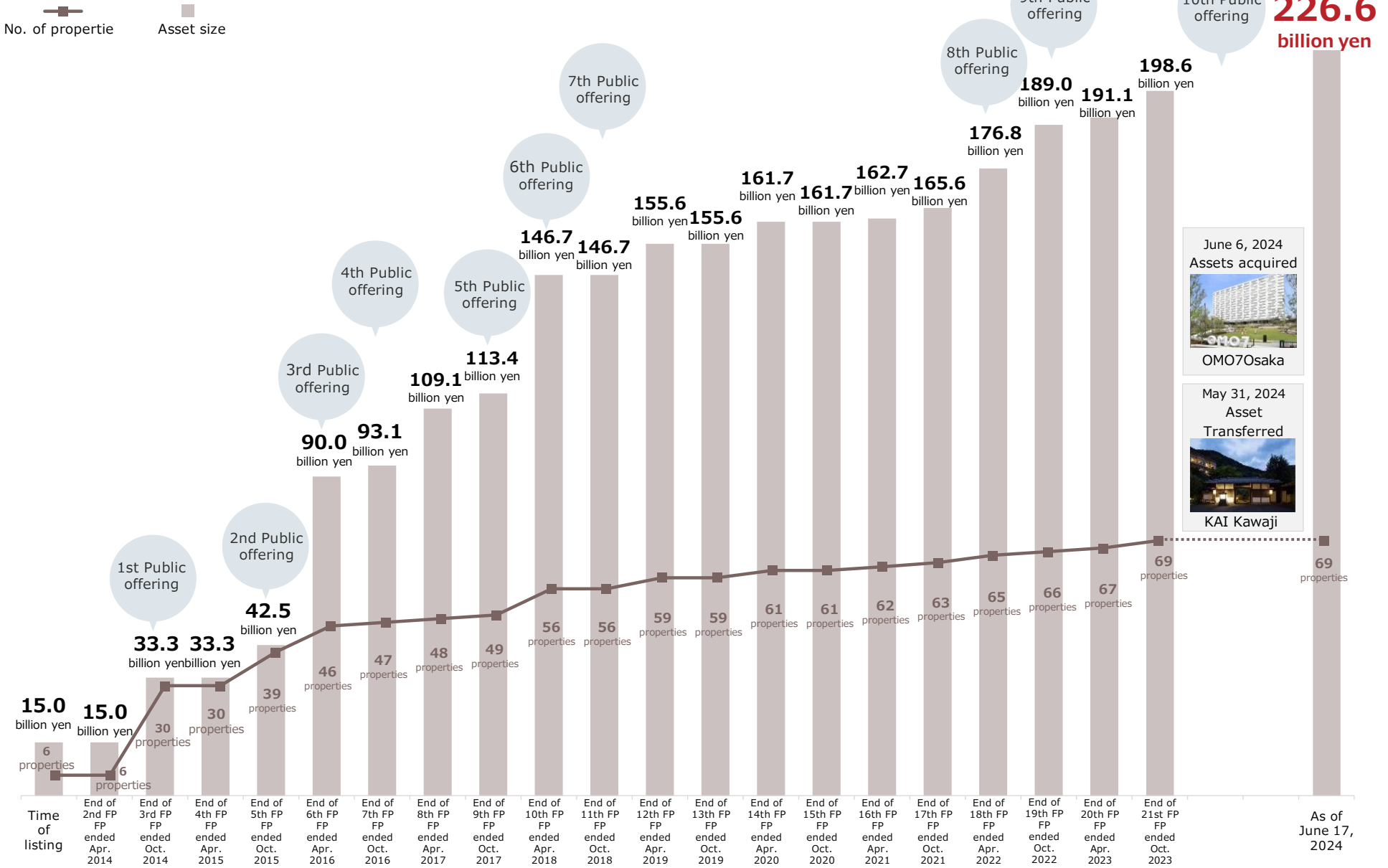
Future operation strategy

# 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



# Steady growth in asset size



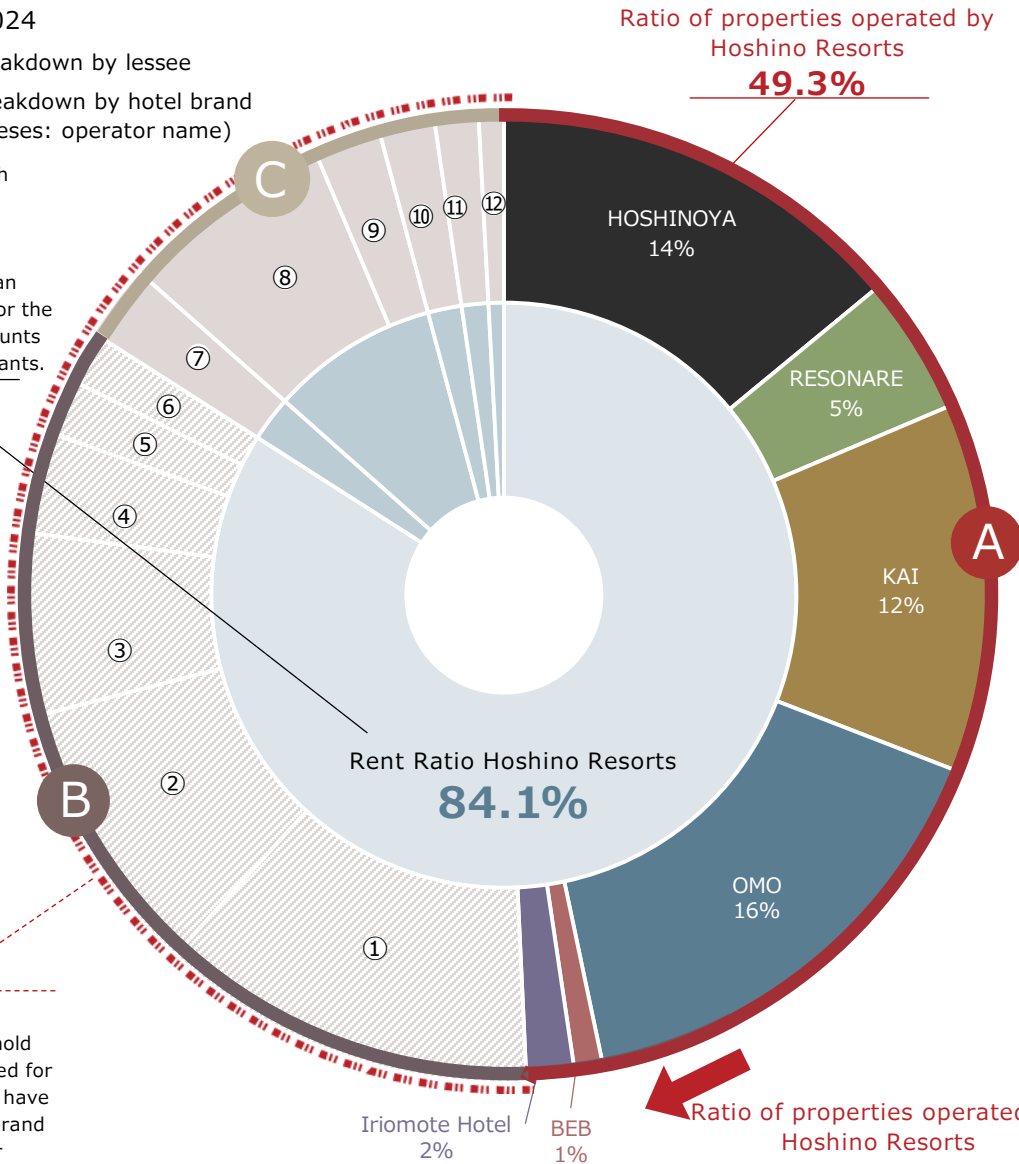


# Portfolio structure (based on acquisition price)

As of June 17, 2024

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

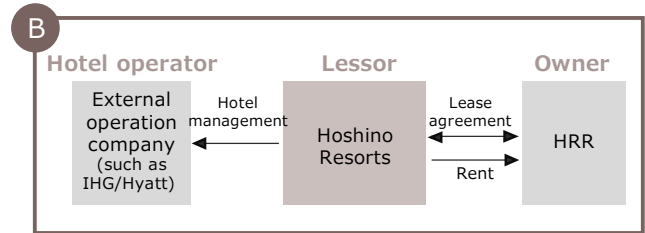
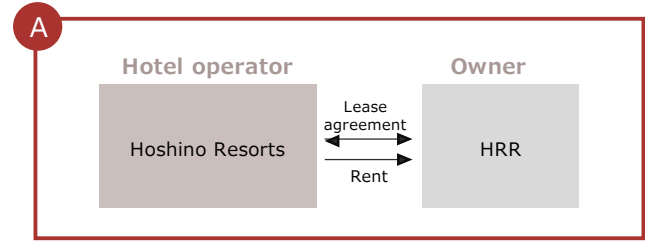
Hoshino Resorts, which continued to pay rent without reductions or deferrals through the COVID-19 pandemic, an unprecedented crisis for the tourism industry, accounts for the majority of tenants.



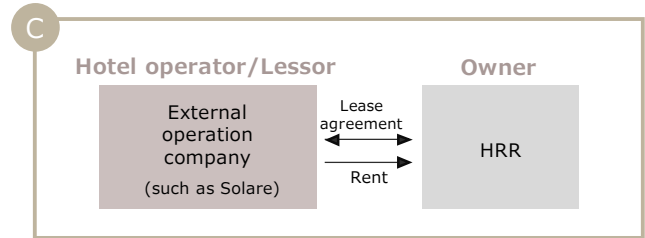
For brands other than Hoshino Resorts, we hold properties that are used for tourism purposes and have the opportunity to rebrand to Hoshino Resorts, or properties with fully fixed rents that are expected to have stable rents.

Ratio of properties operated by Hoshino Resorts **49.3%**

Ratio of properties operated by Hoshino Resorts **Targeting excess of 50%**



- ① ANA Crowne Plaza (IHG/ANA) 13%
- 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%



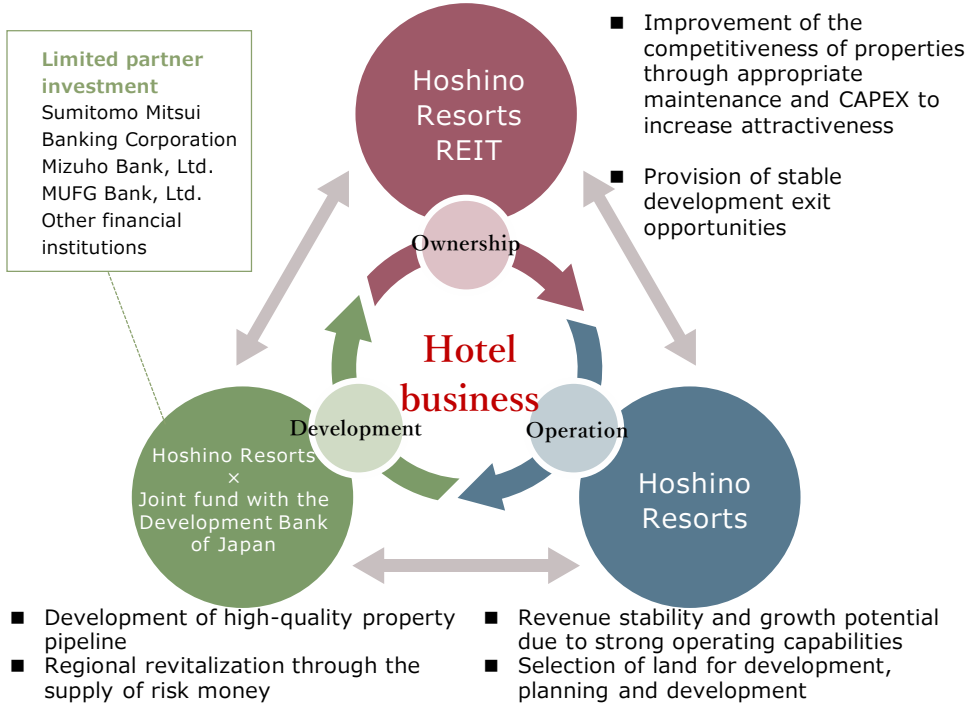
- ⑦ the b Asakusa (Ishin) 2%
- ⑧ Comfort Inn (Greens) 7%
- ⑨ Comfort (Greens) 2%
- ⑩ Candeo (Candeo) 2%
- ⑪ Quintessa (Core Global) 1%
- ⑫ HOTEL VISTA (Vista) 1%

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>

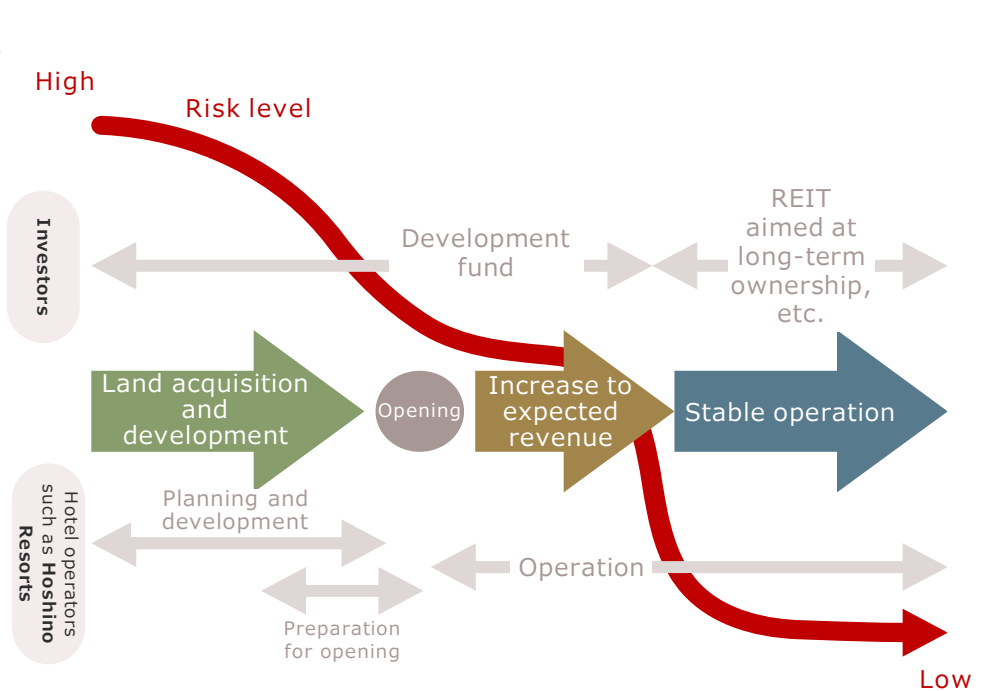
# Abundant acquisition opportunities through DBJ joint fund, a jointly managed fund by Hoshino Resorts and Development Bank of Japan

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



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



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

Properties already acquired by HRR	Hoshino Resorts x DBJ joint fund owned properties
<ul style="list-style-type: none"> <li>KAI Alps</li> <li>KAI Nagato</li> <li>KAI Kirishima</li> <li>KAI Beppu</li> <li>HOSHINOYA Okinawa (77.47% total shareholding)</li> <li>OMO7 Osaka (Acquired on June 6, 2024)</li> </ul> <p><b>6 properties 58.2 billion yen</b></p>	<ul style="list-style-type: none"> <li>RISONARE Nasu</li> <li>HOSHINOYA Okinawa (22.53% total shareholding)</li> <li>KAI Poroto</li> <li>KAI Unzen</li> <li>RISONARE Shimonoseki</li> </ul>

# List of the property pipeline

## Hoshino Resorts x DBJ joint fund owned properties (partial)



**RISONARE Nasu**  
Start of operation: 2019



**HOSHINOYA Okinawa**  
Start of operation: 2020



**KAI Poroto** Start of operation: 2022



**KAI Unzen** Start of operation: 2022



**RISONARE Shimonoseki:**  
Start of operation (planned ): 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 (plan) <sup>(Note 1)</sup>	OMO5 Hakodate

### Hoshino Resorts development projects (partial)

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

### Hoshino Resort Tourism Revitalization Fund Project <sup>(Note 2)</sup>

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

### ALL-JAPAN Tourism Nation Fund Project <sup>(Note 3)</sup>

Start of operation	Facility name
2022	KAI Izumo
2023	OMO Kansai Airport

### Third-party owned facilities (partial) <sup>(Note 4)</sup>

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



# Future development and openings

## List of facilities to be opened from June 2024 and onward



⑧ RISONARE Shimonoseki  
To be opened in the fall of 2025



⑦ HOSHINOYA Nara Prison  
To be opened in the spring of 2026



⑥ KAI Okuhida  
To be opened in the fall of 2024

HOSHINOYA Lodge Niseko  
(provisional name)  
To be opened in 2026



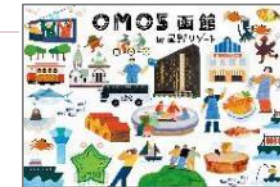
① KAI Teshikaga  
To be opened in 2026



⑨ OMO7 Kochi  
Renewed on June 13, 2024



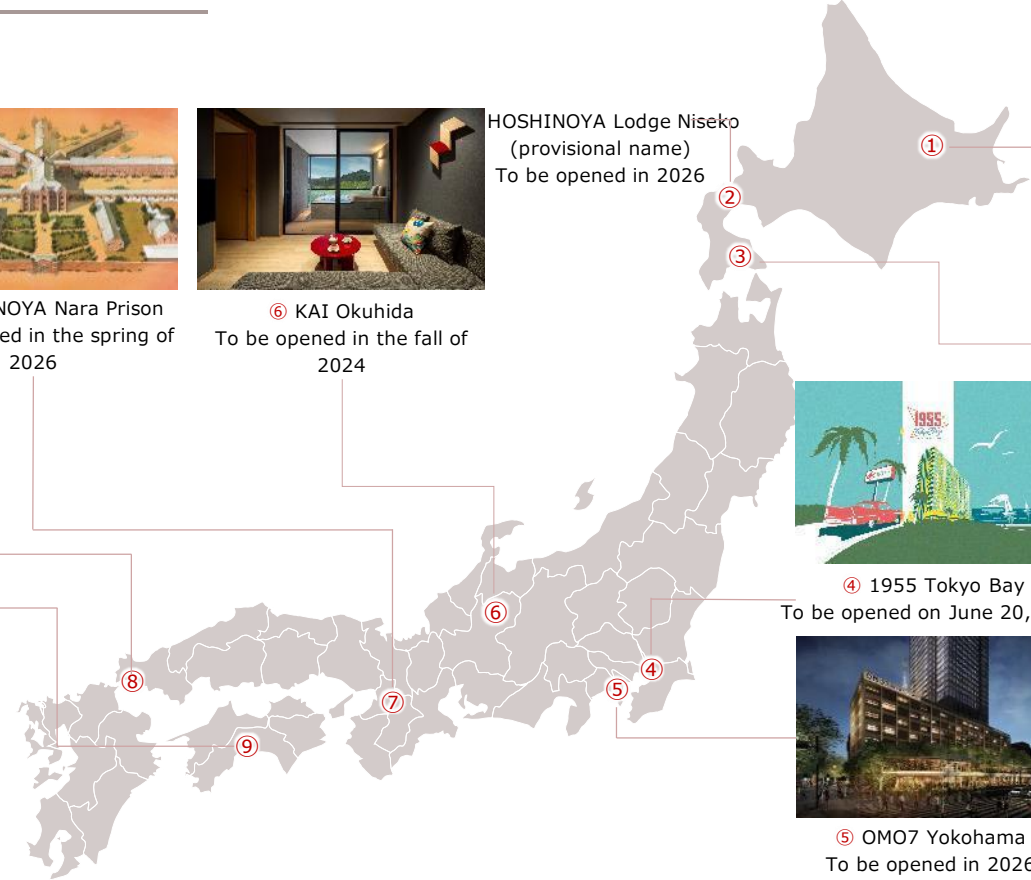
④ 1955 Tokyo Bay  
To be opened on June 20, 2024



③ OMO (Hakodate)  
To be renewed in the summer of 2024



⑤ OMO7 Yokohama  
To be opened in 2026



### TOPICS Major initiatives of Hoshino Resorts

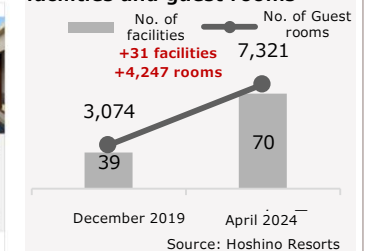
#### Renewal of official website

- Newly born content "Discover trips" that is searchable and discoverable from photos

Amid the diversification of trip needs, the renewed pages enable customers to meet facilities and experiences in a more diversified manner, although the previous website could not narrow information down only by area or brand. From photos, trip themes and featured articles, customers can intuitively discover curious facilities, guest rooms, onsen, meals and experiences across the Hoshino Resorts' facilities.



#### Transition in the number of facilities and guest rooms



# CHAPTER

# 4

Hoshino Resorts REIT, Inc. Presentation Materials



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

### CSV: Creating Shared Value

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

HOSHINOYA Okinawa

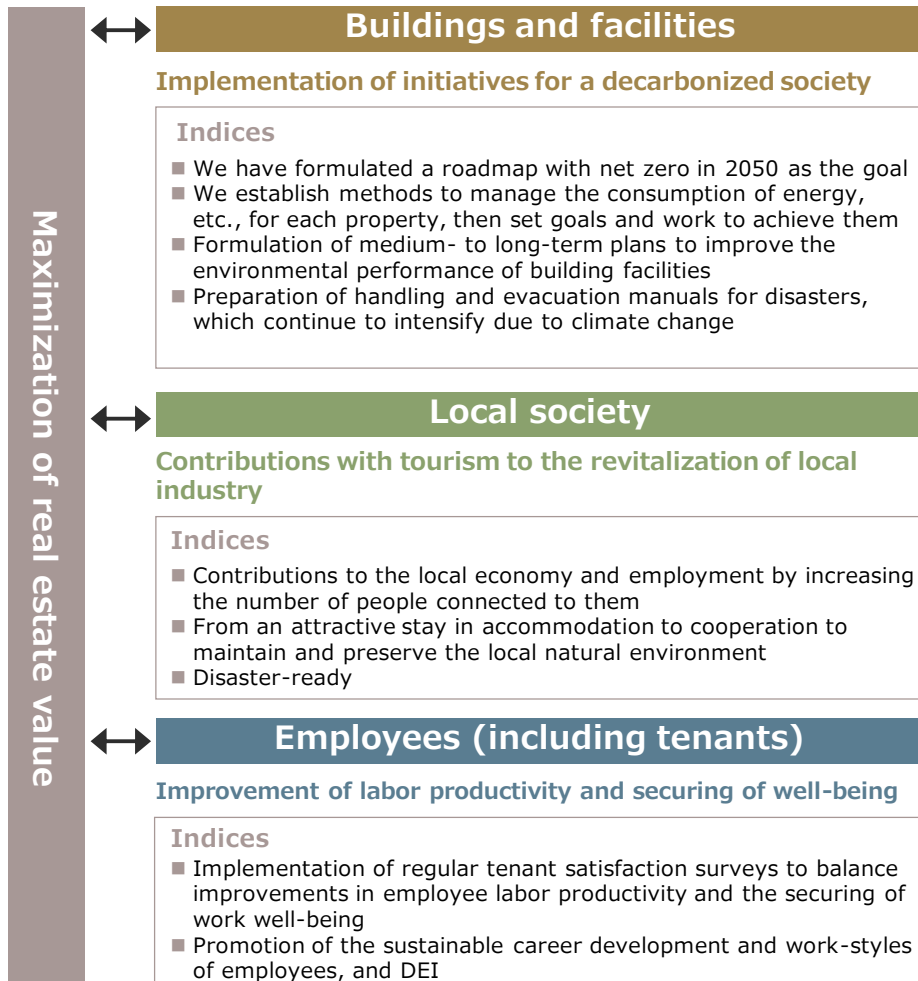
## ESG initiatives



# Building an ecosystem unique to the tourism industry

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

## An ecosystem unique to the tourism industry

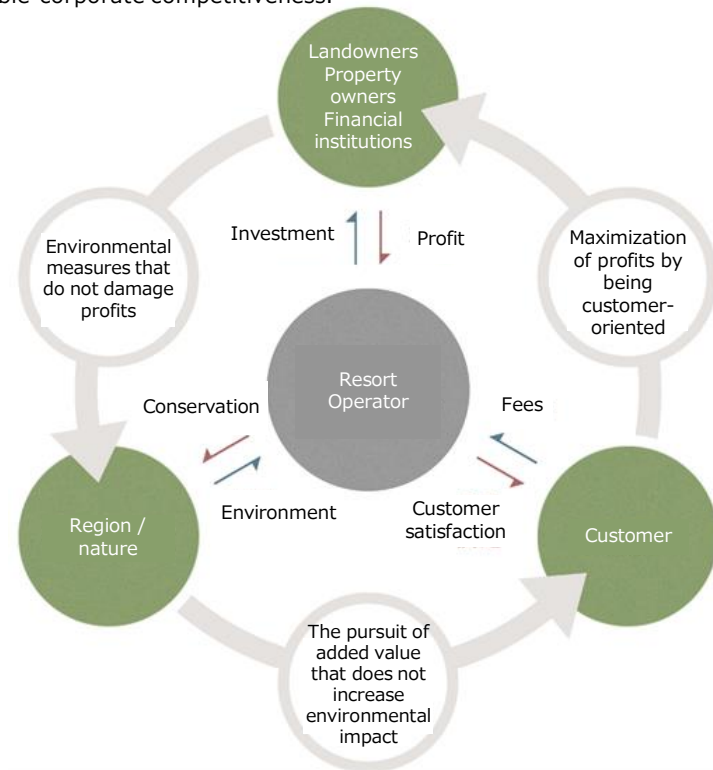


## Hoshino Resorts' environmental management

### Ecosystem of coexistence and co-prosperity

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

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





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

## HOSHINOYA Karuizawa – 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 the 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 a sustainable resort operation.



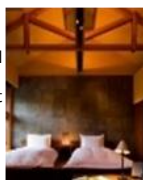
### Utilization of natural energy



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.

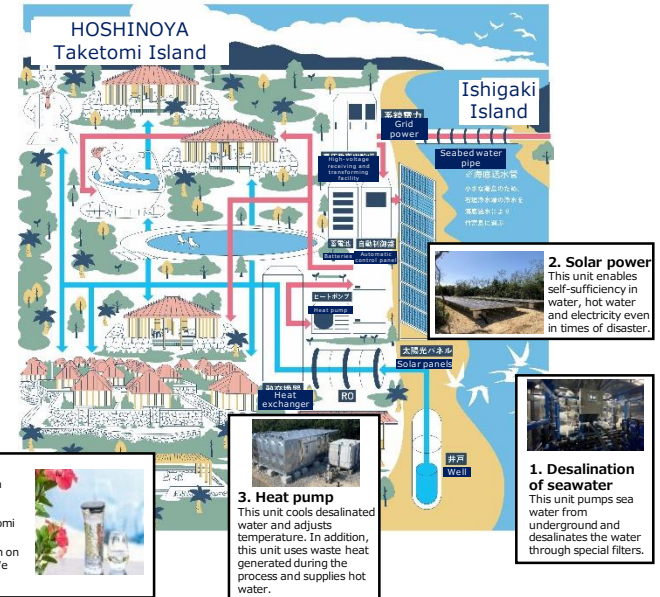


In order to establish a commercial complex while maintaining nature, the wood deck separates the activity area from the soil and allows plants, organisms and people to coexist beautifully.

- 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

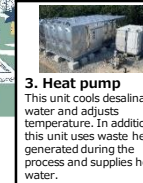
We installed a seawater desalination heat source hot water heat pump unit (Note) to enable self-sufficiency in drinking water. Not only does this prepare us to supply water to the people on the island in times of disaster, but it also contributes to reducing CO2 emissions. Furthermore, Hoshino Resorts has also concluded a partnership agreement with the Taketomijima Regional Foundation to conserve the natural environment and the sustainable island culture.



### Other effects

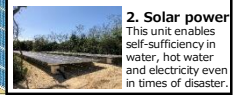
**E:** We discontinued the provision of mineral water in plastic bottles in guest rooms, which had reached approximately 40,000 bottles per year. This has contributed to environmental conservation on Taketomi Island.

**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.



### 3. Heat pump

This unit cools desalinated water and adjusts temperature. In addition, this unit uses waste heat generated during the process and supplies hot water.



**2. Solar power**  
This unit enables self-sufficiency in water, hot water and electricity even in times of disaster.



**1. Desalination of seawater**  
This unit pumps sea water from underground and desalinates the water through special filters.

## "Iriomote Hotel" - Efforts to realize "ecotourism resort"

Iriomote Island, blessed with rich natural beauty including Japan's largest subtropical forest and rare endemic species such as the Iriomote wildcat, was designated as a UNESCO World Natural Heritage site in 2021. In efforts to preserve the natural environment while promoting sustainable tourism, activities are underway to establish Japan's first "ecotourism resort," involving the participation of visitors in conservation efforts.

### ■ Ecological hotel management

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



### ■ Nature tour to feel the attractiveness and values of the island

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

### ■ Activities to protect the Iriomote cat

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



# Environmental (E) initiatives

## Environmental performance (Note 1)

### Energy consumption

Period (Note 2)	FY2021	FY2022	FY2023
No. of properties (Note 3)	61	63	65
Energy consumption (MWh)	163,150	172,256	186,039
Energy consumption per basic unit (Note 4) (kWh/m <sup>2</sup> )	330.5	333.7	354.1

### GHG emissions

Period (Note 2)	FY2021	FY2022	FY2023
No. of properties (Note 3)	61	63	65
Greenhouse gas (GHG) emissions (t-CO <sub>2</sub> )	51,274	54,929	61,784
Greenhouse gas (GHG) emissions per basic unit (Note 6) (kgCO <sub>2</sub> /m <sup>2</sup> )	103.9	106.4	117.6

### Green lease agreements

- A green lease means that building owners and tenants work together and voluntarily decide on the reduction of environmental impacts such as energy efficiency of real estate and the improvement in a working environment, execute arrangements such as agreements and memorandums, and put the agreed content into practice.
- By performing green lease agreements, we are striving to improve income through reduction of costs such as utility expenses and the earth environment.

#### Green lease agreements concluded (as of June 17, 2024)

Number of properties with a green lease agreement executed

36/69 properties

Execution ratio based on leasable floor area (Note 8, 9)

90.2%

### Water consumption

Period (Note 2)	FY2021	FY2022	FY2023
No. of properties (Note 3)	60	63	66
Water consumption (m <sup>3</sup> )	1,505,654	1,708,488	1,682,120
Water consumption per basic unit (Note 5) (m <sup>3</sup> /m <sup>2</sup> )	3.1	3.2	3.1

### Waste

Period (Note 2)	FY2021	FY2022	FY2023
No. of properties (Note 3)	50	59	61
Amount of waste (t)	2,442	3,647	4,171
Recycling ratio (Note 7) (%)	20.1	21.9	21.2

## External sustainability evaluation (Note 10)

### ■ CASBEE

Evaluation	Name of property (evaluated building(s)) *Properties in blue are newly acquired properties
S-rank ★★★★★	HOSHINOYA Karuizawa (Harunire Terrace)

### ■ BELS Certified on after April 1, 2024

Due to changes in operators and rebranding, we obtained certifications again under the new "Building-Housing Energy-efficiency Labeling System."

Evaluation	Name of property *Properties in blue are newly acquired properties
★★★★☆☆	Comfort Inn Kofu Isawa, Comfort Inn Munakata, Comfort Inn Ichinoseki IC
★★☆☆☆☆	Comfort Inn Karuizawa, Comfort Inn HimejiYumesakibashi, Comfort Inn Kurashiki Mizushima
★☆☆☆☆	Comfort Inn Zentsuji

### ■ BELS Certified before March 31, 2024

Evaluation	Name of property (evaluated building(s)) *Properties in blue are newly acquired properties
★★★★★	KAI Kinugawa (lobby and guestroom building, etc.), KAI Kaga (new building), KAI Nagato (main building), KAI Kirishima KAI Beppu, HOSHINOYA Okinawa (guestroom buildings 1 to 7, etc.), the b asakusa, OMO7 Osaka
★★★★☆	KAI Alps (front wing), Candeo Hotels Sano, Iriomote Hotel (hotel building)
★★★☆☆	Quintessa Hotel Osaka Shinsaibashi, HOSHINOYA Taketomi Island (part of guest room Zuki Villas) HOSHINOYA Kyoto (Guestroom buildings 8, etc.), HOTEL VISTA MATSUYAMA, KAI Aso Grand Prince Hotel Osaka Bay (THE GUEST HOUSE)
★★☆☆☆	BEB5 Karuizawa, Comfort Inn Chiba Hamano R16 (Note 11), ANA Crowne Plaza Hiroshima Comfort Hotel Takamatsu, KAI Tamatsukuri, Candeo Hotels Handa, Candeo Hotels Chino Candeo Hotels Fukuyama, Candeo Hotels Kameyama
★☆☆☆☆	ANA Crowne Plaza Toyama

### ■ CDP (Carbon Disclosure Project)

Through CDP, an international non-profit organization with the world's most extensive environmental database based on TCFD-compliant questionnaires, more than 23,000 companies worldwide disclose environmental information and utilize its assessment process currently. From 2024, HRR is preparing disclosure through CDP in order to pursue climate change initiatives and increase transparency of information disclosure.

# Social (S) initiatives

## Enhancement of talent acquisition pipelines – Renewal of Asset Management Company’s website

### Hoshino Resort Asset Management Co., Ltd.

- Amid increasingly fierce competition for talent acquisition, the Asset Management Company is positively working to employ and leverage diverse people regardless of conventional methods.
- As part of the efforts, the Asset Management Company renovated its website significantly. The website has new pages for value creation history, interviews with board members and employees, working environment and recruitment, and expresses uniqueness as the Hoshino Resorts visually.
- This renovation has enhanced matching in recruitment and pipelines for talent acquisition. Among existing employees, this renovation has created a positive effect of generating common recognition for an organizational culture through each content and enhancing the culture further.

## 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

We have promoted activities that respect engagement with local industries and inherited history, deliver attractiveness of stays from operators to their customers, and help local cultural promotion and economic vitalization.

### OMO by Hoshino Resort – OMO Rangers

- OMO Rangers plan and conduct guided tours in which guests can fully enjoy urban tourism unique to OMO. These have contributed to developing various local communities.

#### OMO7 Osaka Discover Dashi Tour

Guests and OMO Rangers go around the Kizu Wholesale Market, hear stories from broth (dashi)wholesalers and experience broth culture in Osaka



## Hoshino Resorts KAI - handcraft moments

- At KAI, we hold “Handcraft Moments,” a cultural experience that allows guests to see up close and personal the rare skills of artisans, artists, and producers who carry on the local culture, and to do so together with them.

### KAI Hakone x Tsuyuki Woodcraft, a parquetry craft studio in Hakone

Guests learn about the process where wood transforms into beautifully patterned parquetry pieces, and experience “zuku” hiki, a manual work using a craftworker's plane to shave patterns



## Grand Hyatt Fukuoka – Vitalization of local agricultural industry

- Grand Hyatt Fukuoka seeks local quality ingredients, works on local production for local consumption in collaboration with local farms, and promotes vitalization of the agricultural industry.

### Yame tea of Manako Tea Farm

Through events with a producer and full-course meals using Yame tea, guests rediscover the attractiveness of Yame tea that celebrated its 600th anniversary





CHAPTER

# 5

Hoshino Resorts REIT, Inc. Presentation Materials



星野温泉旅館（開業当時）

Appendix (1): About Sponsor Hoshino Resorts

# The history of Hoshino Resorts



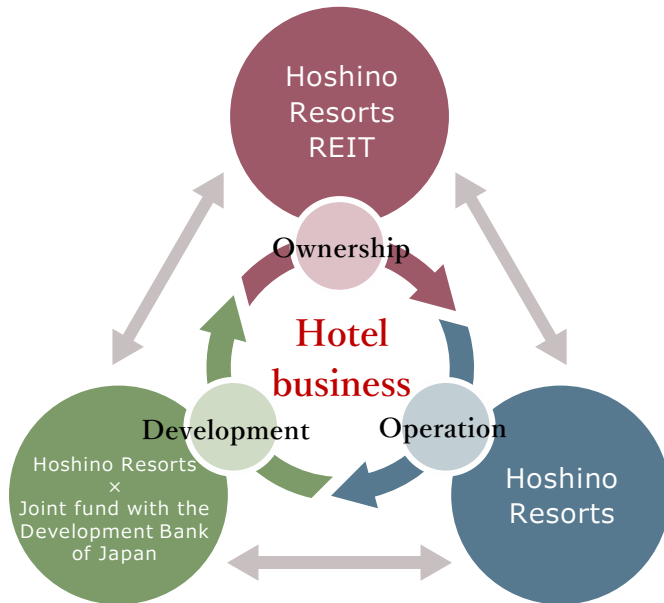
Introduction of the History of Hoshino Resorts (in Japanese)

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

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

### Phase (2) 2001 to 2010

Revitalized large resorts and hot spring ryokan projects and launched three major brands

- 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

### Phase (3) 2011 to 2020

Built a business model separating ownership, operations and development

- 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

### Phase (4) 2021–

Taking Japanese ryokan to the world

- 2021 Acquisition of WBF as a subsidiary

### As of April 2024

**Hoshino Resorts operates 65 accommodation facilities in Japan and 5 overseas.**

# About Hoshino Resorts Brand

## Hoshino Resorts - Seven journeys - Seven Spheres of Delight



**HOSHINOYA**  
HOSHINOYA

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



**RISONARE**  
RISONARE

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



**KAI**  
KAI

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



**OMO**

Exciting urban hotels

City tourism hotel to discover the city



**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



**Other unique accommodation facilities**

Other Unique Lodgings

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



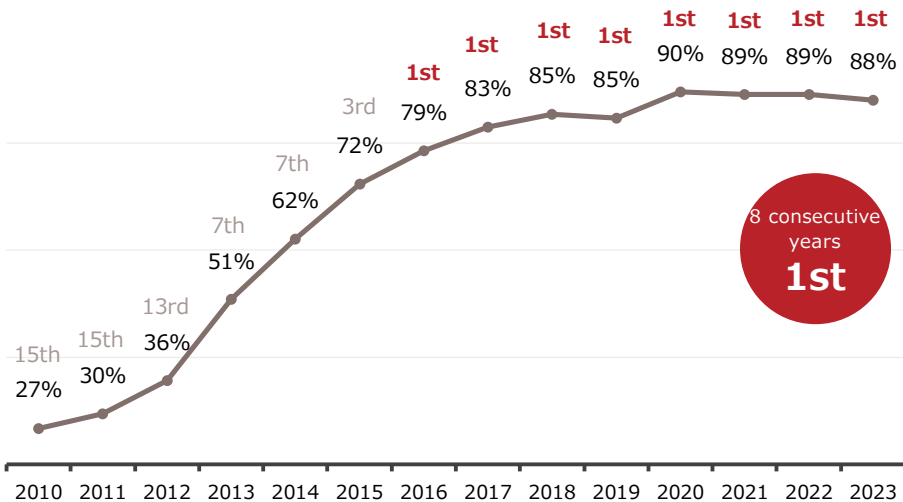
**Daytrip facilities**

Daytrip Destinations

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

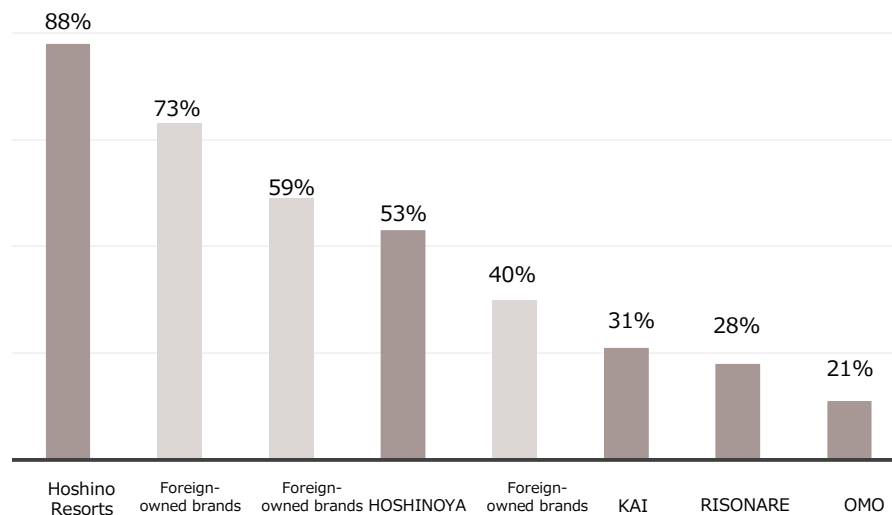
### Change in Hoshino Resorts hotel brand recognition (Japan)

(Source) Hoshino Resorts survey



### Recognition by hotel brand (2023)

(Source) Hoshino Resorts survey





# Three points for building a long-term competitive advantage

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

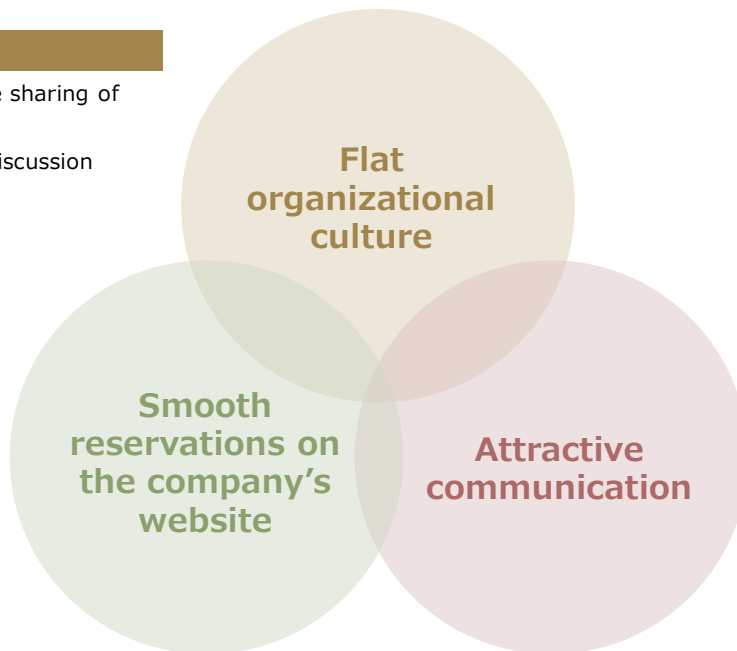
## Three points

### Flat organizational culture

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

### Smooth reservations on the company's website

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



### Attractive communication

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

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

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

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

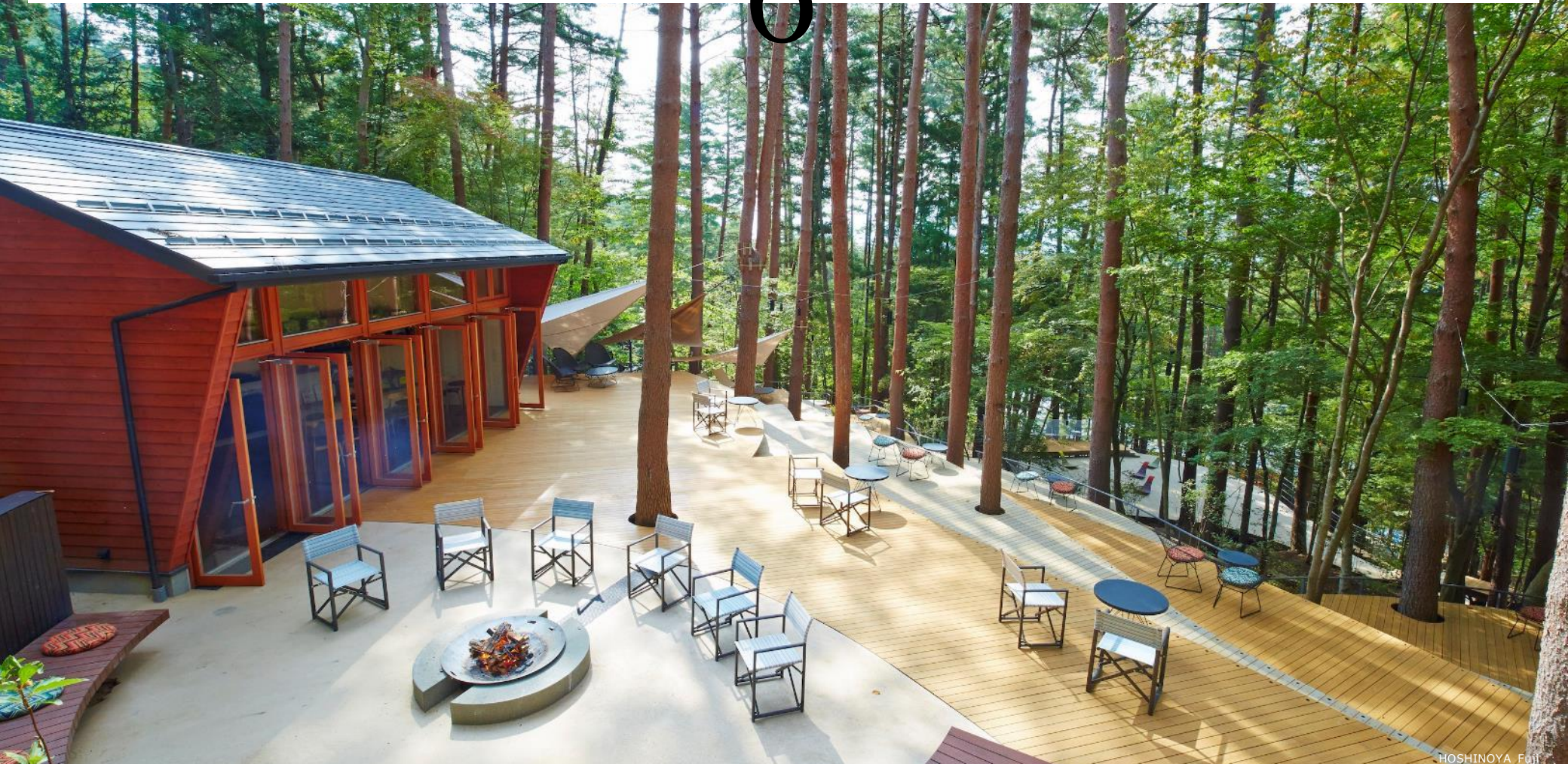
Hoshino Resort representative: Yoshiharu Hoshino





CHAPTER

# 6



HOSHINOYA Fuji













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 June 17, 2024











Operator	Hoshino Resorts					
Brand	 星のや HOSHINOYA	 Hoshino Resorts RISONARE	 界 KAI	 OMO おも by 星野リゾート	 星野リゾート BEB	
Genre	Luxury hotels	Resort hotels	Luxury hot spring ryokan	City tourist hotels	Casual hotels	Other unique accommodation facilities
Brand overview	A brand that tempts you with the overwhelmingly extraordinary with original themes	Resort hotels with sophisticated design and plenty of activities	High-quality hot spring ryokan focused on a pleasant Japanese atmosphere, where guests rediscover regional charm	Exciting urban hotels	More than a tavern, less than a trip, hotels where everybody spends their time in a laid-back way	Unique resort hotels and onsen ryokans in Japan and other countries
(Note 1) Annual ADR	(Note 2) About 93,000 yen	About 70,000 yen	(Note 3) About 48,000 yen	(Note 4) About 16,000 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	12	3	1	1
Total acquisition price (ratio)	31,803 million yen (14.0%)	10,383 million yen (4.6%)	27,823 million yen (12.3%)	35,819 million yen (15.8%)	2,170 million yen (1.0%)	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 June 17, 2024

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 <sup>(Note)</sup>	About 14,000 yen	About 33,000 yen	About 19,000 yen	About 10,000 yen	-
Representative facilities	 ANA Crowne Plaza Toyama	 Grand Hyatt Fukuoka	 Grand Prince Hotel Osaka Bay	 the b akasaka	 Comfort Inn Niigata Kameda
No. of properties owned	3	1	1	5	22
Total acquisition price (ratio)	28,401 million yen ( 12.5% )	7,700 million yen ( 3.4% )	13,866 million yen ( 6.1% )	26,430 million yen ( 11.7% )	15,995 million yen ( 7.1% )

## Properties operated by Hoshino Resorts

Name of property	Before COVID-19		Compared with the same period in 2019
	May. 2018 – Apr. 2019	May 2023 – Apr. 2024	
HOSHINOYA Karuizawa	34.6%	35.2%	+0.6pt
HOSHINOYA Kyoto	55.0%	61.6%	+6.6pt
HOSHINOYA Fuji	50.2%	67.9%	+17.7pt
HOSHINOYA Taketomi Island	7.7%	7.7%	-0.0pt
HOSHINOYA Okinawa	-	30.4%	-
RISONARE Yatsugatake	1.1%	0.5%	-0.6pt
RISONARE Atami	2.2%	2.6%	+0.4pt
KAI Matsumoto	6.1%	10.2%	+4.1pt
KAI Tamatsukuri	3.4%	4.2%	+0.8pt
KAI Ito	5.0%	9.6%	+4.6pt
KAI Hakone	18.1%	20.1%	+2.0pt
KAI Aso	17.0%	19.4%	+2.4pt
KAI Kawaji	3.3%	5.6%	+2.3pt
KAI Kinugawa	4.8%	11.5%	+6.7pt
KAI Kaga	4.1%	5.8%	+1.7pt
KAI Alps	6.5%	10.3%	+3.8pt
KAI Enshu	-	4.6%	-
KAI Nagato	-	4.4%	-
KAI Kirishima	-	11.7%	-
KAI Beppu	-	17.4%	-
OMO7 Asahikawa	12.8%	8.2%	-4.6pt
Iriomote Hotel	-	0.6%	-
BEB5 Karuizawa	-	5.9%	-
Sub-total	12.5%	12.2% (12.8%)	-0.3pt (+0.3pt)

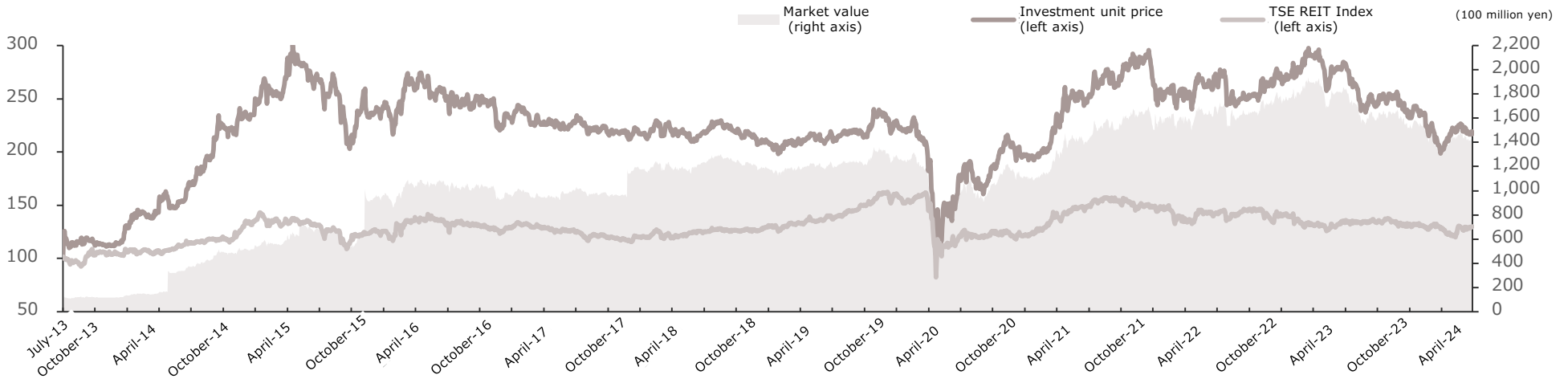
## Properties operated by outside operators

Name of property	Before COVID-19		Compared with the same period in 2019
	May. 2018 – Apr. 2019	May 2023 – Apr. 2024	
22 Roadside Properties	1.1%	0.2%	-0.9pt
ANA Crowne Plaza Hiroshima	27.8%	22.4%	-5.4pt
ANA Crowne Plaza Kanazawa	23.5%	19.1%	-4.4pt
ANA Crowne Plaza Toyama	21.2%	19.6%	-1.6pt
Grand Prince Hotel Osaka Bay (Note1)	58.1%	32.1%	-26.0pt
Grand Hyatt Fukuoka	-	47.4%	-
the b akasaka	52.3%	40.3%	-12.0pt
the b sangenjaya	13.1%	12.0%	-1.1pt
the b nagoya	42.8%	39.4%	-3.4pt
the b kobe	28.2%	21.7%	-6.5pt
the b asakusa (Note2)	-	86.7%	-
hotel androoms Osaka Hommachi	70.4%	39.8%	-30.6pt
Sol Vita Hotel Naha	-	5.7%	-
Quintessa Hotel Osaka Shinsaibashi	88.1%	67.7%	+20.4pt
Sub-total	20.7%	18.1% (14.1%)	-2.6pt (-6.6pt)
Total	19.2%	16.8% (13.9%)	-2.4pt (-5.3pt)

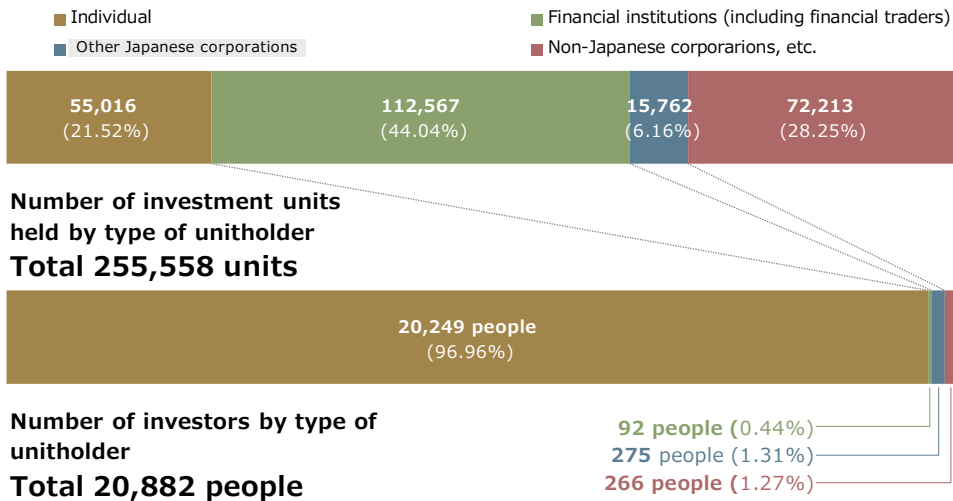
Figures in parentheses are ratio limited to properties acquired before COVID-19

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

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



## Investor composition (as of April 30, 2024) (Note 2)



## Major investors (Note 3)

Major investors	Number of investment units held (units)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,326	15.77
Custody Bank of Japan, Ltd. (Trust account)	36,531	14.29
BNP PARIBAS SINGAPORE/2S/JASDEC/CLIENT ASSET	17,470	6.83
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	11,167	4.36
K.K. Horizon Hotels	4,732	1.85
STATE STREET BANK WEST CLIENT - TREATY 505234	4,365	1.70
CREDIT SUISSE AG	4,050	1.58
Hoshino Resorts Inc.	3,623	1.41
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP	3,600	1.40
SMBC Nikko Securities Inc.	2,957	1.15
<b>Total</b>	<b>128,821</b>	<b>50.40</b>

\* Percentage of investment units held by Hoshino Resorts: 4.78%



P8

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

Note 2: Total of the properties operated by Hoshino Resorts" does not include Properties acquired after January 2019 (HOSHINOYA Okinawa, KAI Alps, KAI Enshu, KAI Nagato, KAI Kirishima, KAI Beppu, BEB5 Karuizawa, Iriomote Hotel). "Total of the properties operated by outside operators" is calculated by aggregating data from "3 ANA Crowne Plaza Properties", "Grand Prince Hotel Osaka Bay(Formerly Hyatt Regency Osaka)", "4 the b properties" , " Grand Hyatt Fukuoka" and "22 Roadside properties".

P9

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

P11

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

P12

Note 1: The catchphrases, "Fall in Love with Osaka" and "'OMO" Brand - Exciting "City" Hotel" and their explanations are concepts created by Hoshino Resorts Group to demonstrate the appeal of the property and "OMO" brand to customers, and do not guarantee or promise the current status of facilities of the property or "OMO" brand or any service offered in the facilities.

Note 2: "Assumed value during stable operating period used in the appraisal" refers to guest room occupancy rate, ADR, and RevPAR during a period of stable operations, standardized at levels deemed to be stable over the medium-to long-term based on past performance, location of the asset to be acquired, operational aspects, future projections, etc., used by the real estate appraiser to calculate appraisal value for OMO7 Osaka and stated in the real estate appraisal report for the asset to be acquired. HRR shall provide no guarantee that these figures will match actual figures for these metrics, and they may differ significantly from the actual figures. Also, as stated above, a period of stable operations is a concept employed for the purpose of appraisal, and does not guarantee or promise future operational performance.

Note 3: The figures entered for Occupancy rate, ADR, and RevPAR for January, February, March and April 2024 under "KPIs in the operating results and appraisal" are information from the seller, and are provided for reference only; this information may be incomplete or inaccurate. Also, these figures may not have been calculated using the same methods employed by HRR for accounting, etc. Additionally, the premises for calculation may not be the same as those prevailing post-acquisition for the asset to be acquired by HRR. Therefore, these figures may not be indicative of future operational performance of the asset to be acquired, and may actually differ significantly.

P13

Note 1: The expression, "This is the center of Osaka tourism" and its explanation are conceptual descriptions created by Hoshino Resorts Group to demonstrate the appeal of the property's location to customers, and shall not represent a guarantee or promise the current status of facilities of the property or any service offered in the facilities. Additionally, it may not necessarily match the actual "OMO7 Osaka" or its surrounding environment.

Note 2: "OSAKA CITY MAP," prepared by Hoshino Resorts Group, is an artistic rendering of an area map, illustrating the atmosphere and relative locations of facilities around the hotel; the appearance of facilities, distances between facilities, travel times, people shown, and other items may not match the actual "OMO7 Osaka" or its surrounding environment.

Note 3: The anticipated opening date for Naniwasuji Line is the current anticipated date set by Kansai Rapid Railway Co.,Ltd., responsible for the development of the Naniwasuji Line as of the date of this document. The date is subject to change.

P15

Note: "Average per room" of "Capacity" and "Area" are the capacity and guest room size for each type of guest room, calculated as a weighted average based on the total number of each guest room type. Information on guest room size is according to the information provided by the operator.

P16

Note: The catchphrases, "Authentic activities and luxurious experience in Osaka style" and their explanations are concepts, providing an example of activities and a model route structured by time, created by Hoshino Resorts Group to demonstrate the appeal of the property to customers, and do not guarantee or promise the current status of facilities of the property or any service or experience offered at the facilities or in the surrounding environment, etc.

P17

Note 1: The "Number of foreign and Japanese guests of domestic accommodation facilities" is a measure of the gross number of inbound and Japanese guests from January 2022 to December 2023 indexing with the monthly result of the same month of 2019 as 100. However, 2022 figures are calculated based on finalized values, whereas 2023 figures are based on tentative values.

P17

- Note 2: The “Trend in the number of international flight passengers at Kansai International Airport” is a measure of the annual number of passengers on international flights arriving at or departing from Kansai International Airport. “Number of foreign passengers” is the total number of foreign persons immigrating or emigrating through Kansai International Airport (excluding persons with connecting/continuing flights to a third country), and “Number of Japanese passengers” is the total number of Japanese persons immigrating or emigrating through Kansai International Airport (excluding persons with connecting/continuing flights to a third country). The forecast of FY2030 demand is the base case, out of estimated base case, median case, and maximum case for FY2030 international passengers calculated based on “Report by Investigation Commission on Future Demand for Flights of Kansai International Airport” by Kansai Airports.
- Note 3: “Transition of the number of foreign guests in Osaka” indicates the gross number of foreign guests at accommodations in Osaka Prefecture, calculated based on finalized figures for the period from January 2019 through December 2022, and tentative figures for the period from January 2023 through December 2023. Also, “Chinese tourists” refers to foreign guests who present passports issued by the Chinese government.
- Note 4: The anticipated start of operation date for the “USJ” expanded area is the current anticipated date as of the date of this document. The date is subject to change, and operation itself may be cancelled. The date stated in this document shall not represent a guarantee or promise of the start of operation by HRR.
- Note 5: The anticipated opening date for Expo 2025 Osaka, Kansai, Japan is the current anticipated date, based on “Master Plan for Expo 2025 Osaka, Kansai, Japan” by the Japan Association for the 2025 World Exposition, as of the date of this document. The date is subject to change, and the expo itself may be cancelled. The date stated in this document shall not represent a guarantee or promise of the opening by HRR.
- Note 6: The anticipated start of operation timing for the Osaka IR (Integrated Resort) is the current target timing as of the date of this document. The timing is subject to change, and the operation itself may be cancelled. The timing stated in this document shall not represent a guarantee or promise of the start of operation by HRR.

P18

- Note 1: “This Public Offering” refers to the issuance of new investment units by way of public offering resolved at the HRR Board of Directors’ Meeting held on Friday, May 24, 2024, “Before this Public Offering” refers to April 30, 2024, and “After this Public Offering” refers to July 2, 2024, the date after the payments for this Public Offering and Third-Party Allotment (this refers to the issuance of new investment units by way of Third-Party Allotment of 1,779 units by HRR, which was resolved at the HRR Board of Directors’ Meeting held on Friday, May 24, 2024, with Nomura Securities Co., Ltd. as the Allottee; the same applies hereinafter). Refer to (Note 5) below for the implied cap rate. The same applies hereinafter.
- Note 2: “NOI yield” indicates a figure calculated by the Asset Management Company by dividing the total NOI by the total of acquisition prices at each time, rounded to the first decimal place. The NOI for acquired assets and asset to be disposed is the lease NOI (difference between total real estate leasing revenue and total real estate leasing expense) (annualized) for the fiscal period ended April 2024, while the NOI for asset to be acquired is the net operating income calculated by subtracting operating expense from operating revenue as stated in real estate appraisal reports.
- Note 3: “Ratio of properties with Green Building certification” is calculated by multiplying the total leasable area of all properties with CASBEE or BELS certification by the percentage of certified area for all such certified properties, then dividing this figure by the total leasable area for all properties in portfolio.
- Note 4: “Implied cap rate” refers to the real estate yield demanded by investors calculated based on unit price, and is obtained by the following calculation formula.  

$$\text{Implied cap rate} = \text{total lease NOI for the fiscal period ended April 2024 (annualized)} \div (\text{HRR market cap as of May 14, 2024} + \text{net interest-bearing debt as of the end of the fiscal period ended April 2024} (*))$$
\* “Net interest-bearing debt” is obtained by the following calculation formula.  

$$\text{Net interest-bearing debt} = \text{total interest-bearing debt on HRR's balance sheet} + \text{security deposits and guarantees held} - \text{cash and deposits and cash and deposits held in trusts}$$
- Note 5: “Investment ratio by Hoshino Resort Group” after this Public Offering is calculated on the assumption that the Third-Party Allotment is based on the premise that all the investment units to be offered are subscribed to by Nomura Securities Co., Ltd. and issued.

P18

Note 6: NAV per unit before this Public Offering (referred to as "NAV per unit (before this Public Offering)" in this Note) and NAV per unit after this Public Offering (referred to as "NAV per unit (after this Public Offering)" in this Note) are obtained by the following calculation formula. These figures are estimates and may differ from the actual NAV per unit at each point in time. The same applies hereinafter.

NAV per unit (before this Public Offering) = NAV (before this Public Offering) ÷ Total number of issued investment units as of April 30, 2024

NAV (before this Public Offering) = NAV as of April 30, 2024

NAV per unit (after this Public Offering) = NAV (after this Public Offering) ÷ Number of issued investment units after this Public Offering\*1

NAV (after this Public Offering) = NAV (before this Public Offering) – unrealized gain of asset to be disposed + Total amount of issue value in this Public Offering and the Third-Party Allotment\*2 + Appraisal value of asset to be acquired – Acquisition value of asset to be acquired\*3

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

\*2: "Total amount of issue value in this Public Offering and the Third-Party Allotment" is the estimated amount as of the date of this document based on the premise that all the investment units to be offered in the Third-Party Allotment are issued, which is calculated on the basis of the closing price of the investment unit in a regular trading session at the Tokyo Stock Exchange as of Thursday, May 30, 2024, and does not necessarily match the actual total amount of issue value in this Public Offering and the Third-Party Allotment. If the actual issue value is lower than the estimated amount, or if all or part of the investment units to be offered in the Third-Party Allotment are not subscribed to and not issued, the total amount of issue value in this Public Offering and the Third-Party Allotment will also decrease. Hence, the actual NAV per unit (after this Public Offering) may be lower.

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

P21

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

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

P22

Note: Properties acquired after January 2019 are not included.

P25

Note 1: "Sustainable finance" is the collective term for green finance and sustainable finance.

Note 2: Fixed interest rates include the rate calculated based on Yield Curve Swap agreement, with interest rates revised at every scheduled period.

P27

Note 1: In "Examples of the effect of technologies", the results of effect analysis are based on the report on environmental simulation verification by NIHON SEKKEI, INC., and shall not represent a guarantee or promise of the actual effect of the property's architecture.

Note 2: The "Cross-sectional composition diagram" is an illustration intended as a simplified explanation of the environmentally friendly structure of the property, and shall not represent a guarantee or promise of the realization of the environmental control stated above.

Note 3: "BELS" is one of the third-party certification system based on the "Guidelines for Energy Efficiency Labeling of Buildings (Guidelines for Labeling Energy Consumption Performance of Buildings)" established by the Ministry of Land, Infrastructure, Transport and Tourism. It provides an objective evaluation of energy efficiency with ratings between 1 and 5 stars. The same applies hereinafter. In addition, the number of energy efficiency grades has been updated to a display of a 7-level star mark with the April 2024 amendment of the Building-Housing Energy-efficiency Labeling System, but this document states the fact that this property acquired the highest five-star rating under the previous system.

Note 4: "ZEB" is an abbreviation of "Net Zero Energy Building," and refers to buildings that aim to increase energy independence as much as possible to achieve a zero annual primary energy consumption balance. They do this by introducing renewable energy, upon realizing significant energy savings while maintaining the quality of the indoor environment by controlling energy load through advanced architectural design, actively utilizing natural energy through the adoption of passive technology, and introducing high-efficiency equipment systems, etc. It is currently evaluated in four stages - "ZEB", "Nearly ZEB", "ZEB Ready", and "ZEB Oriented" - to promote the realization and spread of ZEB. "ZEB Oriented" obtained by this property refers to buildings that aside from high-performance exterior coatings and high energy efficiency systems, are subject to measures taken to achieve further energy efficiency, aiming to become ZEB Ready. The same applies hereinafter.



P27

Note 5: The “Osaka Environmentally Friendly Architecture Award” is an award by Osaka City and Osaka Prefecture to recognize buildings with exceptional consideration for the environment, such as measures to prevent global warming or the heat island effect. The award is based on “Osaka Prefecture Ordinance for the Promotion of Climate Change Countermeasures (enforced April 1, 2006)” and “Osaka City Ordinance for Building Environmental Performance (enforced April 1, 2012)” and aims to promote the spread of environmentally friendly architecture and raise awareness among Osaka residents by recognizing buildings that serve as examples of environmental friendliness.

P32

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

P33

Note 1: Where the year given in the “Start of operation” column is followed by the parenthesized word “planned,” 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.

P37

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.”

P38

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

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

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

Note 4: The calculation method of primary units is (energy consumption of those owned properties with a data acquisition area of 100%) divided by the denominator (area of properties with a data acquisition area of 100% (m<sup>2</sup>)).

Note 5: The calculation method of primary units is (water consumption of owned properties with a data acquisition area of 100%) divided by the denominator (area of properties with a data acquisition area of 100% (m<sup>2</sup>)).

Note 6: The calculation method of primary units is (greenhouse gas (GHG) emissions of owned properties with a data acquisition area of 100%) divided by the denominator (area of properties with a data acquisition area of 100% (m<sup>2</sup>)).

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

Note 8: Leasable floor area is calculated based on the lease agreement for each property.

Note 9: “Percentage contracted based on leasable floor area” is calculated using the following formula.

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

Note10: Evaluations may vary by building depending on the property, and in that case, the evaluation results for the building that received the highest rating (the evaluated building) at each property is listed.

Note 11: As of June 17, 2024, it is being operated as “Chisan Inn Chiba Hamano R16,” but it is scheduled to be rebranded on August 17, 2024.

P45

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” and “KAI Beppu” from the 13 KAI properties.

Note 4: Annual ADR for the OMO brand does not include 'OMO7 Osaka'.

## Note ⑤

### P46

Note: Annual ADR is a reference value calculated, taking May 2023 to April 2024 as the base period. As for "Grand Prince Hotel Osaka Bay," however, ADR is not stated because the figures for the base period cannot be calculated. The properties whose operator is "Greens" are not disclosed because the lessee has not consented to the disclosure of such information.

### P47

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

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

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

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

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