

(REIT) Financial Report for Fiscal Period Ended April 2019

June 14, 2019

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

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended April 2019 (from November 1, 2018 to April 30, 2019)

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

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Apr. 2019	5,924	2.1	3,243	1.0	2,870	1.1	2,878	1.4
Ended Oct. 2018	5,802	4.7	3,209	4.4	2,839	8.2	2,839	8.2

Fiscal period	Profit per unit	Ratio of profit to net assets	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenue
	yen	%	%	%
Ended Apr. 2019	12,974	2.7	1.7	48.5
Ended Oct. 2018	12,799	2.8	1.7	48.9

(2) Distributions Status

Fiscal period	Distributions per unit	Total distributions	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Distributions payout ratio	Ratio of distributions to net assets
	(excluding distributions in excess of earnings) yen	(excluding distributions in excess of earnings) million yen	yen	million yen	%	%
Ended Apr. 2019	12,974	2,878	–	–	100.0	2.7
Ended Oct. 2018	12,796	2,838	–	–	100.0	2.7

(Note) Since new investment units have been issued, distributions payout ratio for the fiscal period ended October 2018 is calculated using the following formula:

$$\text{Distributions payout ratio} = \text{Total distributions (excluding distributions in excess of earnings)} / \text{Profit} \times 100$$

(3) Financial Position

Fiscal period	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
	million yen	million yen	%	yen
Ended Apr. 2019	172,779	105,616	61.1	476,046
Ended Oct. 2018	163,704	105,577	64.5	475,868

(4) Status of Cash Flows

Fiscal period	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Apr. 2019	3,351	(10,622)	6,320	10,235
Ended Oct. 2018	4,840	(1,166)	(2,543)	11,186

2. Management Status Forecast for Fiscal Period Ending October 2019 (from May 1, 2019 to October 31, 2019) and Management Status Forecast for Fiscal Period Ending April 2020 (from November 1, 2019 to April 30, 2020)
(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Oct. 2019	6,086	2.7	3,322	2.4	2,909	1.4	2,908	1.0	13,110	–
Ending Apr. 2020	6,063	(0.4)	3,333	0.3	2,936	0.9	2,935	0.9	13,230	–

(Reference) Forecast profit per unit (fiscal period ending October 2019) 13,109 yen

Forecast profit per unit (fiscal period ending April 2020) 13,230 yen

Forecast profit per unit is calculated by the following formula:

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

* Others

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

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

(2) Total Number of Investment Units Issued and Outstanding

- ① Total number of investment units issued and outstanding (including own investment units) at end of period
Fiscal period ended April 2019 221,862 units Fiscal period ended October 2018 221,862 units
- ② Number of own investment units at end of period
Fiscal period ended April 2019 – units Fiscal period ended October 2018 – units

(Note) For the number of investment units serving as the basis for calculation of profit per unit, please refer to “Notes on Per Unit Information” on page 28.

* Financial reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Special Note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions underlying the management status forecast, please refer to “Assumptions Underlying Management Status Outlook for Fiscal Period Ending October 2019 and Fiscal Period Ending April 2020” on page 8.

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1. Management Status

(1) Management Status

① Overview of the Fiscal Period under Review

(a) Brief History of the Investment Corporation

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

HRR was established under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the "Investment Trusts Act") with Hoshino Resort Asset Management Co., Ltd. (hereinafter, the "Asset Management Company") as the organizer and investments in capital of 150 million yen (300 units) on March 6, 2013. An issuance of new investment units through public offering (19,000 units) was implemented with July 11, 2013 as the payment due date, and the investment securities were listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter the "Tokyo Stock Exchange") (securities code: 3287) on July 12, 2013. HRR has steadily expanded its asset size since, bringing the assets held by HRR as of the end of the fiscal period under review to 59 properties (sum total of acquisition price: 155,677 million yen).

(b) Investment Environment and Management Performance

The Japanese economy in the fiscal period under review continued to be on a moderate recovery trend due in part to continued improvement in the employment and income situation despite weakness in some areas of exports and manufacturing. In the tourism market, the Japanese government has set a goal for the number of non-Japanese visitors to Japan (inbound tourists) of 40 million by 2020 and a goal for inbound tourist spending of 8 trillion yen by 2020, coupled also with positioning tourism as a pillar of the growth strategy. As such, the number of inbound tourists continues to increase, having reached 31.19 million in fiscal 2018, up from 28.69 million in fiscal 2017. In the environment described above, the hotels/ryokans held by HRR were managed with a view to securing stable earnings in the fiscal period under review, resulting in stable operational results in the fiscal period ended April 2019.

(c) Overview of Fund Procurement

In the fiscal period under review, 9,250 million yen was procured from debt financing on March 29, 2019, and this was allocated to part of the funds for and expenses related to the acquisition of KAI Alps, Hotel Nirakanai Iriomotejima and HOTEL NIKKO KOCHI ASAHI ROYAL.

In addition, in order to procure funds for repayment of the principal of an existing loan due for repayment, 2,500 million yen was procured from debt financing on April 26, 2019.

Furthermore, contractual loan repayments, etc. were made, resulting in balance of interest-bearing liabilities of 61,847 million yen and ratio of interest-bearing liabilities to total assets (LTV) of 35.8% as of April 30, 2019.

(Status of credit rating)

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

Credit rating agency	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: A-	Positive
	Bond credit rating (Note): A-	—

(Note) The bond rating applies to the First Series Unsecured Investment Corporation Bond (with special pari passu conditions among specified investment corporate bonds).

(d) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period under review was operating revenue of 5,924 million yen, operating profit of 3,243 million yen, ordinary profit of 2,870 million yen and profit of 2,878 million yen. Concerning distributions, to ensure application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; hereinafter, the “Act on Special Measures Concerning Taxation”)), the decision was made to distribute almost the entire amount of unappropriated retained earnings and distributions per investment unit was thus declared to be 12,974 yen.

② Outlook for the Next Fiscal Period

(a) Management Environment for the Next Fiscal Period

The Japanese economy going forward is, amid continued improvement in the employment and income situation, expected to continue to trend toward moderate economic recovery due in part to Bank of Japan’s monetary easing policies continuing; however, it will be necessary to cautiously observe the effect on the global economy by the trends in trade issues, the future direction of the Chinese economy, the uncertainties relating to the trends and policy measures of overseas economies, and the impact of fluctuations in financial capital markets. In addition, the Japanese government has set new goals with respect to promoting Japan as a tourism nation under its tourism policy which consists of the basic policies of achieving growth in tourism toward turning it into a core industry of Japan, thereby acting as a driver of the Japanese economy and helping bring vitality to local communities. In the course of promoting the tourism policy, steps are expected to be taken that include creating tour packages which draw on the distinctive appeal of local areas, addressing needs with respect to *minpaku* services (the provision of lodging services for a fee utilizing private homes, in whole or in part), and strategically relaxing visa requirements. In this manner, with large economic effects, the tourism industry is growing in importance as one of the drivers of Japan’s economic growth.

(b) Future Management Policy and Challenges to Address

Under such circumstances, HRR’s basic policy is to form a portfolio with a stable revenue base centering on hotels, ryokans and ancillary facilities that can respond to the travel needs of tourists.

In the hotel/ryokan industry which has been commoditized in general (commoditization referred to here describes the state where similar products and services are produced in large quantity with an emphasis on optimizing productivity and maximizing the efficiency of their delivery, and under this state, no company can maintain a competitive advantage), HRR believes facilities that are differentiated from others due to a superior business model, operating skills, location and such are the ones that will be able to generate stable earnings and secure steady cash flow over a long-term period.

From this perspective, HRR selects investment properties from the stance of “superior know-how and experience” (whether the business model, brand power, etc. can be differentiated from competitors, and whether it is operated by an operator with extensive expertise) and “superior equipment and facilities” (whether the facility itself is superior as to its location, rarity of the building, etc.).

HRR seeks to flexibly form an optimum portfolio in order to secure long-term and stable cash flow. After proactively obtaining information on hotels, ryokans and ancillary facilities operated by the Hoshino Resorts Group (collectively refers to Hoshino Resorts Inc. (hereinafter “Hoshino Resorts”) and its parent company and subsidiaries; the same shall apply hereinafter) (hereinafter the “properties operated by the Hoshino Resorts Group”) and outside operators (hereinafter the “properties operated by outside operators”), including overseas properties in which the Hoshino Resorts Group is engaged (Note), HRR will examine individual

investment properties upon their selection.

(Note) “Overseas properties in which the Hoshino Resorts Group is engaged” are those that meet either criteria below. The same shall apply hereinafter.

- Properties which the Hoshino Resorts Group or entities, etc. in which the Hoshino Resorts Group invests (including those for which the Group takes a stake upon HRR’s investment), own and engage in the development or operation.
- Properties that HRR judges to meet the above condition after a certain period of time following acquisition by HRR.

a. Properties operated by the Hoshino Resorts Group

Taking above into consideration, HRR believes that it should preferably undertake investment in HOSHINOYA, Hoshino Resorts KAI and Hoshino Resorts RISONARE, which are operated by the Hoshino Resorts Group.

HOSHINOYA, the flagship brand of the Hoshino Resorts Group, aims to provide overwhelmingly extraordinary services that meet global standards, and accordingly HRR believes it is the brand which has caused the concept of small luxury (Note) to take hold in Japan’s domestic resort market.

Hoshino Resorts KAI, high-end hot spring ryokans, are located in renowned hot spring destinations. Small yet premium quality, they aim to provide special and comfortable overnight stays that enable guests to experience the appeal of local surroundings. HRR believes that facilities under this brand, operating under a hot spring ryokan resort business format unique to Japan, are likely to generate increased use among tourists from overseas visiting Japan as is the case with the HOSHINOYA brand. In addition, the Hoshino Resorts Group maintains a business model for this brand that entails taking over management and operations from existing ryokan facilities that have found it difficult to stay in business, particularly due to financial difficulties and a lack of successors. As such, HRR anticipates further expansion of its pipeline going forward.

Operating under the concept of a resort hotel that offers enjoyment for both adults and children, Hoshino Resorts RISONARE strives to act as a brand that is preferred by families by offering a wealth of activities suitable for each season, along with the appeal of gaining a sense of healing that is distinctive to the resort experience.

HRR believes the securement of stable earnings will be possible by investing mainly in the three brands (hereinafter the “main brands”) of HOSHINOYA, Hoshino Resorts KAI and Hoshino Resorts RISONARE (hereinafter may be referred to as “HOSHINOYA,” “KAI” and “RISONARE,” respectively), which HRR deems competitive. HRR intends to obtain information on the main brand properties (properties under main brands), actively utilizing the sponsor support agreement with Hoshino Resorts. As a result, if HRR decides that facility is able to generate long-term and stable cash flow, proactive investments will be made. In addition, HRR may invest in other properties operated by the Hoshino Resorts Group (hereinafter, “other properties of the Hoshino Resorts Group”) in cases where stable use of such properties is expected, and which are expected to secure a long-term and stable cash flow.

(Note) The “small luxury” concept with respect to facilities refers to those facilities that feature appealing options particularly in terms of cuisine, culture, scenery, natural surroundings, activities available during stays and hot springs. Such facilities focus on providing a high degree of service with a personal touch, along with a small but upscale product mix.

b. Properties operated by outside operators

Similar to when investing in properties operated by the Hoshino Resorts Group, HRR believes it will be able to secure long-term and stable cash flow by making appropriate investments while taking “superior know-how and experience” and “superior equipment and facilities” into consideration, based on sufficient information collection by the Asset Management Company.

Taking this view, HRR will make proactive investments in hotels, ryokans and ancillary facilities operated by outside operators if it decides long-term and stable cash flow can be secured after obtaining the necessary information taking advantage of the sponsor support agreement with Hoshino Resorts and the Asset Management Company’s unique networks.

Specifically among the properties operated by outside operators, HRR discusses acquisition of hotels, ryokans and ancillary facilities that serve as urban tourism bases in which tourism needs that complement urban tourism (Note) are believed to exist (hereinafter, “urban tourism properties”) when

it is judged that long-term and stable cash flow can be secured from the viewpoint of “superior know-how and experience” or “superior location and facilities” against the backdrop of urban tourism demand in cities where properties are located. In addition, HRR will actively invest in hotels, ryokans and ancillary facilities other than urban tourism properties (hereinafter, “other properties operated by outside operators”) for which tourism needs are believed to exist above and beyond urban tourism when it is judged that long-term and stable cash flow can be secured from the viewpoint of “superior know-how and experience” or “superior location and facilities.”

(Note) “Urban tourism” refers to tourism mainly seeking to enjoy historical townscapes and urban culture (concerts, museums, modern architecture, etc.), night views, industrial/culture heritage, urban lifestyle (dining, shopping) and such. The same shall apply hereinafter.

c. Overseas properties in which the Hoshino Resorts Group is engaged

With regard to overseas properties in which the Hoshino Resorts Group is engaged, HRR intends to invest in a careful manner after comprehensively analyzing the market where the investment properties are located, including real estate market trends/system as well as rules and such of the respective country, taking into account factors such as risks in legal, accounting and tax systems, etc. and foreign exchange risks pertaining to investments and profit returns after adequately obtaining information on the country/region of the investment target from macro perspectives such as political trends, demographics and economic growth. HRR will make investments after carefully selecting overseas properties in which the Hoshino Resorts Group is engaged, for which stable use is expected and which are expected to secure a long-term and stable cash flow.

Furthermore, HRR aims to reduce the risk of a significant drop in its cash flow resulting from changes in tourist needs or trends, natural disasters, domestic and overseas economic trends, etc. by diversifying its portfolio while also aiming to simultaneously strengthen stability in earnings through the expansion of asset size and other measures.

The Hoshino Resorts Group operates each facility after categorizing investment target hotels, ryokans and ancillary facilities into the brands from various perspectives. HRR aims to obtain portfolio diversification efficacy and stabilize earnings through investments not only in the singular brands of the Hoshino Resorts Group but also in main brand properties and other properties of the Hoshino Resorts Group whose size, price settings and target customer base vary, in addition to urban tourism properties which are properties operated by outside operators, other properties operated by outside operators and overseas properties in which the Hoshino Resorts Group is engaged.

As of the date of this document, the portfolio consists of the following: main brand properties, other properties of the Hoshino Resorts Group, urban tourism properties constituting properties operated by outside operators, and other properties operated by outside operators. HRR believes that such facilities are expected to lead to portfolio diversification effects and stabilization of revenues.

In addition, HRR will continue consideration of active investment in properties operated by the Hoshino Resorts Group which includes the main brand properties, urban tourism properties constituting properties operated by outside operators and other properties operated by outside operators going forward. Furthermore, HRR’s policy of ensuring diversification applies not only to diversification of investment categories, lessees and operators, but also to geographic area of facility location.

(c) Management Status Outlook

The following management status is expected for the fiscal period ending October 2019 (from May 1, 2019 to October 31, 2019) and the fiscal period ending April 2020 (from November 1, 2019 to April 30, 2020). For the assumptions underlying this outlook, please refer to “Assumptions Underlying Management Status Outlook for Fiscal Period Ending October 2019 and Fiscal Period Ending April 2020” on page 8.

Fiscal period ending October 2019 (13th fiscal period)

Operating revenue	6,086 million yen
Operating profit	3,322 million yen
Ordinary profit	2,909 million yen
Profit	2,908 million yen
Distributions per unit	13,110 yen
Distributions in excess of earnings per unit	– yen

Fiscal period ending April 2020 (14th fiscal period)

Operating revenue	6,063 million yen
Operating profit	3,333 million yen
Ordinary profit	2,936 million yen
Profit	2,935 million yen
Distributions per unit	13,230 yen
Distributions in excess of earnings per unit	– yen

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

③ Significant Subsequent Events

(a) Borrowing of Funds

In order to procure funds for repayment of the principal of existing loans due for repayment and funds to be used for the early repayment of those, HRR borrowed the following funds as of May 7, 2019 and May 31, 2019.

Floating /Fixed	Lender	Loan amount	Interest rate (Note 1) (Note 2)	Drawdown date	Maturity date (Note 6)	Repayment method
Floating	Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc.	0.2 billion yen	Base rate 1-month Japanese Yen TIBOR +0.374% (Note 3)	May 7, 2019	April 30, 2024	Lump-sum repayment at maturity
Fixed	MUFG Bank, Ltd.	0.1 billion yen	0.464%	May 7, 2019	April 30, 2024	Lump-sum repayment at maturity
Floating	The Bank of Fukuoka, Ltd. The Hokuriku Bank, Ltd. The Yamaguchi Bank, Ltd. The Bank of Kyoto, Ltd. The Senshu Ikeda Bank, Ltd.	1.15 billion yen	Base rate 1-month Japanese Yen TIBOR +0.370% (Note 4)	May 31, 2019	April 30, 2024	Lump-sum repayment at maturity
	Resona Bank, Limited. Mizuho Bank, Ltd.	1.1 billion yen	Base rate 1-month Japanese Yen TIBOR +0.418% (Note 5)	May 31, 2019	October 31, 2024	Lump-sum repayment at maturity
Fixed	MUFG Bank, Ltd.	0.6 billion yen	0.468%	May 31, 2019	October 31, 2024	Lump-sum repayment at maturity

(Note 1) Financial fees, etc. payable to lenders are not included in "Interest rate."

(Note 2) The base rate applicable to the interest calculation period for the interest payable on an interest payment due date shall be, of the 1-month Japanese Yen TIBOR (Tokyo Interbank Offered Rate) published by JBA TIBOR Administration at the prescribed point in time two business days prior to the interest payment due date immediately preceding that interest payment due date (the drawdown date in the case of the first interest payment due date), the interest rate for the number of months corresponding to the concerned interest calculation period. However, if there is no rate corresponding to the concerned period, then it shall be the base rate calculated based on the method provided in the contract.

- (Note 3) An interest rate swap agreement has been concluded in order to fix interest rates payable and thereby hedge the risk of rises in interest rates, and the interest rate is thus substantively fixed at 0.49100%.
- (Note 4) An interest rate swap agreement has been concluded in order to fix interest rates payable and thereby hedge the risk of rises in interest rates, and the interest rate is thus substantively fixed at 0.44375%.
- (Note 5) An interest rate swap agreement has been concluded in order to fix interest rates payable and thereby hedge the risk of rises in interest rates, and the interest rate is thus substantively fixed at 0.49800%.
- (Note 6) If the concerned date is not a business day, then it shall be the next business day. If that business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date.

(b) Repayment of Loans

As of May 31, 2019, HRR has made early loan repayment as follows.

Floating /Fixed	Lender	Loan amount	Interest rate (Note 1) (Note 2)	Drawdown date	Maturity date (Note 3)	Repayment method
Floating	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation	2.85 billion yen	Base rate 1-month Japanese Yen TIBOR +0.300%	March 29, 2019	March 27, 2020	Lump-sum repayment at maturity

(Note 1) Financial fees, etc. payable to lenders are not included in "Interest rate."

(Note 2) The base rate applicable to the interest calculation period for the interest payable on an interest payment due date shall be, of the 1-month Japanese Yen TIBOR (Tokyo Interbank Offered Rate) published by JBA TIBOR Administration at the prescribed point in time two business days prior to the interest payment due date immediately preceding that interest payment due date (the drawdown date in the case of the first interest payment due date), the interest rate for the number of months corresponding to the concerned interest calculation period. However, if there is no rate corresponding to the concerned period, then it shall be the base rate calculated based on the method provided in the contract.

(Note 3) If the concerned date is not a business day, then it shall be the next business day. If that business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date.

Assumptions Underlying Management Status Outlook for Fiscal Period Ending October 2019 and Fiscal Period Ending April 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending October 2019 (13th fiscal period): from May 1, 2019 to October 31, 2019 (184 days) • Fiscal period ending April 2020 (14th fiscal period): from November 1, 2019 to April 30, 2020 (182 days)
Assets under management	<ul style="list-style-type: none"> • The assumptions are that HRR will continue to own Yomitan Hotel Management Co., Ltd. No. 3 Class B preferred shares acquired on May 30, 2019, in addition to the 59 properties (Note) owned as of April 30, 2019 as well as the Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares and No. 2 Class B preferred shares. • With respect to the management status forecast, the assumptions are that there will be no changes (acquisitions of new assets, or dispositions of portfolio assets, etc.) to the assets under management other than the above through April 30, 2020. • The actual number of assets may vary due to acquisitions of new assets, or dispositions of portfolio assets, etc. other than the above. <p>(Note) Among the properties owned by HRR, the 4 properties operated by IHG ANA Hotels Group Japan LLC are referred to as 4 ANA Crowne Plaza properties, and the 4 properties operated by Ishin Hotels Group Co., Ltd. are referred to as 4 the b properties. The same shall apply hereinafter.</p>

- Lease business revenue, which is calculated by taking into account the portfolio properties' lease agreement terms and conditions and also such factors as the market environment and property competitiveness, is assumed to be 6,086 million yen for the fiscal period ending October 2019 and 6,063 million yen for the fiscal period ending April 2020.
- Of lease business revenue, the rent by investment category is assumed to be as follows:

Fiscal period ending October 2019 (13th fiscal period)

(Unit: millions of yen)

Operational category	Investment category	Fixed rent	Floating rent	Other rent	Total	
Properties operated by the Hoshino Resorts Group	HOSHINOYA	727	188	-	916	
	RISONARE	374	207	-	582	
	KAI	474	167	-	642	
	Other	263	-	-	263	
Properties operated by outside operators	Urban tourism	4 ANA Crowne Plaza properties	840	693	-	1,533
		Hyatt Regency Osaka	-	284	-	284
		4 the b properties	265	276	-	542
		Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASAHI ROYAL	249	27	-	276
	Other	816	217	10	1,045	
Total		4,011	2,064	10	6,086	

(Note) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to increase the amount of the fixed rent in lieu of the application of floating rent for a fixed period (hereinafter a "premium fixed rent"). In such cases, if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors.

Operational category		Investment category	(Unit: millions of yen)			Total
			Fixed rent	Floating rent	Other rent	
Properties operated by the Hoshino Resorts Group	HOSHINOYA		727	194	-	921
	RISONARE		374	227	-	601
	KAI		474	155	-	630
	Other		318	-	-	318
Properties operated by outside operators	Urban tourism	4 ANA Crowne Plaza properties	840	667	-	1,507
		Hyatt Regency Osaka	-	231	-	231
		4 the b properties	265	261	-	527
		Quintessa Hotel Osaka Shinsaibashi/ hotel androoms Osaka Hommachi/ HOTEL NIKKO KOCHI ASAHI ROYAL	255	15	-	270
	Other		816	226	10	1,054
Total			4,071	1,980	10	6,063
<p>(Note) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees on a premium fixed rent in the lease agreement of the respective facilities. In such cases, if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors.</p> <p>• For lease business revenue, the assumption is that there will be no cancellation of lease agreements and no delinquent or unpaid rent by lessees.</p>						

Operating expenses	<ul style="list-style-type: none"> • Of operating expenses, fixed asset tax, city planning tax and depreciable asset tax are assumed to be 446 million yen for the fiscal period ending October 2019 and 464 million yen for the fiscal period ending April 2020. In general, fixed asset tax, city planning tax (applicable assets only; the same shall apply hereinafter) and depreciable asset tax (applicable assets only; the same shall apply hereinafter) of acquired assets are calculated on a pro rata basis and reimbursed at the time of acquisition with the previous owner, but the amount equivalent to the reimbursement is included in the cost of acquisition and thus not recognized as expenses in the acquisition period at HRR. Accordingly, in the case of properties acquired on March 29, namely KAI Alps, Hotel Nirakanai Iriomotejima, and HOTEL NIKKO KOCHI ASAHI ROYAL, the assumption is that fiscal 2020 fixed asset tax, city planning tax and depreciable asset tax are recognized as expenses, starting from the fiscal period ending April 2020 in the cases of Hotel Nirakanai Iriomotejima, and HOTEL NIKKO KOCHI ASAHI ROYAL, and from the fiscal period ending October 2020 in the case of KAI Alps. Furthermore, the total amount of fixed asset tax, city planning tax and depreciable asset tax included in the cost of acquisition of the property is 39 million yen. • Repair expenses for buildings are recognized in the amount assumed to be necessary based on the repair plan formulated by the Asset Management Company for each property; however, such factors as emergency repair expenses possibly arising from unforeseeable causes, the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses differing materially from the forecast amount. • Expenses related to rent business other than depreciation and amortization, which are calculated by taking into account the factors causing fluctuation in expenses, are assumed to be 844 million yen for the fiscal period ending October 2019 and 840 million yen for the fiscal period ending April 2020. • Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be 1,274 million yen for the fiscal period ending October 2019 and 1,269 million yen for the fiscal period ending April 2020.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing related expenses are assumed to be 414 million yen for the fiscal period ending October 2019 and 398 million yen for the fiscal period ending April 2020.
Interest-bearing liabilities	<ul style="list-style-type: none"> • As of the date of this document, HRR has a balance of interest-bearing liabilities (total of loans and investment corporation bonds) of 61,847 million yen. • For the fiscal period ending October 2019, HRR refinanced 300 million yen in loans due for repayment in May 2019, made an early repayment of 2,850 million yen in loans, and procured 2,850 million yen in loans. In addition, the assumption is that there will be refinancing of 3,400 million yen in loans due for repayment in October 2019 and 92 million yen of the loans will be repaid through contractual repayment. • For the fiscal period ending April 2020, the assumption is that there will be refinancing of 4,900 million yen in loans due for repayment in April 2020 and 92 million yen of the loans will be repaid through contractual repayment. • The forecast is that LTV at the end of the fiscal period ending October 2019 is 35.7% and LTV at the end of the fiscal period ending April 2020 is 35.6%. The following formula is used in the calculation of LTV: $\text{LTV} = \text{Balance of interest-bearing liabilities outstanding} / \text{Total assets (forecast)} \times 100$
Investment units	<ul style="list-style-type: none"> • The assumption is the total number of investment units issued and outstanding as of the date of this document, which is 221,862 units. • The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending April 2020.
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) is calculated with the assumption being the cash distributions policy provided in the Articles of Incorporation of HRR. • Distributions per unit (excluding distributions in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrence of unexpected repairs.

Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • Distribution in excess of earnings (distributions in excess of earnings per unit) is not scheduled at this point in time.
Other	<ul style="list-style-type: none"> • The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, securities listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. • The assumption is that there will be no unforeseen significant change in general economic trends, real estate market conditions, etc.

(2) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities report (submitted on January 30, 2019).

2. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	11th fiscal period (As of Oct. 31, 2018)	12th fiscal period (As of Apr. 30, 2019)
Assets		
Current assets		
Cash and deposits	11,186,021	10,235,766
Operating accounts receivable	62,047	87,599
Prepaid expenses	257,253	270,973
Consumption taxes receivable	–	466,942
Other	80,163	121
Total current assets	11,585,485	11,061,404
Non-current assets		
Property and equipment		
Buildings	77,218,420	84,753,413
Accumulated depreciation	(6,566,156)	(7,648,143)
Buildings, net	70,652,263	77,105,270
Structures	3,138,398	3,454,648
Accumulated depreciation	(214,539)	(257,551)
Structures, net	2,923,858	3,197,097
Machinery and equipment	83,801	83,801
Accumulated depreciation	(38,586)	(42,204)
Machinery and equipment, net	45,214	41,596
Tools, furniture and fixtures	879,227	1,004,796
Accumulated depreciation	(387,806)	(450,027)
Tools, furniture and fixtures, net	491,420	554,768
Land	73,134,835	75,889,895
Construction in progress	128,407	36,138
Total property and equipment	147,376,000	156,824,765
Intangible assets		
Leasehold right	3,478,907	3,526,207
Software	27,777	48,439
Total intangible assets	3,506,685	3,574,647
Investments and other assets		
Investment securities	336,695	336,695
Long-term prepaid expenses	515,382	598,356
Deferred tax assets	15	14
Guarantee deposits	10,000	10,000
Other	365,006	365,006
Total investments and other assets	1,227,099	1,310,072
Total non-current assets	152,109,786	161,709,485
Deferred assets		
Investment corporation bond issuance costs	9,470	8,722
Total deferred assets	9,470	8,722
Total assets	163,704,742	172,779,612

(Unit: thousands of yen)

	11th fiscal period (As of Oct. 31, 2018)	12th fiscal period (As of Apr. 30, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	248,852	276,422
Short-term loans payable	–	2,850,000
Current portion of long-term loans payable	6,385,724	8,785,724
Accounts payable - other	764,336	868,778
Income taxes payable	918	889
Accrued consumption taxes	317,384	–
Accrued expenses	5,424	10,645
Advances received	969,726	992,713
Total current liabilities	8,692,367	13,785,173
Non-current liabilities		
Long-term loans payable	44,805,118	48,712,256
Investment corporation bonds	1,500,000	1,500,000
Tenant leasehold and security deposits	3,130,204	3,165,604
Total non-current liabilities	49,435,322	53,377,860
Total liabilities	58,127,689	67,163,033
Net assets		
Unitholders' equity		
Unitholders' capital	102,737,981	102,737,981
Surplus		
Unappropriated retained earnings (undisposed loss)	2,839,071	2,878,597
Total surplus	2,839,071	2,878,597
Total unitholders' equity	105,577,052	105,616,578
Total net assets	*2 105,577,052	*2 105,616,578
Total liabilities and net assets	163,704,742	172,779,612

(2) Statement of Income

(Unit: thousands of yen)

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Operating revenue		
Lease business revenue	* ₁ 5,802,597	* ₁ 5,924,421
Total operating revenue	5,802,597	5,924,421
Operating expenses		
Expenses related to rent business	* ₁ 1,999,269	* ₁ 2,089,557
Asset management fee	471,085	476,181
Asset custody fee	5,407	5,333
Administrative service fees	22,437	23,396
Directors' compensation	3,000	3,000
Audit fee	8,800	8,800
Other operating expenses	82,712	74,627
Total operating expenses	2,592,713	2,680,896
Operating profit	3,209,884	3,243,525
Non-operating income		
Interest income	51	53
Insurance income	8,309	7,003
Miscellaneous income	936	1,318
Total non-operating income	9,297	8,375
Non-operating expenses		
Interest expenses	218,291	215,002
Interest expenses on investment corporation bonds	4,758	4,673
Amortization of investment corporation bond issuance costs	747	747
Borrowing related expenses	119,057	160,912
Investment unit issuance expenses	36,357	—
Other	11	11
Total non-operating expenses	379,224	381,347
Ordinary profit	2,839,957	2,870,553
Extraordinary income		
Insurance income	—	* ₂ 54,210
Total extraordinary income	—	54,210
Extraordinary losses		
Loss on disaster	—	* ₃ 45,392
Total extraordinary losses	—	45,392
Profit before income taxes	2,839,957	2,879,371
Income taxes - current	926	897
Income taxes - deferred	(2)	1
Total income taxes	923	898
Profit	2,839,034	2,878,472
Retained earnings brought forward	37	125
Unappropriated retained earnings (undisposed loss)	2,839,071	2,878,597

(3) Statement of Unitholders' Equity
11th fiscal period (from May 1, 2018 to October 31, 2018)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	98,129,521	2,624,798	2,624,798	100,754,320	100,754,320
Changes of items during period					
Issuance of new investment units	4,608,459	-	-	4,608,459	4,608,459
Dividends of surplus	-	(2,624,761)	(2,624,761)	(2,624,761)	(2,624,761)
Profit	-	2,839,034	2,839,034	2,839,034	2,839,034
Total changes of items during period	4,608,459	214,272	214,272	4,822,731	4,822,731
Balance at end of period	*1 102,737,981	2,839,071	2,839,071	105,577,052	105,577,052

12th fiscal period (from November 1, 2018 to April 30, 2019)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	102,737,981	2,839,071	2,839,071	105,577,052	105,577,052
Changes of items during period					
Dividends of surplus	-	(2,838,946)	(2,838,946)	(2,838,946)	(2,838,946)
Profit	-	2,878,472	2,878,472	2,878,472	2,878,472
Total changes of items during period	-	39,526	39,526	39,526	39,526
Balance at end of period	*1 102,737,981	2,878,597	2,878,597	105,616,578	105,616,578

(4) Statement of Cash Distributions

(Unit: yen)

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
I. Unappropriated retained earnings	2,839,071,354	2,878,597,506
II. Amount of distributions [Amount of distributions per investment unit]	2,838,946,152 [12,796]	2,878,437,588 [12,974]
III. Retained earnings brought forward	125,202	159,918
Method of calculation of amount of distributions	In accordance with the policy provided in Article 37, Paragraph 1 of the Articles of Incorporation of HRR that “distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for distribution of HRR provided in Article 67-15 of the Act on Special Measures Concerning Taxation,” the decision was made to distribute 2,838,946,152 yen, which is almost the entire amount of unappropriated retained earnings, as distributions of earnings. Furthermore, the distribution of cash in excess of earnings provided in Article 37, Paragraph 2 of the Articles of Incorporation will not be conducted.	In accordance with the policy provided in Article 37, Paragraph 1 of the Articles of Incorporation of HRR that “distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for distribution of HRR provided in Article 67-15 of the Act on Special Measures Concerning Taxation,” the decision was made to distribute 2,878,437,588 yen, which is almost the entire amount of unappropriated retained earnings, as distributions of earnings. Furthermore, the distribution of cash in excess of earnings provided in Article 37, Paragraph 2 of the Articles of Incorporation will not be conducted.

(5) Statement of Cash Flows

(Unit: thousands of yen)

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Cash flows from operating activities		
Profit before income taxes	2,839,957	2,879,371
Depreciation	1,169,712	1,197,429
Loss on retirement of non-current assets	314	192
Amortization of investment corporation bond issuance costs	747	747
Interest income	(51)	(53)
Interest expenses	223,050	219,676
Borrowing related expenses	119,057	160,912
Investment unit issuance expenses	36,357	–
Insurance income	–	(54,210)
Loss on disaster	–	45,392
Decrease (increase) in operating accounts receivable	(15,158)	(25,551)
Decrease (increase) in prepaid expenses	(8,859)	(13,720)
Decrease (increase) in consumption taxes refund receivable	387,420	(466,942)
Increase (decrease) in accrued consumption taxes	317,384	(317,384)
Increase (decrease) in operating accounts payable	25,718	30,919
Increase (decrease) in accounts payable - other	7,893	43,444
Increase (decrease) in advances received	(12,328)	22,986
Decrease (increase) in long-term prepaid expenses	48,293	(82,973)
Other, net	(69,925)	(82,116)
Subtotal	5,069,585	3,558,120
Interest income received	51	53
Interest expenses paid	(227,901)	(214,331)
Income taxes paid	(876)	(926)
Proceeds from insurance income	–	54,210
Payments for loss on disaster	–	(45,392)
Net cash provided by (used in) operating activities	4,840,858	3,351,733
Cash flows from investing activities		
Purchase of property and equipment	(988,319)	(10,608,445)
Purchase of intangible assets	(10,260)	(47,158)
Purchase of investment securities	(166,366)	(1,798)
Repayments of tenant leasehold and security deposits	(1,696)	(9,600)
Proceeds from tenant leasehold and security deposits	–	45,000
Payments for lease and guarantee deposits	(100)	–
Net cash provided by (used in) investing activities	(1,166,742)	(10,622,002)
Cash flows from financing activities		
Increase in short-term loans payable	–	2,850,000
Decrease in short-term loans payable	(4,400,000)	–
Proceeds from long-term loans payable	2,288,000	8,900,000
Repayments of long-term loans payable	(2,381,128)	(2,592,862)
Proceeds from issuance of investment units	4,608,459	–
Payments for investment unit issuance expenses	(36,357)	–
Dividends paid	(2,622,341)	(2,837,123)
Net cash provided by (used in) financing activities	(2,543,368)	6,320,014
Net increase (decrease) in cash and cash equivalents	1,130,747	(950,254)
Cash and cash equivalents at beginning of period	10,055,273	11,186,021
Cash and cash equivalents at end of period	*1 11,186,021	*1 10,235,766

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Valuation bases and methods of securities	Securities Other securities (available-for-sale securities) Securities without fair value Stated at cost based on the moving-average method.
2. Method of depreciation and amortization of non-current assets	① Property and equipment The straight-line method is adopted. The useful lives of principal property and equipment are as follows: Buildings 3-57 years Structures 3-60 years Machinery and equipment 6-15 years Tools, furniture and fixtures 2-20 years ② Intangible assets The straight-line method is adopted. The useful lives of intangible assets are as follows: Intangible assets 2-5 years ③ Long-term prepaid expenses The straight-line method is adopted.
3. Accounting for deferred assets	Investment corporation bond issuance costs Amortized by the straight-line method over the period until redemption.
4. Standards for revenue and expense recognition	Accounting for fixed asset tax, etc. For fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the accounting is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. Furthermore, the amount equivalent to fixed asset tax, etc. in the fiscal year in which the acquisition date falls that is paid to the seller as reimbursement upon acquisition of real estate, etc. is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc.
5. Method of hedge accounting	① Method of hedge accounting For interest rate swaps, special accounting is adopted. ② Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans ③ Hedging policy HRR conducts interest rate swap transactions for the purpose of hedging the risks provided in its Articles of Incorporation based on its financial policy. ④ Method of assessment of the effectiveness of hedging Assessment of the effectiveness is omitted, because interest rate swaps meet the requirements for special accounting.
6. Scope of funds in the statement of cash flows	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
7. Other significant matters serving as the basis for preparation of financial statements	Accounting for consumption tax, etc. Consumption tax and local consumption tax are excluded from the transaction amounts.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

1. Commitment line contract

HRR has concluded commitment line contracts with four counterparty financial institutions.

(Unit: thousands of yen)

	11th fiscal period (As of Oct. 31, 2018)	12th fiscal period (As of Apr. 30, 2019)
Total amount of commitment line contracts	5,000,000	5,000,000
Balance of loans outstanding	-	-
Balance of unexecuted loans	5,000,000	5,000,000

*2 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousands of yen)

	11th fiscal period (As of Oct. 31, 2018)	12th fiscal period (As of Apr. 30, 2019)
	50,000	50,000

[Notes to the Statement of Income]

*1 Breakdown of operating profit (loss) from real estate leasing

(Unit: thousands of yen)

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
A. Operating revenue from real estate leasing		
Lease business revenue		
Lease business revenue	5,802,597	5,924,421
Total operating revenue from real estate leasing	5,802,597	5,924,421
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Insurance expenses	19,824	20,152
Repair expenses	86,837	149,044
Land rent	60,197	60,231
Depreciation and amortization	1,169,038	1,196,706
Loss on retirement of non-current assets	314	192
Taxes and dues	452,087	443,566
Other expenses	210,969	219,662
Total operating expenses from real estate leasing	1,999,269	2,089,557
C. Operating profit (loss) from real estate leasing [A—B]	3,803,328	3,834,864

*2 Breakdown of extraordinary income

11th fiscal period (from May 1, 2018 to October 31, 2018)

Not applicable.

12th fiscal period (from November 1, 2018 to April 30, 2019)

Insurance income of 54,210 thousand yen was recorded in relation to assets damaged by Typhoon Jebi in 2018.

*3 Breakdown of extraordinary losses

11th fiscal period (from May 1, 2018 to October 31, 2018)

Not applicable.

12th fiscal period (from November 1, 2018 to April 30, 2019)

Losses (cost of restoration on assets) of 45,392 thousand yen was recorded in relation to assets damaged by Typhoon Jebi in 2018.

[Notes to the Statement of Unitholders' Equity]

*1 Total number of investment units authorized and total number of investment units issued and outstanding

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	221,862 units	221,862 units

[Notes to the Statement of Cash Flows]

*1 Reconciliation of cash and cash equivalents at the end of the period to the amount of balance sheet items

(Unit: thousands of yen)

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Cash and deposits	11,186,021	10,235,766
Cash and cash equivalents	11,186,021	10,235,766

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: thousands of yen)

	11th fiscal period (As of Oct. 31, 2018)	12th fiscal period (As of Apr. 30, 2019)
Due within 1 year	6,426,392	6,853,531
Due after 1 year	40,049,129	40,489,639
Total	46,475,522	47,343,171

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

HRR shall procure funds through issuance of investment units, borrowing from financial institutions, issuance of investment corporation bonds, etc. upon acquisition of new assets under management, etc.

Derivative transactions shall be limited to those invested for the purpose of hedging the risk of fluctuations in interest rates on loans, etc. and other risks.

(2) Description of financial instruments and associated risks, and risk management system

The funds procured through loans and investment corporation bonds are mainly used as funds for acquisition of assets under management, and repayment, redemption, etc. of existing interest-bearing liabilities. Concerning the liquidity risk and interest rate fluctuation risk at times of repayment and reimbursement associated with such fund procurement, HRR manages and limits the concerned risks by diversifying fund procurement sources, and also by effective use of surplus funds and procurement of funds from the capital market through issuance of investment units, etc., entering into commitment line contracts with major financing institutions and creating a timetable of planned funds operations.

In addition, loans with floating interest rates are exposed to the risk of the interest rate payable rising, but

HRR limits the impact of interest rate rises on its operations by keeping LTV (ratio of interest-bearing liabilities to total assets) at a low level and keeping the ratio of long-term and fixed-rate loans at a high level. Moreover, derivative transactions (interest rate swap transactions, etc.) are made available as hedging instruments in order to mitigate the risk of floating interest rates rising and increasingly convert interest expenses to fixed rates.

Deposits, which are for investing HRR's surplus funds, are exposed to credit risk from failure of the financial institutions that are holding the deposits, etc.; however, HRR exercises prudence by limiting the deposit period to short term, taking into consideration security and liquidity and fully taking into account the market environment and status of cash flows.

(3) Supplementary explanation to matters concerning fair values, etc. of financial instruments

The fair value of financial instruments, aside from values based on the quoted market price, includes values based on reasonable calculation when no market price is available. Certain assumptions are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions are adopted.

2. Matters concerning fair value, etc. of financial instruments

The book value and fair value as of October 31, 2018, and the amount of difference between these, are as follows:

(Unit: thousands of yen)

	Book value (Note 1)	Fair value (Note 1) (Note 2)	Amount of difference
(1) Cash and deposits	11,186,021	11,186,021	-
(2) Short-term loans payable	-	-	-
(3) Current portion of long-term loans payable	(6,385,724)	(6,384,182)	(1,541)
(4) Long-term loans payable	(44,805,118)	(44,836,530)	31,412
(5) Investment corporation bonds	(1,500,000)	(1,497,300)	(2,700)
(6) Derivative transactions	-	-	-

The book value and fair value as of April 30, 2019, and the amount of difference between these, are as follows:

(Unit: thousands of yen)

	Book value (Note 1)	Fair value (Note 1) (Note 2)	Amount of difference
(1) Cash and deposits	10,235,766	10,235,766	-
(2) Short-term loans payable	(2,850,000)	(2,850,000)	-
(3) Current portion of long-term loans payable	(8,785,724)	(8,787,175)	1,451
(4) Long-term loans payable	(48,712,256)	(48,884,800)	172,544
(5) Investment corporation bonds	(1,500,000)	(1,502,550)	2,550
(6) Derivative transactions	-	-	-

(Note 1) Items that are liabilities are shown in parentheses ().

(Note 2) Method of calculation of the fair value of financial instruments and matters concerning derivative transactions

(1) Cash and deposits; (2) Short-term loans payable

Because these are settled in a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(3) Current portion of long-term loans payable; (4) Long-term loans payable

Of long-term loans payable, because those with floating interest rates reflect market interest rates in a short period of time, the fair value is thought to resemble the book value and is thus stated at that book value. In the case of those with fixed interest rates, the fair value is based on the method of calculation that discounts the sum total amount of principal and interest by the rate reasonably estimated to apply in the event of a similar new drawdown. The fair value of those subject to special accounting for interest rate swaps is included in the fair value of the long-term loans payable that are the hedged items.

(5) Investment corporation bonds

The fair values of investment corporation bonds are based on reference prices published by the Japan Securities Dealers Association.

(6) Derivative transactions

Please refer to "Notes on Derivative Transactions" later in this document.

(Note 3) Financial instruments for which estimation of fair value is recognized to be difficult

Tenant leasehold and security deposits are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price and the difficulty of calculating the actual deposit period from when lessees move in to when they move out.

In addition, Investment securities are not subject to valuation at fair value, given that they do not have a market price, nor is it possible to reasonably estimate their cash flows. The book values of tenant leasehold and security deposits and investment securities are as follows:

(Unit: thousands of yen)

	11th fiscal period (As of Oct. 31, 2018)	12th fiscal period (As of Apr. 30, 2019)
Tenant leasehold and security deposits	3,130,204	3,165,604
Investment securities	336,695	336,695

(Note 4) Amount of redemption of monetary claims scheduled to be due after the account closing date (October 31, 2018)

(Unit: thousands of yen)

	Due within 1 year
Cash and deposits	11,186,021

Amount of redemption of monetary claims scheduled to be due after the account closing date (April 30, 2019)

(Unit: thousands of yen)

	Due within 1 year
Cash and deposits	10,235,766

(Note 5) Amount of repayment of loans and investment corporation bonds scheduled to be due after the account closing date (October 31, 2018)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
Short-term loans payable	-	-	-	-	-	-
Long-term loans payable	6,385,724	8,693,872	7,891,417	9,517,128	8,967,143	9,735,558
Investment corporation bonds	-	-	-	-	-	1,500,000

Amount of repayment of loans and investment corporation bonds scheduled to be due after the account closing date (April 30, 2019)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
Short-term loans payable	2,850,000	-	-	-	-	-
Long-term loans payable	8,785,724	7,433,853	9,217,148	8,395,696	7,860,002	15,805,557
Investment corporation bonds	-	-	-	-	-	1,500,000

[Notes on Securities]

11th fiscal period (as of October 31, 2018)

Securities

Other securities

Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares (book value of 168,530 thousand yen) and Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares (book value of 168,165 thousand yen) do not have a market price, nor is it possible to estimate their future cash flows. Accordingly, they are not subject to fair value disclosure because discerning the fair value has been recognized to be extremely difficult.

12th fiscal period (as of April 30, 2019)

Securities

Other securities

Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares (book value of 168,530 thousand yen) and Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares (book value of 168,165 thousand yen) do not have a market price, nor is it possible to estimate their future cash flows. Accordingly, they are not subject to fair value disclosure because discerning the fair value has been recognized to be extremely difficult.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied
11th fiscal period (as of October 31, 2018)
Not applicable.

12th fiscal period (as of April 30, 2019)
Not applicable.

2. Derivative transactions to which hedge accounting is applied
11th fiscal period (as of October 31, 2018)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. as of the account closing date for each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of the fair value
				Of which, due after 1 year		
Special accounting for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	21,388,000	18,888,000	(Note)	—

(Note) Those subject to special accounting for interest rate swaps are accounted for together with the long-term loans payable that are the hedged items and the fair value is included in the fair value of "(Note 2) (3) Current portion of long-term loans payable, (4) Long-term loans payable" in "Notes on Financial Instruments; 2. Matters concerning fair value, etc. of financial instruments" earlier in this document.

12th fiscal period (as of April 30, 2019)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. as of the account closing date for each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of the fair value
				Of which, due after 1 year		
Special accounting for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	25,788,000	23,288,000	(Note)	—

(Note) Those subject to special accounting for interest rate swaps are accounted for together with the long-term loans payable that are the hedged items and the fair value is included in the fair value of "(Note 2) (3) Current portion of long-term loans payable, (4) Long-term loans payable" in "Notes on Financial Instruments; 2. Matters concerning fair value, etc. of financial instruments" earlier in this document.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.
11th fiscal period (from May 1, 2018 to October 31, 2018)
Not applicable.

12th fiscal period (from November 1, 2018 to April 30, 2019)
Not applicable.

2. Affiliated company, etc.
11th fiscal period (from May 1, 2018 to October 31, 2018)
Not applicable.

12th fiscal period (from November 1, 2018 to April 30, 2019)
Not applicable.

3. Fellow subsidiary, etc.
11th fiscal period (from May 1, 2018 to October 31, 2018)
Not applicable.
- 12th fiscal period (from November 1, 2018 to April 30, 2019)
Not applicable.
4. Director, major individual unitholder, etc.
11th fiscal period (from May 1, 2018 to October 31, 2018)
Not applicable.
- 12th fiscal period (from November 1, 2018 to April 30, 2019)
Not applicable.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)

	11th fiscal period As of Oct. 31, 2018	12th fiscal period As of Apr. 30, 2019
Deferred tax assets		
Enterprise tax payable excluded from deductible expenses	15	14
Total deferred tax assets	15	14
Net deferred tax assets	15	14

2. Breakdown of major items that caused any significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(Unit: %)

	11th fiscal period As of Oct. 31, 2018	12th fiscal period As of Apr. 30, 2019
Statutory tax rate	31.51	31.51
[Adjustments]		
Distributions deductible for tax purpose	(31.50)	(31.50)
Other	0.02	0.02
Effective income tax rate after application of tax-effect accounting	0.03	0.03

[Notes on Investment and Rental Properties]

HRR owns investment and rental properties that are of hotel/ryokan use in Nagano Prefecture and other areas. The book value, amount of increase (decrease) during the period and fair value of these investment and rental properties are as follows:

(Unit: thousands of yen)

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Book value (Note 2)		
Balance at beginning of period	150,656,745	150,235,080
Amount of increase (decrease) during period	(Note 3) (421,665)	(Note 4) 9,524,986
Balance at end of period	150,235,080	159,760,066
Fair value at end of period (Note 5)	169,060,000	179,312,000

- (Note 1) For an overview of the concerned investment and rental properties, please refer to “3. Reference Information; (1) Information on Values of Assets Under Management, Etc.; ② Investment Assets; (b) Investment Real Estate Properties” later in this document.
- (Note 2) “Book value” is the amount of the cost of acquisition, less accumulated depreciation.
- (Note 3) Of the amount of increase (decrease) in investment and rental properties, the amount of increase is mainly attributable to capital expenditures (667,696 thousand yen in total), while the amount of decrease is mainly attributable to depreciation (1,090,526 thousand yen in total).
- (Note 4) Of the amount of increase (decrease) in investment and rental properties, the amount of increase is mainly attributable to acquisition of three properties including KAI Alps (9,160,543 thousand yen in total), while the amount of decrease is mainly attributable to depreciation (1,128,629 thousand yen in total).
- (Note 5) “Fair value at end of period” is the appraisal value or investigation value by an outside real estate appraiser.

The income (loss) concerning investment and rental properties is as stated in “Notes to the Statement of Income” earlier in this document.

[Notes on Segment Information, etc.]

1. Segment information

Segment information is omitted because HRR operates a single segment, which is the real estate leasing business.

2. Related information

11th fiscal period (from May 1, 2018 to October 31, 2018)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property and equipment

Information about property and equipment is omitted because the amount of property and equipment located in Japan is in excess of 90% of the amount of property and equipment on the balance sheet.

(3) Information about major customers

(Unit: thousands of yen)

Name of customer	Operating revenue	Name of related segment
Hoshino Resorts Inc.	674,224	Real estate leasing business
K.K. Horizon Hotels	2,055,534	Real estate leasing business
SHR Roadside Inn Co., Ltd.	749,802	Real estate leasing business

12th fiscal period (from November 1, 2018 to April 30, 2019)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property and equipment

Information about property and equipment is omitted because the amount of property and equipment located in Japan is in excess of 90% of the amount of property and equipment on the balance sheet.

(3) Information about major customers

(Unit: thousands of yen)

Name of customer	Operating revenue	Name of related segment
Hoshino Resorts Inc.	696,876	Real estate leasing business
K.K. Horizon Hotels	2,129,302	Real estate leasing business
SHR Roadside Inn Co., Ltd.	763,156	Real estate leasing business

[Notes on Per Unit Information]

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Net assets per unit	475,868 yen	476,046 yen
Profit per unit	12,799 yen	12,974 yen

(Note 1) Profit per unit is calculated by dividing profit by the daily weighted average number of investment units.

In addition, diluted profit per unit is not stated because there are no diluted investment units.

(Note 2) The following is the basis for calculation of profit per unit.

	11th fiscal period From: May 1, 2018 To: Oct. 31, 2018	12th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019
Profit (thousands of yen)	2,839,034	2,878,472
Amount not attributable to common unitholders (thousands of yen)	-	-
Profit attributable to common investment units (thousands of yen)	2,839,034	2,878,472
Average number of investment units during period (units)	221,812	221,862

[Notes on Significant Subsequent Events]

1. Borrowing of Funds

In order to procure funds for repayment of the principal of existing loans due for repayment and funds to be used for the early repayment of those, HRR borrowed the following funds as of May 7, 2019 and May 31, 2019.

Floating /Fixed	Lender	Loan amount	Interest rate (Note 1) (Note 2)	Drawdown date	Maturity date (Note 6)	Repayment method
Floating	Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc.	0.2 billion yen	Base rate 1-month Japanese Yen TIBOR +0.374% (Note 3)	May 7, 2019	April 30, 2024	Lump-sum repayment at maturity
Fixed	MUFG Bank, Ltd.	0.1 billion yen	0.464%	May 7, 2019	April 30, 2024	Lump-sum repayment at maturity
Floating	The Bank of Fukuoka, Ltd. The Hokuriku Bank, Ltd. The Yamaguchi Bank, Ltd. The Bank of Kyoto, Ltd. The Senshu Ikeda Bank, Ltd.	1.15 billion yen	Base rate 1-month Japanese Yen TIBOR +0.370% (Note 4)	May 31, 2019	April 30, 2024	Lump-sum repayment at maturity
	Resona Bank, Limited. Mizuho Bank, Ltd.	1.1 billion yen	Base rate 1-month Japanese Yen TIBOR +0.418% (Note 5)	May 31, 2019	October 31, 2024	Lump-sum repayment at maturity
Fixed	MUFG Bank, Ltd.	0.6 billion yen	0.468%	May 31, 2019	October 31, 2024	Lump-sum repayment at maturity

(Note 1) Financial fees, etc. payable to lenders are not included in "Interest rate."

(Note 2) The base rate applicable to the interest calculation period for the interest payable on an interest payment due date shall be, of the 1-month Japanese Yen TIBOR (Tokyo Interbank Offered Rate) published by JBA TIBOR Administration at the prescribed point in time two business days prior to the interest payment due date immediately preceding that interest payment due date (the drawdown date in the case of the first interest payment due date), the interest rate for the number of months corresponding to the concerned interest calculation period. However, if there is no rate corresponding to the concerned period, then it shall be the base rate calculated based on the method provided in the contract.

(Note 3) An interest rate swap agreement has been concluded in order to fix interest rates payable and thereby hedge the risk of rises in interest rates, and the interest rate is thus substantively fixed at 0.49100%.

(Note 4) An interest rate swap agreement has been concluded in order to fix interest rates payable and thereby hedge the risk of rises in interest rates, and the interest rate is thus substantively fixed at 0.44375%.

(Note 5) An interest rate swap agreement has been concluded in order to fix interest rates payable and thereby hedge the risk of rises in interest rates, and the interest rate is thus substantively fixed at 0.49800%.

(Note 6) If the concerned date is not a business day, then it shall be the next business day. If that business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date.

2. Repayment of Loans

As of May 31, 2019, HRR has made early loan repayment as follows.

Floating /Fixed	Lender	Loan amount	Interest rate (Note 1) (Note 2)	Drawdown date	Maturity date (Note 3)	Repayment method
Floating	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation	2.85 billion yen	Base rate 1-month Japanese Yen TIBOR +0.300%	March 29, 2019	March 27, 2020	Lump-sum repayment at maturity

(Note 1) Financial fees, etc. payable to lenders are not included in "Interest rate."

(Note 2) The base rate applicable to the interest calculation period for the interest payable on an interest payment due date shall be, of the 1-month

Japanese Yen TIBOR (Tokyo Interbank Offered Rate) published by JBA TIBOR Administration at the prescribed point in time two business days prior to the interest payment due date immediately preceding that interest payment due date (the drawdown date in the case of the first interest payment due date), the interest rate for the number of months corresponding to the concerned interest calculation period. However, if there is no rate corresponding to the concerned period, then it shall be the base rate calculated based on the method provided in the contract.

(Note 3) If the concerned date is not a business day, then it shall be the next business day. If that business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date.

[Omission of Disclosure]

Disclosure of notes on retirement benefits, share of profit (loss) of entities accounted for using the equity method, etc. and asset retirement obligations is omitted because there is thought to be no large necessity for disclosure in the financial report.

(9) Changes in Total Number of Investment Units Issued and Outstanding

HRR did not make any capital increase, etc. in the fiscal period under review, and there was no change in unitholders' capital and total number of investment units issued and outstanding in the fiscal period under review. The following are the changes in unitholders' capital and total number of investment units issued and outstanding for the most recent five years.

Date	Description	Unitholders' capital (thousands of yen)		Total number of investment units issued and outstanding (units)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 1, 2014	Capital increase through public offering	16,547,762	26,465,282	22,000	42,250	(Note 1)
May 27, 2014	Capital increase through third-party allotment	540,810	27,006,092	719	42,969	(Note 2)
May 1, 2015	Capital increase through public offering	8,673,580	35,679,673	6,400	49,369	(Note 3)
May 26, 2015	Capital increase through third-party allotment	433,679	36,113,352	320	49,689	(Note 4)
November 2, 2015	Capital increase through public offering	30,279,030	66,392,382	26,970	76,659	(Note 5)
November 25, 2015	Capital increase through third-party allotment	1,514,512	67,906,895	1,349	78,008	(Note 6)
May 2, 2016	Capital increase through public offering	4,461,050	72,367,946	3,570	81,578	(Note 7)
May 24, 2016	Capital increase through third-party allotment	223,677	72,591,623	179	81,757	(Note 8)
November 1, 2016	Split of investment units	-	72,591,623	81,757	163,514	(Note 9)
May 1, 2017	Capital increase through public offering	4,705,163	77,296,787	8,720	172,234	(Note 10)
May 23, 2017	Capital increase through third-party allotment	235,258	77,532,045	436	172,670	(Note 11)
November 1, 2017	Capital increase through public offering	19,616,644	97,148,689	38,160	210,830	(Note 12)
November 28, 2017	Capital increase through third-party allotment	980,832	98,129,521	1,908	212,738	(Note 13)
May 1, 2018	Capital increase through public offering	4,389,249	102,518,771	8,690	221,428	(Note 14)
May 22, 2018	Capital increase through third-party allotment	219,209	102,737,981	434	221,862	(Note 15)

(Note 1) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 780,178 yen (paid-in amount of 752,171 yen) per unit.

(Note 2) For allocation to repayment of borrowed money, new investment units were issued through third-party allotment with paid-in amount of 752,171 yen per unit.

(Note 3) For allocation to the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 1,404,215 yen (paid-in amount of 1,355,247 yen) per unit.

(Note 4) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through third-party allotment with paid-in amount of 1,355,247 yen per unit.

(Note 5) For allocation to the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 1,162,024 yen (paid-in amount of 1,122,693 yen) per unit.

(Note 6) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through third-party allotment with paid-in amount of 1,122,693 yen per unit.

(Note 7) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 1,294,745 yen (paid-in amount of 1,249,594 yen) per unit.

(Note 8) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through third-party allotment with paid-in amount of 1,249,594 yen per unit.

- (Note 9) A 2-for-1 split of investment units was implemented with a record date of October 31, 2016 and an effective date of November 1, 2016.
- (Note 10) For allocation to the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 559,080 yen (paid-in amount of 539,583 yen) per unit.
- (Note 11) For allocation to part of the funds for acquisition of specified assets or part of the funds for repayment of borrowed money, new investment units were issued through third-party allotment with paid-in amount of 539,583 yen per unit.
- (Note 12) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 531,508 yen (paid-in amount of 514,063 yen) per unit.
- (Note 13) For allocation to part of the funds for acquisition of specified assets or part of the funds for repayment of borrowed money, new investment units were issued through third-party allotment with paid-in amount of 514,063 yen per unit.
- (Note 14) For allocation to part of the funds for repayment of borrowed money, new investment units were issued through public offering at an offer price of 523,342 yen (paid-in amount of 505,092 yen) per unit.
- (Note 15) For allocation to part of the funds for acquisition of specified assets or part of the funds for repayment of borrowed money in the future, new investment units were issued through third-party allotment with paid-in amount of 505,092 yen per unit.

3. Reference Information

(1) Information on Values of Assets Under Management, Etc.

① Investment Status

The following is HRR's investment status as of April 30, 2019 (end of the 12th fiscal period).

Asset type	Asset use	Prefectural location	Name of property	12th fiscal period (as of Apr. 30, 2019)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Ryokan	Nagano	HOSHINOYA Karuizawa	7,263	4.2
	Ryokan	Kyoto	HOSHINOYA Kyoto	3,270	1.9
	Hotel	Yamanashi	HOSHINOYA Fuji	4,084	2.4
	Hotel	Okinawa	HOSHINOYA Taketomi Island	4,888	2.8
	Hotel	Yamanashi	RISONARE Yatsugatake	5,962	3.5
	Hotel	Shizuoka	RISONARE Atami	4,597	2.7
	Ryokan	Nagano	KAI Matsumoto	634	0.4
	Ryokan	Shimane	KAI Izumo	727	0.4
	Ryokan	Shizuoka	KAI Ito	1,282	0.7
	Ryokan	Kanagawa	KAI Hakone	1,152	0.7
	Ryokan	Oita	KAI Aso	617	0.4
	Ryokan	Tochigi	KAI Kawaji	1,013	0.6
	Ryokan	Tochigi	KAI Kinugawa	3,019	1.7
	Ryokan	Ishikawa	KAI Kaga	3,086	1.8
	Ryokan	Nagano	KAI Alps	3,097	1.8
	Hotel	Hokkaido	OMO7 Asahikawa	5,007	2.9
	Hotel	Okinawa	Hotel Nirakanai Iriomotejima	3,752	2.2
	Hotel	Hiroshima	ANA Crowne Plaza Hiroshima	17,833	10.3
	Hotel	Fukuoka	ANA Crowne Plaza Fukuoka	7,619	4.4
	Hotel	Ishikawa	ANA Crowne Plaza Kanazawa	6,808	3.9
	Hotel	Toyama	ANA Crowne Plaza Toyama	3,937	2.3
	Hotel	Osaka	Hyatt Regency Osaka	16,429	9.5
	Hotel	Tokyo	the b akasaka	4,880	2.8
	Hotel	Tokyo	the b sangenjaya	4,455	2.6
	Hotel	Aichi	the b nagoya	4,523	2.6
	Hotel	Hyogo	the b kobe	7,058	4.1
	Hotel	Osaka	Quintessa Hotel Osaka Shinsaibashi	3,401	2.0
	Hotel	Osaka	hotel androoms Osaka Hommachi	4,360	2.5
	Hotel	Kochi	HOTEL NIKKO KOCHI ASAHI ROYAL	2,283	1.3
	Hotel	Nagano	Chisun Inn Shiojiri Kita IC	677	0.4
	Hotel	Tochigi	Chisun Inn Sano Fujioka IC	734	0.4
	Hotel	Nagano	Chisun Inn Suwa IC	657	0.4
	Hotel	Aichi	Chisun Inn Toyokawa IC	604	0.4
Hotel	Saga	Chisun Inn Tosu	495	0.3	
Hotel	Chiba	Chisun Inn Chiba Hamano R16	785	0.5	
Hotel	Kumamoto	Chisun Inn Kumamoto Miyukifueda	613	0.4	

Asset type	Asset use	Prefectural location	Name of property	12th fiscal period (as of Apr. 30, 2019)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Hotel	Tochigi	Chisun Inn Utsunomiya Kanuma	714	0.4
	Hotel	Fukui	Chisun Inn Fukui	645	0.4
	Hotel	Fukushima	Chisun Inn Fukushima Nishi IC	673	0.4
	Hotel	Niigata	Chisun Inn Niigata Chuo IC	616	0.4
	Hotel	Nagasaki	Chisun Inn Nagasaki Airport	610	0.4
	Hotel	Ibaraki	Chisun Inn Hitachinaka	706	0.4
	Hotel	Ibaraki	Chisun Inn Tsuchiura Ami	733	0.4
	Hotel	Yamanashi	Chisun Inn Kofu Isawa	636	0.4
	Hotel	Kagawa	Chisun Inn Marugame Zentsuji	575	0.3
	Hotel	Fukuoka	Chisun Inn Munakata	496	0.3
	Hotel	Iwate	Chisun Inn Iwate Ichinoseki IC	671	0.4
	Hotel	Nagano	Chisun Inn Karuizawa	767	0.4
	Hotel	Hyogo	Chisun Inn Himeji Yumesakibashi	610	0.4
	Hotel	Okayama	Chisun Inn Kurashiki Mizushima	690	0.4
	Hotel	Aichi	Candeo Hotels Handa	601	0.3
	Hotel	Nagano	Candeo Hotels Chino	762	0.4
	Hotel	Hiroshima	Candeo Hotels Fukuyama	1,023	0.6
	Hotel	Tochigi	Candeo Hotels Sano	1,213	0.7
	Hotel	Mie	Candeo Hotels Kameyama	472	0.3
	Hotel	Hokkaido	Comfort Hotel Hakodate	921	0.5
	Hotel	Hokkaido	Comfort Hotel Tomakomai	937	0.5
Hotel	Hiroshima	Comfort Hotel Kure	1,102	0.6	
Hotel	Kagoshima	Chisun Inn Kagoshima Taniyama	1,955	1.1	
Real estate subtotal				159,760	92.5
Investment securities				336	0.2
Deposits and other assets				12,682	7.3
Total assets (Note 3)				172,779	100.0
Total liabilities (Note 3)				67,163	38.9
Total net assets (Note 3)				105,616	61.1

(Note 1) "Total amount held" is the book value (in the case of real estate, the depreciated book value). The book value of real estate is including machinery and equipment, structures, and leasehold right, but excluding tools, furniture and fixtures, software, and construction in progress.

(Note 2) "As a percentage of total assets" is rounded to one decimal place.

(Note 3) "Total assets," "Total liabilities" and "Total net assets" amounts are the book value.

② Investment Assets

(a) Major Issues of Investment Securities

The following is a summary of investment securities held by HRR as of April 30, 2019 (end of the 12th fiscal period).

Name of securities	No. of shares (shares)	Acquisition price (thousands of yen)		Appraisal value (thousands of yen) (Note 1)		Gain (loss) on valuation of investment securities (thousands of yen)	Remarks	Ratio to total assets (%) (Note 2)
		Unit Price	Amount	Unit Price	Amount			
Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares	332	507	168,530	507	168,530	–	–	0.1
Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares	333	505	168,165	505	168,165	–	–	0.1

(Note 1) The “Appraisal value” states the acquisition price because the securities are unlisted securities. HRR and the Asset Management Company acquired the “Yomitan Hotel Management Co., Ltd. No. 1 through No. 3 Class B Preferred Shares Appraisal Report” (appraisal reference date of April 30, 2019), which had been prepared by Plutus Consulting Co., Ltd. HRR and the Asset Management Company then commissioned Grant Thornton Taiyo LLC to investigate the price concerning the appraisal value stated in the said report. The interim unit prices of the appraisal values of the aforementioned shares, which were calculated by HRR, based on the appraisal values stated in the said report, were 609 thousand yen per share of No. 1 Class B preferred shares, 581 thousand yen per share of No. 2 Class B preferred shares, and the total amounts of the appraisal values based on the respective unit prices were 202,435 thousand yen for the No. 1 Class B preferred shares and 193,703 thousand yen for the No. 2 Class B preferred shares.

(Note 2) The “Ratio to total assets” states the acquisition price’s percentage share of total assets. The percentage value is rounded to one decimal place.

(Note 3) The business activity of Yomitan Hotel Management Co., Ltd., as of the date of this document, is the development and operation of resorts. The same shall apply hereinafter.

With respect to the No. 3 Class B preferred shares (hereinafter, the “shares underwritten”), as of March 16, 2018, HRR has concluded an underwriting agreement (hereinafter, the “underwriting agreement”), with Yomitan Hotel Management Co., Ltd., the issuer of the shares underwritten. HRR treats the underwriting agreement as an agreement that falls under a forward commitment, etc. specified in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.,” which has been established by the Financial Services Agency. As of May 30, 2019, HRR conducted the acquisition (underwriting) of the assets.

The asset type, name of securities, number of shares underwritten, paid-in amount, total paid-in amount and payment date of the shares underwritten are as follows.

Asset type	Name of securities	No. of shares underwritten (shares)	Paid-in amount (Note)	Total paid-in amount (thousands of yen)	Payment date
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 3 Class B preferred shares	334	500,000 yen per share	167,000	May 30, 2019

(Note) “Paid-in amount” indicates the paid-in amount indicated in the underwriting agreement (excluding expenses such as commissions).

(b) Investment Real Estate Properties

The following is a summary of real estate, etc. held by HRR as of April 30, 2019 (end of the 12th fiscal period).

a. Acquisition Price, Book Value, Estimated Value at End of Period, Share of Investment, Etc.

Investment category	Property no. (Note 1)	Name of property	Acquisition price (millions of yen)	Book value (millions of yen) (Note 2)	Estimated value at end of period (millions of yen) (Note 3)	Share of investment (%) (Note 4)	Appraisal company (Note 5)		
Properties operated by the Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	7,600	7,263	11,900	4.9	NV	
		H-2	HOSHINOYA Kyoto	2,878	3,270	4,280	1.8	NV	
		H-3	HOSHINOYA Fuji	4,160	4,084	4,330	2.7	NV	
		H-4	HOSHINOYA Taketomi Island	4,955	4,888	5,270	3.2	NV	
		Subtotal			19,593	19,507	25,780	12.6	—
	RISONARE	R-1	RISONARE Yatsugatake	4,500	5,962	7,240	2.9	NV	
		R-2	RISONARE Atami	3,750	4,597	4,440	2.4	NV	
		Subtotal			8,250	10,559	11,680	5.3	—
	KAI	K-1	KAI Matsumoto	600	634	817	0.4	JMK	
		K-2	KAI Izumo	680	727	869	0.4	JMK	
		K-3	KAI Ito	670	1,282	1,590	0.4	JMK	
		K-4	KAI Hakone	950	1,152	1,320	0.6	JMK	
		K-5	KAI Aso	575	617	692	0.4	JMK	
		K-6	KAI Kawaji	1,000	1,013	1,170	0.6	JMK	
		K-7	KAI Kinugawa	3,080	3,019	3,340	2.0	JMK	
		K-8	KAI Kaga	3,160	3,086	3,380	2.0	JMK	
		K-9	KAI Alps	3,060	3,097	3,160	2.0	NV	
		Subtotal			13,775	14,632	16,338	8.8	—
	Other	O-35	OMO7 Asahikawa	4,619	5,007	4,730	3.0	RC	
		O-43	Hotel Nirakanai Iriomotejima	3,650	3,752	3,750	2.3	NV	
		Subtotal			8,269	8,760	8,480	5.3	—
	Properties operated by outside operators	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	17,784	17,833	20,000	11.4	RC
			O-32	ANA Crowne Plaza Fukuoka	7,599	7,619	8,810	4.9	RC
O-33			ANA Crowne Plaza Kanazawa	6,609	6,808	7,190	4.2	RC	
O-34			ANA Crowne Plaza Toyama	4,008	3,937	4,470	2.6	RC	
O-36			Hyatt Regency Osaka	16,000	16,429	16,600	10.3	NV	
O-37			the b akasaka	4,860	4,880	5,130	3.1	RC	
O-38			the b sangenjaya	4,420	4,455	4,690	2.8	RC	
O-39			the b nagoya	4,500	4,523	4,680	2.9	RC	
O-40			the b kobe	7,020	7,058	7,260	4.5	RC	
O-41			Quintessa Hotel Osaka Shinsaibashi	3,339	3,401	3,730	2.1	NV	
O-42			hotel androoms Osaka Hommachi	4,238	4,360	4,410	2.7	RC	
O-44			HOTEL NIKKO KOCHI ASAHI ROYAL	2,200	2,283	2,250	1.4	NV	
Subtotal			82,577	83,591	89,220	53.0	—		

Investment category	Property no. (Note 1)	Name of property	Acquisition price (millions of yen)	Book value (millions of yen) (Note 2)	Estimated value at end of period (millions of yen) (Note 3)	Share of investment (%) (Note 4)	Appraisal company (Note 5)	
Properties operated by outside operators	Other	O-1	Chisun Inn Shiojiri Kita IC	672	677	818	0.4	NV
		O-2	Chisun Inn Sano Fujioka IC	742	734	913	0.5	JMK
		O-3	Chisun Inn Suwa IC	658	657	831	0.4	NV
		O-4	Chisun Inn Toyokawa IC	602	604	733	0.4	NV
		O-5	Chisun Inn Tosu	504	495	657	0.3	NV
		O-6	Chisun Inn Chiba Hamano R16	798	785	1,020	0.5	JMK
		O-7	Chisun Inn Kumamoto Miyukifueda	616	613	752	0.4	NV
		O-8	Chisun Inn Utsunomiya Kanuma	714	714	850	0.5	JMK
		O-9	Chisun Inn Fukui	644	645	801	0.4	NV
		O-10	Chisun Inn Fukushima Nishi IC	672	673	768	0.4	JMK
		O-11	Chisun Inn Niigata Chuo IC	630	616	776	0.4	NV
		O-12	Chisun Inn Nagasaki Airport	630	610	757	0.4	NV
		O-13	Chisun Inn Hitachinaka	742	706	920	0.5	JMK
		O-14	Chisun Inn Tsuchiura Ami	770	733	921	0.5	JMK
		O-15	Chisun Inn Kofu Isawa	658	636	791	0.4	NV
		O-16	Chisun Inn Marugame Zentsuji	588	575	736	0.4	NV
		O-17	Chisun Inn Munakata	504	496	633	0.3	NV
		O-18	Chisun Inn Iwate Ichinoseki IC	700	671	777	0.4	JMK
		O-19	Chisun Inn Karuizawa	812	767	1,090	0.5	NV
		O-20	Chisun Inn Himeji Yumesakibashi	616	610	737	0.4	NV
		O-21	Chisun Inn Kurashiki Mizushima	728	690	870	0.5	NV
		O-22	Candeo Hotels Handa	620	601	701	0.4	RC
		O-23	Candeo Hotels Chino	793	762	924	0.5	RC
		O-24	Candeo Hotels Fukuyama	1,075	1,023	1,250	0.7	RC
		O-25	Candeo Hotels Sano	1,260	1,213	1,480	0.8	RC
		O-26	Candeo Hotels Kameyama	470	472	538	0.3	RC
		O-27	Comfort Hotel Hakodate	937	921	1,040	0.6	NV
		O-28	Comfort Hotel Tomakomai	963	937	1,070	0.6	NV
		O-29	Comfort Hotel Kure	1,100	1,102	1,230	0.7	NV
		O-30	Chisun Inn Kagoshima Taniyama	1,995	1,955	2,430	1.3	RC
				Subtotal	23,213	22,709	27,814	14.9
		Total	155,677	159,760	179,312	100.0	–	

- (Note 1) "Property no." is that assigned by classifying according to the brands of assets invested by HRR (four brand groups: "HOSHINOYA," "RISONARE," "KAI" and "Other") and numbering brand group by brand group. The same shall apply hereinafter.
- (Note 2) "Book value" is including machinery and equipment, structures, and leasehold right but excluding tools, furniture and fixtures, software, and construction in progress.
- (Note 3) Appraisal of the property is entrusted to Japan Valuers Co., Ltd., JLL Morii Valuation & Advisory K.K. or Rich Appraisal Institute Co., Ltd. "Estimated value at end of period" is the appraisal value stated in the real estate appraisal report, etc. with April 30, 2019 as the date of value.
- (Note 4) "Share of investment" is acquisition price of the property expressed as a percentage of the sum total of acquisition price, rounded to one decimal place.
- (Note 5) "Appraisal company" is shown in initials in the table above. The initials used for each appraisal company are as follows:
NV: Nihon Valuers K.K. (Japan Valuers Co., Ltd.)
JMK: JLL Morii Valuation & Advisory K.K.
RC: K.K. Richi Hyouka Kenkyujyo (Rich Appraisal Institute Co., Ltd.)
- (Note 6) No collateral has been established on real estate and others owned by HRR as of April 30, 2019 (end of the 12th fiscal period).

b. Location, Area, Size, Etc.

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)	
Properties operated by the Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	Karuizawa-machi, Kitasakugun, Nagano (Chubu region)	78,888.26 (Note 4)	11,723.61	February 2002 (Tombo-no-yu; Sonmin Shokudo) / April 2005 (HOSHINOYA) / June 2009 (Harunire Terrace) / July 2016 (Ice Skating Rink in the Forest)	630	11,723.61	11,723.61	1(15)	77
		H-2	HOSHINOYA Kyoto	Kyoto-shi, Kyoto (Kinki region)	10,456.38	3,075.70	Unknown (main wing; new construction) (Note 5) / October 2009 (main wing; renovation) / June 2017 (annex)	203	3,097.69	3,097.69	1(0)	25
		H-3	HOSHINOYA Fuji	Fujikawaguchikomachi, Minamitsurugun, Yamanashi (Chubu region)	74,772.03 (Note 6)	2,103.55	August 2015	284	2,103.55	2,103.55	1(0)	40
		H-4	HOSHINOYA Taketomi Island (Note 7)	Taketomi-cho, Yaeyama-gun, Okinawa (Kyushu-Okinawa region)	115,982.04	4,249.87	March 2012 (main wing) / March 2009 (annex)	336	4,249.87	4,249.87	1(0)	48
	Subtotal				280,098.71	21,152.73	–	1,455	21,174.72	21,174.72	4(15)	190
	RISONARE	R-1	RISONARE Yatsugatake	Hokuto-shi, Yamanashi (Chubu region)	75,831.81 (Note 8)	33,853.45	June 1992 (hotel; pool) / April 2004 (chapel; machine room)	525	33,853.45	33,853.45	1(17)	172
		R-2	RISONARE Atami	Atami-shi, Shizuoka (Chubu region)	65,161.44	23,385.18	October 1992	223	23,385.18	23,385.18	1(0)	81
		Subtotal				140,993.25	57,238.63	–	748	57,238.63	57,238.63	2(17)
	KAI	K-1	KAI Matsumoto	Matsumoto-shi, Nagano (Chubu region)	3,340.67	4,056.12	November 1999	75	4,056.12	4,056.12	1(0)	26
		K-2	KAI Izumo	Matsue-shi, Shimane (Chugoku-Shikoku region)	11,321.56 (Note 9)	3,909.02	Unknown (old wing) (Note 5) / July 1997 (new wing)	75	3,909.02	3,909.02	1(0)	24
		K-3	KAI Ito	Ito-shi, Shizuoka (Chubu region)	4,899.97	6,918.92	Unknown (Note 5) / November 1995 (extension)	116	6,918.92	6,918.92	1(0)	30
		K-4	KAI Hakone	Hakone-machi, Ashigarashimogun, Kanagawa (Kanto region)	9,723.04	4,649.67	July 1987	95	4,649.67	4,649.67	1(0)	32
		K-5	KAI Aso	Kokonoe-machi, Kusu-gun, Oita (Kyushu-Okinawa region)	26,673.00	1,543.53	April 2006	42	1,543.53	1,543.53	1(0)	12
		K-6	KAI Kawaji	Nikko-shi, Tochigi (Kanto region)	8,671.47 (Note 10)	8,190.38	September 1994	99	8,190.38	8,190.38	1(0)	54
		K-7	KAI Kinugawa	Nikko-shi, Tochigi (Kanto region)	35,187.55	4,066.60	August 2015	129	4,066.60	4,066.60	1(0)	48
		K-8	KAI Kaga	Kaga-shi, Ishikawa (Hokuriku region)	1,796.81	5,159.46	September 2015 (new wing) / March 1967; partly unknown (old wing) (Note 11)	206	5,159.46	5,159.46	1(0)	48
		K-9	KAI Alps	Omachi, Nagano (Chubu region)	7,796.90	4,241.12	August 2017	186	4,241.12	4,241.12	1(0)	48
	Subtotal				109,410.97	42,734.82	–	1,025	42,734.82	42,734.82	9(0)	322

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)	
Properties operated by the Hoshino Resorts Group	Other	O-35	OMO7 Asahikawa	Asahikawa-shi, Hokkaido (Hokkaido-Tohoku region)	4,278.02	25,715.20	March 1994	364	25,715.20	25,715.20	1(5)	237
		O-43	Hotel Nirakanai Iriomotejima	Taketomi-cho, Yaeyama-gun, Okinawa (Kyushu-Okinawa region)	68,928.47 (Note 12)	11,460.41	June 2004 (hotel building) / August 2004 (restaurant building) / November 2004 (company dormitory) / Unknown / (Note 5)(garbage incinerator)	163	11,460.41	11,460.41	1(0)	140
		Subtotal			73,206.49	37,175.61	–	527	37,175.61	37,175.61	2(5)	377
Properties operated by outside operators	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima (Chugoku-Shikoku region)	5,126.00 (Note 13)	42,727.85 (Note 14)	August 1983	606	32,332.00	32,332.00	1(7)	409
		O-32	ANA Crowne Plaza Fukuoka	Fukuoka-shi, Fukuoka (Kyushu-Okinawa region)	3,411.67	27,372.74	November 1976 (hotel building) / February 1999 (chapel)	288	27,372.74	27,372.74	1(4)	320
		O-33	ANA Crowne Plaza Kanazawa	Kanazawa-shi, Ishikawa (Hokuriku region)	8,312.42 (Note 15)	61,448.41 (Note 16)	March 1990	546	23,835.00	23,835.00	1(5)	249
		O-34	ANA Crowne Plaza Toyama	Toyama-shi, Toyama (Hokuriku region)	3,723.50 (Note 4)	26,209.92 (Note 17)	June 1999	240	21,600.11	21,600.11	1(7)	252
		O-36	Hyatt Regency Osaka	Osaka-shi, Osaka (Kinki region)	30,483.14	80,197.60	April 1994 (hotel building) / July 2012 (chapel building (Le Salon Blanc))	676	80,197.60	80,197.60	1(8)	480
		O-37	the b akasaka	Minato-ku, Tokyo (Kanto region)	1,311.55	4,027.00	March 1973	135	4,027.00	4,027.00	1(1)	162
		O-38	the b sangenjaya	Setagaya-ku, Tokyo (Kanto region)	545.58	2,672.20	February 1984	117	2,672.20	2,672.20	1(2)	118
		O-39	the b nagoya	Nagoya-shi, Aichi (Chubu region)	2,079.87 (Note 18)	8,058.64	April 1981 (Note 19)	99	8,058.64	8,058.64	1(5)	219
		O-40	the b kobe	Kobe-shi, Hyogo (Kinki region)	1,616.89	9,647.11	October 1981	180	9,647.11	9,647.11	1(13)	168
		O-41	Quintessa Hotel Osaka Shinsaibashi	Osaka-shi, Osaka (Kinki region)	791.15	2,964.69	August 2017	174	2,997.46	2,997.46	1(0)	132
		O-42	hotel androoms Osaka Hommachi	Osaka-shi, Osaka (Kinki region)	594.88	3,191.32	August 1998	144	3,191.32	3,191.32	1(0)	103
		O-44	HOTEL NIKKO KOCHI ASAHI ROYAL	Kochi-shi, Kochi (Chugoku-Shikoku region)	3,127.39	16,222.49	March 1997 (hotel building) / October 2007 (chapel building)	180	16,222.49	16,222.49	1(4)	191
		Subtotal			61,124.04	284,739.97	–	3,385	232,153.67	232,153.67	12(56)	2,803
	Other	O-1	Chisun Inn Shiojiri Kita IC	Shiojiri-shi, Nagano (Chubu region)	4,292.64	2,100.47	March 2007 (Chisun Inn Shiojiri Kita IC) / January 2008 (restaurant)	48	2,100.47	2,100.47	1(1)	92
O-2		Chisun Inn Sano Fujioka IC	Sano-shi, Tochigi (Kanto region)	2,894.40	1,968.91	October 2006	52	1,968.91	1,968.91	1(0)	92	

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)	
Properties operated by outside operators	Other	O-3	Chisun Inn Suwa IC	Suwa-shi, Nagano (Chubu region)	2,858.11	1,944.94	October 2006	46	1,944.94	1,944.94	1(0)	92
		O-4	Chisun Inn Toyokawa IC	Toyokawa-shi, Aichi (Chubu region)	2,607.19	2,040.09	July 2007	42	2,040.09	2,040.09	1(0)	94
		O-5	Chisun Inn Tosu	Tosu-shi, Saga (Kyushu-Okinawa region)	2,374.09	1,968.02	July 2007	36	1,968.02	1,968.02	1(0)	92
		O-6	Chisun Inn Chiba Hamano R16	Chiba-shi, Chiba (Kanto region)	2,470.00	2,023.29	July 2007	57	2,023.29	2,023.29	1(0)	94
		O-7	Chisun Inn Kumamoto Miyukifueda	Kumamoto-shi, Kumamoto (Kyushu-Okinawa region)	2,877.99	2,094.77	October 2007	43	2,094.77	2,094.77	1(0)	98
		O-8	Chisun Inn Utsunomiya Kanuma	Utsunomiya-shi, Tochigi (Kanto region)	2,658.08	2,094.16	December 2007	51	2,094.16	2,094.16	1(0)	98
		O-9	Chisun Inn Fukui	Fukui-shi, Fukui (Hokuriku region)	2,680.57	2,094.01	December 2007	45	2,094.01	2,094.01	1(0)	98
		O-10	Chisun Inn Fukushima Nishi IC	Fukushima-shi, Fukushima (Hokkaido-Tohoku region)	4,728.00	2,094.01	February 2008	48	2,094.01	2,094.01	1(0)	98
		O-11	Chisun Inn Niigata Chuo IC	Niigata-shi, Niigata (Chubu region)	3,177.86	2,094.16	April 2008	45	2,094.16	2,094.16	1(0)	98
		O-12	Chisun Inn Nagasaki Airport	Omura-shi, Nagasaki (Kyushu-Okinawa region)	2,781.68	1,968.02	May 2008	45	1,968.02	1,968.02	1(0)	92
		O-13	Chisun Inn Hitachinaka	Hitachinaka-shi, Ibaraki (Kanto region)	2,284.84	1,968.30	December 2008	52	1,968.30	1,968.30	1(0)	92
		O-14	Chisun Inn Tsuchiura Ami	Ami-machi, Inashiki-gun, Ibaraki (Kanto region)	2,963.49	1,968.03	September 2008	54	1,968.03	1,968.03	1(0)	92
		O-15	Chisun Inn Kofu Isawa	Fuefuki-shi, Yamanashi (Chubu region)	3,357.07	1,968.47	October 2009	46	1,968.47	1,968.47	1(0)	92
		O-16	Chisun Inn Marugame Zentsuji	Marugame-shi, Kagawa (Chugoku-Shikoku region)	2,447.29	2,094.16	October 2009	42	2,094.16	2,094.16	1(0)	98
		O-17	Chisun Inn Munakata	Munakata-shi, Fukuoka (Kyushu-Okinawa region)	3,015.37	2,094.16	December 2008	36	2,094.16	2,094.16	1(0)	98
		O-18	Chisun Inn Iwate Ichinoseki IC (Note 20)	Ichinoseki-shi, Iwate (Hokkaido-Tohoku region)	3,633.00	1,968.02	January 2009	49	1,968.02 (Note 21)	1,968.02 (Note 21)	1(1)	92
		O-19	Chisun Inn Karuizawa	Karuizawa-machi, Kitasaku-gun, Nagano (Chubu region)	4,226.44	1,917.10	July 2009	57	1,917.10	1,917.10	1(0)	90
		O-20	Chisun Inn Himeji Yumesakibashi	Himeji-shi, Hyogo (Kinki region)	2,413.68	2,406.95	February 2009	43	2,406.95	2,406.95	1(0)	98
		O-21	Chisun Inn Kurashiki Mizushima	Kurashiki-shi, Okayama (Chugoku-Shikoku region)	2,876.06	2,094.16	October 2009	51	2,094.16	2,094.16	1(0)	98
		O-22	Candeo Hotels Handa	Handa-shi, Aichi (Chubu region)	1,592.72 (Note 22)	2,814.05	February 2008	52	2,814.05	2,814.05	1(0)	126

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)	
Properties operated by outside operators	Other	O-23	Candeo Hotels Chino	Chino-shi, Nagano (Chubu region)	2,399.15 (Note 4)	2,868.18	January 2008	65	2,868.18	2,868.18	1(0)	119
		O-24	Candeo Hotels Fukuyama	Fukuyama-shi, Hiroshima (Chugoku-Shikoku region)	1,079.92	3,985.73	March 2008	78	3,985.73	3,985.73	1(0)	164
		O-25	Candeo Hotels Sano	Sano-shi, Tochigi (Kanto region)	3,222.09 (Note 23)	2,828.71	March 2008	91	2,828.71	2,828.71	1(0)	124
		O-26	Candeo Hotels Kameyama	Kameyama-shi, Mie (Chubu region)	6,599.00	3,912.03	April 2008	41	3,912.03	3,912.03	1(0)	170
		O-27	Comfort Hotel Hakodate	Hakodate-shi, Hokkaido (Hokkaido-Tohoku region)	491.82	2,927.44	September 2007	65	2,927.44	2,927.44	1(0)	139
		O-28	Comfort Hotel Tomakomai	Tomakomai-shi, Hokkaido (Hokkaido-Tohoku region)	1,344.24	2,721.08	September 2007	66	2,721.08	2,721.08	1(0)	123
		O-29	Comfort Hotel Kure	Kure-shi, Hiroshima (Chugoku-Shikoku region)	793.11	3,121.02	March 2009	75	3,121.02	3,121.02	1(0)	149
		O-30	Chisun Inn Kagoshima Taniyama	Kagoshima-shi, Kagoshima (Kyushu-Okinawa region)	3,521.52	8,066.36	May 2009	96	8,066.36	8,066.36	1(1)	217
		Subtotal				84,661.42	76,208.80	–	1,633	76,208.80	76,208.80	30(3)
Total				749,494.88	519,250.56	–	8,775	466,686.25	466,686.25	59(96)	7,264	

(Note 1) Based on lease agreements valid as of April 30, 2019. In principle, rent comprises fixed rent and floating rent in the lease agreements concluded for each property above (however, in the case of the 5 Candeo properties, the 3 Greens properties, Quintessa Hotel Osaka Shinsaibashi and HOTEL NIKKO KOCHI ASAHI ROYAL, each property's rent comprises fixed rent only; and in the case of Hyatt Regency Osaka, rent comprises floating rent only), but the entry under "Annual rent" for the properties other than Hyatt Regency Osaka is the amount arrived at when the fixed rent (monthly amount) provided in the lease agreement on the building is annualized by multiplying by 12. However, with an agreement reached for each of KAI Kaga to have a premium for a limited period from May 2, 2016 to April 30, 2019, OMO7 Asahikawa to have a premium for a limited period from March 31, 2016 to October 31, 2019, HOSHINOYA Fuji to have a premium for a limited period from May 1, 2017 to April 30, 2020, HOSHINOYA Taketomi Island to have a premium for a limited period from November 1, 2017 to October 31, 2020, and KAI Alps to have a premium for a limited period from March 29, 2019 to April 30, 2022, the amount arrived at when fixed rent (monthly amount) is annualized by multiplying by 12 is calculated based on the amount of rent with the premium as of April 30, 2019. Fixed rent after the lapse of the premium period will be less than the amount stated in the table above. With regard to OMO7 Asahikawa, the lease agreement was changed as of June 14, 2019 and the end of the premium period for fixed rent was changed from October 31, 2019 to October 31, 2024. In addition, with regard to Hotel Nirakanai Iriomotejima, while an agreement has been reached on discount for a limited period from March 29, 2019 to October 31, 2019, the amount arrived at when fixed rent (monthly amount) is annualized by multiplying by 12 is calculated based on the amount of rent with the discount as of April 30, 2019. Fixed rent after the lapse of the discount period will be more than the amount stated in the table above. Furthermore, in the event that sales or profit of hotels, ryokans and ancillary facilities is below a certain amount, floating rent will not apply. In addition, the lease agreement with each lessee above provides that the initial date of reckoning floating rent for KAI Kaga is May 1, 2019 (13th fiscal period), HOSHINOYA Fuji is May 1, 2020 (15th fiscal period), HOSHINOYA Taketomi Island is November 1, 2020 (16th fiscal period), KAI Alps is May 1, 2022 (19th fiscal period), Hotel Nirakanai Iriomotejima is November 1, 2022 (20th fiscal period), and OMO7 Asahikawa is November 1, 2024 (24th fiscal period). Accordingly, floating rent will not apply to the period before the concerned date, regardless of the amount of sales or profit of hotels, ryokans and ancillary facilities. However, for OMO7 Asahikawa, if floating rent is expected to exceed the premium fixed rent, HRR has the right of option to end the premium period. For Hyatt Regency Osaka, it is the amount arrived at when the floating rent as of April 30, 2019 calculated in accordance with the lease agreement on the building is annualized by multiplying by 12. The same shall apply hereinafter.

(Note 2) Based on lease agreements valid as of April 30, 2019. All the properties have occupancy rate of 100.0%.

(Note 3) "Number of tenants (subleasing)" subtotals and total are the total number of tenants as of April 30, 2019 with the number of parties subleasing from the parties leasing the property from HRR shown in parentheses. For Chisun Inn Iwate Ichinoseki IC's number of tenants (excluding the number in parentheses), there is a tenant based on a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements; but the number of tenants is 1 because the tenant leasing under the lease agreement on the building is the same as the tenant leasing under the lease agreement on the land.

(Note 4) HRR owns the building only and does not own the land. The land is leased from the owner.

(Note 5) Unknown because HRR has not received relative documentation from the previous owner.

(Note 6) HRR owns the building only and does not own the land. The land is subleased from the lessee.

(Note 7) HRR owns the building only and does not own the land. The land is subleased from the lessee.

The respective figures stated for "Land area," "Building area," "Annual rent," "Leased area," "Leasable area," "Number of tenants (subleasing)" and "Total number of guest rooms" are calculated on the basis of totals encompassing both the main wing and the annex; the dates indicated for "Construction completion" are separately stated for the main wing and the annex.

- (Note 8) HRR owns a portion (20,557.00m²) of the land only and leases the other portion (55,274.81m²) from the owner.
- (Note 9) HRR leases a portion (2,966.21m²) of the land from the owner.
- (Note 10) HRR leases a portion (696.95m²) of the land from the owner.
- (Note 11) Not used for lodging as of April 30, 2019.
- (Note 12) HRR leases a portion (9,113.00m²) of the land from the owner.
- (Note 13) The land under HRR's ownership is co-ownership interest (81/100 of the co-ownership) of the land, but the entry under "Land area" is the area of the entire land.
- (Note 14) The building is a building under sectional ownership, of which the building under HRR's ownership is sectional ownership of all of the exclusive elements for hotel use and co-ownership interest (81/100 of the co-ownership) of the corresponding common elements, but the entry under "Building area" is the area of the entire building.
- (Note 15) The land under HRR's ownership is co-ownership interest (245,437,622/1,000,000,000 of the co-ownership) of the right of site (proprietary ownership) of the land, but the entry under "Land area" is the area of the entire land.
- (Note 16) The building is a building under sectional ownership, of which the building under HRR's ownership is co-ownership interest (1/2 of the co-ownership) of the sectional ownership of all of the exclusive elements for hotel use and co-ownership interest (245,437,622/1,000,000,000 of the co-ownership) of the corresponding common elements, but the entry under "Building area" is the area of the entire building.
- (Note 17) The building is a building under sectional ownership, of which the building under HRR's ownership is sectional ownership of all of the exclusive elements for hotel use and co-ownership interest (870,472/1,000,000 of the co-ownership) of the corresponding common elements, but the entry under "Building area" is the area of the entire building.
- (Note 18) The land under HRR's ownership is co-ownership interest (4,840/10,000 of the co-ownership) of the land, but the entry under "Land area" is the area of the entire land.
- (Note 19) The date stated for "Construction completion" is the date of issuance of the certificate proving completion of the inspection provided in the written opinion of Assets Research and Development Inc., as obtained from the previous owner because HRR has not received the original certificate of inspection from the previous owner.
- (Note 20) For Chisun Inn Iwate Ichinoseki IC, there is a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements as of April 30, 2019. The rent of the lease agreement on the building (hereinafter referred to as the "building rent" in this note) comprises fixed rent and floating rent, while the rent of the lease agreement on the land (hereinafter referred to as the "land rent" in this note) comprises fixed rent. However, an agreement has been reached in these lease agreements to the effect that, in the event of payment of the land rent, the same amount shall be deducted from the building rent, meaning that in no circumstances would the amount of the property's fixed rent exceed the amount of the fixed rent provided in the lease agreement on the building. Accordingly, Chisun Inn Iwate Ichinoseki IC's annual fixed rent amount is the amount arrived at when the fixed rent (monthly amount) provided in the lease agreement on the building is annualized by multiplying by 12. The same shall apply hereinafter.
- (Note 21) For Chisun Inn Iwate Ichinoseki IC, there is a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements as of April 30, 2019, but the entries under "Leased area" and "Leasable area" are the leased area and leasable area of the building.
- (Note 22) HRR leases a portion (991.72m²) of the land from the owner.
- (Note 23) HRR leases a portion (740.62m²) of the land from the owner.

c. Summary of Real Estate Appraisal Report, Etc.

The following is a summary of the real estate appraisal report, etc. with April 30, 2019 as the date of value.

Investment category	Property no.	Assets under management (Name of property)	Appraisal company (Note 1)	Appraisal value (millions of yen) (Note 2)	Income approach					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)		
					Indicated value by direct capitalization method (millions of yen)	Capitalization rate (%)	Indicated value by DCF method (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)				
Properties operated by the Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	NV	11,900	11,800	5.2	11,900	5.2	5.7	633	8.3	
		H-2	HOSHINOYA Kyoto	NV	4,280	4,240	5.8	4,320	5.4	6.2	248	8.6	
		H-3	HOSHINOYA Fuji	NV	4,330	4,360	6.1	4,300	5.8	6.3	268	6.4	
		H-4	HOSHINOYA Taketomi Island	NV	5,270	5,290	5.9	5,240	5.6	6.1	324	6.5	
		Subtotal				25,780	25,690	-	25,760	-	-	1,474	7.5
	RISONARE	R-1	RISONARE Yatsugatake	NV	7,240	6,970	5.5	7,500	5.5	6.0	518	11.5	
		R-2	RISONARE Atami	NV	4,440	4,400	5.2	4,480	5.0	5.5	286	7.6	
		Subtotal				11,680	11,370	-	11,980	-	-	804	9.7
	KAI	K-1	KAI Matsumoto	JMK	817	825	5.8	809	5.6	6.0	64	10.7	
		K-2	KAI Izumo	JMK	869	875	6.0	863	5.8	6.2	63	9.2	
		K-3	KAI Ito	JMK	1,590	1,610	5.7	1,560	5.5	5.9	107	15.9	
		K-4	KAI Hakone	JMK	1,320	1,330	5.7	1,310	5.5	5.9	90	9.5	
		K-5	KAI Aso	JMK	692	696	6.1	688	5.9	6.3	46	8.0	
		K-6	KAI Kawaji	JMK	1,170	1,180	5.8	1,150	5.6	6.0	85	8.5	
		K-7	KAI Kinugawa	JMK	3,340	3,380	5.5	3,300	5.3	5.7	187	6.1	
		K-8	KAI Kaga	JMK	3,380	3,420	5.5	3,340	5.3	5.7	191	6.1	
		K-9	KAI Alps	NV	3,160	3,180	5.4	3,140	5.1	5.6	177	5.8	
		Subtotal				16,338	16,496	-	16,160	-	-	1,010	7.3
	Other	O-35	OMO7 Asahikawa	RC	4,730	4,770	4.8	4,710	4.6	5.0	345	7.5	
		O-43	Hotel Nirakanai Iriomotejima	NV	3,750	3,750	5.4	3,750	4.9	5.4	250	6.9	
		Subtotal				8,480	8,520	-	8,460	-	-	595	7.2
	Properties operated by outside operators	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	RC	20,000	20,200	4.4	19,900	4.2	4.6	1,045	5.9
			O-32	ANA Crowne Plaza Fukuoka	RC	8,810	8,820	4.3	8,800	4.1	4.5	490	6.4
			O-33	ANA Crowne Plaza Kanazawa	RC	7,190	7,250	4.6	7,160	4.4	4.8	428	6.5
			O-34	ANA Crowne Plaza Toyama	RC	4,470	4,410	4.7	4,490	4.5	4.9	306	7.6
			O-36	Hyatt Regency Osaka	NV	16,600	16,800	4.4	16,300	4.1	4.6	983	6.1
			O-37	the b akasaka	RC	5,130	5,250	4.0	5,080	3.8	4.2	238	4.9
			O-38	the b sangenjaya	RC	4,690	4,770	4.2	4,650	4.0	4.4	220	5.0
			O-39	the b nagoya	RC	4,680	4,750	4.2	4,650	4.0	4.4	234	5.2
			O-40	the b kobe	RC	7,260	7,400	4.3	7,200	4.1	4.5	369	5.3
			O-41	Quintessa Hotel Osaka Shinsaibashi	NV	3,730	3,730	4.6	3,720	4.3	4.7	173	5.2
			O-42	hotel androoms Osaka Hommachi	RC	4,410	4,480	4.4	4,380	4.2	4.6	210	5.0
O-44			HOTEL NIKKO KOCHI ASAHI ROYAL	NV	2,250	2,230	4.8	2,260	4.6	5.1	143	6.5	
Subtotal				89,220	90,090	-	88,590	-	-	4,838	5.9		

Investment category	Property no.	Assets under management (Name of property)	Appraisal company (Note 1)	Appraisal value (millions of yen) (Note 2)	Income approach					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)	
					Indicated value by direct capitalization method (millions of yen)	Capitalization rate (%)	Indicated value by DCF method (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
Properties operated by outside operators	Other	O-1	Chisun Inn Shiojiri Kita IC	NV	818	815	5.9	821	5.7	6.1	50	7.5
		O-2	Chisun Inn Sano Fujioka IC	JMK	913	923	5.8	903	5.6	6.0	56	7.5
		O-3	Chisun Inn Suwa IC	NV	831	821	6.0	841	5.8	6.2	51	7.8
		O-4	Chisun Inn Toyokawa IC	NV	733	726	5.9	739	5.7	6.1	45	7.4
		O-5	Chisun Inn Tosu	NV	657	650	6.0	663	5.8	6.3	41	8.1
		O-6	Chisun Inn Chiba Hamano R16	JMK	1,020	1,030	5.5	1,010	5.3	5.7	59	7.4
		O-7	Chisun Inn Kumamoto Miyukifueda	NV	752	739	6.2	764	6.0	6.5	48	7.8
		O-8	Chisun Inn Utsunomiya Kanuma	JMK	850	857	6.0	842	5.8	6.2	54	7.5
		O-9	Chisun Inn Fukui	NV	801	793	6.2	809	6.0	6.4	51	8.0
		O-10	Chisun Inn Fukushima Nishi IC	JMK	768	775	6.1	760	5.9	6.3	50	7.4
		O-11	Chisun Inn Niigata Chuo IC	NV	776	770	6.0	782	5.8	6.2	48	7.7
		O-12	Chisun Inn Nagasaki Airport	NV	757	749	6.0	764	5.8	6.2	47	7.4
		O-13	Chisun Inn Hitachinaka	JMK	920	930	5.8	909	5.6	6.0	56	7.6
		O-14	Chisun Inn Tsuchiura Ami	JMK	921	931	5.7	910	5.5	5.9	55	7.2
		O-15	Chisun Inn Kofu Isawa	NV	791	788	6.1	794	5.9	6.3	50	7.6
		O-16	Chisun Inn Marugame Zentsuji	NV	736	729	6.2	743	6.0	6.4	47	8.0
		O-17	Chisun Inn Munakata	NV	633	629	6.1	636	5.9	6.4	40	8.0
		O-18	Chisun Inn Iwate Ichinoseki IC	JMK	777	784	6.1	769	5.9	6.3	50	7.2
		O-19	Chisun Inn Karuizawa	NV	1,090	1,080	6.0	1,100	5.8	6.2	67	8.2
		O-20	Chisun Inn Himeji Yumesakibashi	NV	737	741	6.2	733	6.0	6.4	48	7.8

Investment category	Property no.	Assets under management (Name of property)	Appraisal company (Note 1)	Appraisal value (millions of yen) (Note 2)	Income approach					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)	
					Indicated value by direct capitalization method (millions of yen)	Capitalization rate (%)	Indicated value by DCF method (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
Properties operated by outside operators	Other	O-21	Chisun Inn Kurashiki Mizushima	NV	870	865	6.0	874	5.8	6.2	54	7.4
		O-22	Candeo Hotels Handa	RC	701	702	5.3	701	5.1	5.5	41	6.6
		O-23	Candeo Hotels Chino	RC	924	929	5.4	922	5.2	5.6	53	6.7
		O-24	Candeo Hotels Fukuyama	RC	1,250	1,260	5.2	1,250	5.0	5.4	70	6.5
		O-25	Candeo Hotels Sano	RC	1,480	1,500	5.3	1,470	5.1	5.5	82	6.5
		O-26	Candeo Hotels Kameyama	RC	538	538	5.4	538	5.2	5.6	33	7.1
		O-27	Comfort Hotel Hakodate	NV	1,040	1,040	5.2	1,040	5.0	5.4	58	6.2
		O-28	Comfort Hotel Tomakomai	NV	1,070	1,070	5.3	1,060	5.1	5.5	60	6.3
		O-29	Comfort Hotel Kure	NV	1,230	1,230	5.1	1,220	4.9	5.3	67	6.1
		O-30	Chisun Inn Kagoshima Taniyama	RC	2,430	2,460	5.5	2,420	5.3	5.7	144	7.2
		Subtotal				27,814	27,854	-	27,787	-	-	1,677
Total				179,312	180,020	-	178,737	-	-	10,397	6.7	

(Note 1) "Appraisal company" is shown in initials in the table above. The initials used for each appraisal company are as follows:

NV: Nihon Valuers K.K. (Japan Valuers Co., Ltd.)

JMK: JLL Morii Valuation & Advisory K.K.

RC: K.K. Richi Hyouka Kenkyujo (Rich Appraisal Institute Co., Ltd.)

(Note 2) "Appraisal value" is the appraisal value stated in the real estate appraisal report, etc. with April 30, 2019 as the date of value. Furthermore, "Appraisal value" is rounded down to the nearest million yen. Accordingly, the appraisal value of each property may not add up to the portfolio total.

(Note 3) "Appraisal NOI" refers to net operating income (NOI) calculated as effective gross income less operating expenses stated in the real estate appraisal report, etc., and is income before depreciation and amortization. This is different from net cash flow (NCF) calculated as NOI less financial interests on deposits, etc. and less capital expenditures. The appraisal NOI above is appraisal NOI by the direct capitalization method. Furthermore, "Appraisal NOI" is rounded to the nearest million yen. Accordingly, the appraisal NOI of each property may not add up to the portfolio total.

(Note 4) "Appraisal NOI yield" is the figure calculated by the Asset Management Company by dividing appraisal NOI by acquisition price, rounded to one decimal place. However, the figure under "Subtotal" or "Total" is the figure calculated by the Asset Management Company by dividing the appraisal NOI subtotal or total by the acquisition price subtotal or total, rounded to one decimal place. The figures are each those calculated by the Asset Management Company and not the figures stated in the real estate appraisal report, etc.

(Note 5) The real estate appraisal report, etc. is the appraising appraisal company's judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content thereof, possibility of transaction at the concerned real estate appraisal value, etc., and other matters. There is no special vested interest between Japan Valuers Co., Ltd., JLL Morii Valuation & Advisory K.K. or Rich Appraisal Institute Co., Ltd. and HRR or the Asset Management Company.

d. Status of Leasing to Major Tenants

Tenant name	Business type	Name of property	Contract expiration date	Annual rent		Leased area	
				(millions of yen)	Share (%) (Note 1)	(m ²) (Note 2)	Share (%) (Note 3)
K.K. Horizon Hotels	Hotel	RISONARE Yatsugatake	July 15, 2033	525	6.0	33,853.45	7.3
		RISONARE Atami	November 1, 2035	223	2.5	23,385.18	5.0
		ANA Crowne Plaza Hiroshima	November 1, 2035	606	6.9	32,332.00	6.9
		ANA Crowne Plaza Fukuoka	November 1, 2035	288	3.3	27,372.74	5.9
		ANA Crowne Plaza Kanazawa	November 1, 2035	546	6.2	23,835.00	5.1
		ANA Crowne Plaza Toyama	November 1, 2035	240	2.7	21,600.11	4.6
		Total		2,428	27.7	162,378.48	34.8
HRO Inc.	Hotel	Hyatt Regency Osaka	October 31, 2036	676	7.7	80,197.60	17.2
		Total		676	7.7	80,197.60	17.2
SHR Roadside Inn Co., Ltd.	Hotel	Chisun Inn Shiojiri Kita IC	May 1, 2024	48	0.5	2,100.47	0.5
		Chisun Inn Sano Fujioka IC	May 1, 2024	52	0.6	1,968.91	0.4
		Chisun Inn Suwa IC	May 1, 2024	46	0.5	1,944.94	0.4
		Chisun Inn Toyokawa IC	May 1, 2024	42	0.5	2,040.09	0.4
		Chisun Inn Tosu	May 1, 2024	36	0.4	1,968.02	0.4
		Chisun Inn Chiba Hamano R16	May 1, 2024	57	0.6	2,023.29	0.4
		Chisun Inn Kumamoto Miyukifueda	May 1, 2024	43	0.5	2,094.77	0.4
		Chisun Inn Utsunomiya Kanuma	May 1, 2024	51	0.6	2,094.16	0.4
		Chisun Inn Fukui	May 1, 2024	45	0.5	2,094.01	0.4
		Chisun Inn Fukushima Nishi IC	May 1, 2024	48	0.5	2,094.01	0.4
		Chisun Inn Niigata Chuo IC	May 1, 2024	45	0.5	2,094.16	0.4
		Chisun Inn Nagasaki Airport	May 1, 2024	45	0.5	1,968.02	0.4
		Chisun Inn Hitachinaka	May 1, 2024	52	0.6	1,968.30	0.4
		Chisun Inn Tsuchiura Ami	May 1, 2024	54	0.6	1,968.03	0.4
		Chisun Inn Kofu Isawa	May 1, 2024	46	0.5	1,968.47	0.4
		Chisun Inn Marugame Zentsuji	May 1, 2024	42	0.5	2,094.16	0.4
		Chisun Inn Munakata	May 1, 2024	36	0.4	2,094.16	0.4
		Chisun Inn Iwate Ichinoseki IC	May 1, 2024 (Note 4)	49	0.6	1,968.02	0.4
		Chisun Inn Karuizawa	May 1, 2024	57	0.7	1,917.10	0.4
		Chisun Inn Himeji Yumesakibashi	May 1, 2024	43	0.5	2,406.95	0.5
		Chisun Inn Kurashiki Mizushima	May 1, 2024	51	0.6	2,094.16	0.4
Chisun Inn Kagoshima Taniyama	May 2, 2024	96	1.1	8,066.36	1.7		
Total		1,095	12.5	51,030.56	10.9		

(Note 1) Annual rent share of the property is the percentage of each property's annual rent against the total annual rent of the entire portfolio.

(Note 2) Based on lease agreements valid as of April 30, 2019.

(Note 3) Leased area share of the property is the percentage of each property's leased area against the total leased area of the entire portfolio.

(Note 4) For Chisun Inn Iwate Ichinoseki IC, there is a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements as of April 30, 2019. The contract expiration date of the lease agreement on the building is May 1, 2024, while the contract expiration date of the lease agreement on the land is June 30, 2025. However, an agreement has been reached in the lease agreement on the land to the effect that, in the event of termination of the lease agreement on the building, the lease agreement on the land shall also terminate at the same time, meaning that in no circumstances would the property's contract expiration date go beyond the contract expiration date provided in the lease agreement on the building. Accordingly, Chisun Inn Iwate Ichinoseki IC's contract expiration date is the contract expiration date provided in the lease agreement on the building.

e. Portfolio Overview

i. By investment category

Investment category		Number of properties	Acquisition price (millions of yen)	Share (%)
Properties operated by the Hoshino Resorts Group	HOSHINOYA	4	19,593	12.6
	RISONARE	2	8,250	5.3
	KAI	9	13,775	8.8
	Other	2	8,269	5.3
	Subtotal	17	49,887	32.0
Properties operated by outside operators	Urban tourism	12	82,577	53.0
	Other	30	23,213	14.9
	Subtotal	42	105,790	68.0
Total		59	155,677	100.0

ii. By regional location

Regional location	Number of properties	Acquisition price (millions of yen)	Share (%)
Hokkaido-Tohoku region	5	7,891	5.1
Kanto region	11	19,336	12.4
Hokuriku region	4	14,421	9.3
Chubu region	17	34,755	22.3
Kinki region	6	34,091	21.9
Chugoku-Shikoku region	7	24,155	15.5
Kyushu-Okinawa region	9	21,028	13.5
Total	59	155,677	100.0

iii. By lease period

Lease period	Contract duration		Remaining duration (Note)	
	Acquisition price (millions of yen)	Share (%)	Acquisition price (millions of yen)	Share (%)
Entire portfolio	155,677	100.0	155,677	100.0
More than 10 years	137,482	88.3	134,482	86.4
10 years or less	18,195	11.7	21,195	13.6

(Note) "Remaining duration" as stated is based on the remaining number of years of the lease agreements pertaining to the assets held by HRR as of April 30, 2019.

iv. By contract type

Contract type	Acquisition price (millions of yen)	Share (%)
Entire portfolio	155,677	100.0
Fixed-term lease contract	155,677	100.0
Normal lease contract	-	-

f. Individual Investment Real Estate, Etc. Property Income Statements

The following are the individual income statements for the fiscal period under review for investment real estate, etc. properties.

(Unit: thousands of yen)

Property no.		H-1	H-2	H-3	H-4	R-1	R-2
Name of property	Portfolio total	HOSHINOYA Karuizawa	HOSHINOYA Kyoto	HOSHINOYA Fuji	HOSHINOYA Taketomi Island	RISONARE Yatsugatake	RISONARE Atami
① Total real estate operating revenue	5,924,421	447,298	151,588	142,350	168,360	372,764	186,319
Fixed rent	3,832,936	315,000	101,898	142,350	168,360	262,500	111,600
Floating rent	2,080,628	132,298	49,680	-	-	110,264	74,697
Other rent	10,800	-	-	-	-	-	-
Other revenue	57	-	10	-	-	-	22
② Total real estate operating expenses	892,657	63,323	11,006	14,890	21,056	69,552	44,380
Maintenance expenses	64,615	2,395	1,602	369	2,845	13,942	3,135
Taxes and dues	443,566	13,824	2,544	4,071	2,183	23,481	26,215
Insurance expenses	20,152	766	216	296	229	2,055	878
Land rent	60,231	6,360	-	6,911	6,316	3,937	-
Repair expenses	149,044	39,977	6,642	3,241	9,481	26,134	14,152
Other expenses	155,046	-	-	-	-	-	-
③ NOI [①-②]	5,031,763	383,974	140,582	127,459	147,303	303,211	141,939
④ Depreciation and amortization	1,196,706	103,702	28,224	35,110	45,957	73,515	45,181
⑤ Loss on retirement of non-current assets	192	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	3,834,864	280,272	112,358	92,349	101,346	229,696	96,757

(Unit: thousands of yen)

Property no.	K-1	K-2	K-3	K-4	K-5	K-6	K-7
Name of property	KAI Matsumoto	KAI Izumo	KAI Ito	KAI Hakone	KAI Aso	KAI Kawaji	KAI Kinugawa
① Total real estate operating revenue	47,000	54,312	58,000	74,546	30,946	63,814	107,227
Fixed rent	37,500	37,500	58,000	47,500	21,000	49,800	64,800
Floating rent	9,496	16,812	-	27,046	9,926	14,014	42,427
Other rent	-	-	-	-	-	-	-
Other revenue	4	-	-	-	20	-	-
② Total real estate operating expenses	14,020	17,364	10,586	15,225	5,817	19,683	12,882
Maintenance expenses	1,768	592	736	2,334	808	2,619	1,309
Taxes and dues	4,193	4,005	5,015	5,107	978	7,879	8,406
Insurance expenses	298	156	392	236	72	423	166
Land rent	-	2,280	-	-	-	300	-
Repair expenses	7,759	10,329	4,443	7,547	3,958	8,460	3,001
Other expenses	-	-	-	-	-	-	-
③ NOI [①-②]	32,980	36,947	47,413	59,321	25,128	44,130	94,344
④ Depreciation and amortization	6,554	5,274	9,788	12,448	7,273	14,827	17,090
⑤ Loss on retirement of non-current assets	-	-	192	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	26,426	31,672	37,432	46,872	17,855	29,303	77,254

(Unit: thousands of yen)

Property no.	K-8	K-9	O-35	O-43	O-31	O-32	O-33
Name of property	KAI Kaga	KAI Alps	OMO7 Asahikawa	Hotel Nirakanai Iriomotejima	ANA Crowne Plaza Hiroshima	ANA Crowne Plaza Fukuoka	ANA Crowne Plaza Kanazawa
① Total real estate operating revenue	103,185	17,042	182,400	14,911	595,687	342,461	422,439
Fixed rent	103,185	17,042	182,400	14,911	303,000	144,000	273,000
Floating rent	-	-	-	-	292,687	198,461	149,439
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	11,441	320	23,264	1,139	46,575	33,492	180,356
Maintenance expenses	1,531	180	-	949	10,126	-	9,685
Taxes and dues	5,985	-	22,320	-	35,108	32,584	15,082
Insurance expenses	283	37	944	113	1,340	908	985
Land rent	-	-	-	35	-	-	-
Repair expenses	3,640	84	-	40	-	-	-
Other expenses	-	17	-	-	-	-	154,602
③ NOI [①-②]	91,743	16,722	159,135	13,772	549,111	308,968	242,083
④ Depreciation and amortization	27,216	8,507	72,190	11,929	92,305	42,412	45,330
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	64,526	8,214	86,945	1,842	456,806	266,555	196,753

(Unit: thousands of yen)

Property no.	O-34	O-36	O-37	O-38	O-39	O-40	O-41
Name of property	ANA Crowne Plaza Toyama	Hyatt Regency Osaka	the b akasaka	the b sangenjaya	the b nagoya	the b kobe	Quintessa Hotel Osaka Shinsaibashi
① Total real estate operating revenue	209,652	338,352	126,460	112,392	125,735	183,713	87,000
Fixed rent	120,000	-	67,500	58,500	49,500	90,000	87,000
Floating rent	89,652	338,352	58,960	53,892	76,235	93,713	-
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	33,610	100,689	9,561	3,483	8,358	11,049	6,402
Maintenance expenses	-	-	-	-	-	-	-
Taxes and dues	17,500	84,580	9,379	3,357	8,013	10,644	6,272
Insurance expenses	956	4,108	181	125	345	404	129
Land rent	15,153	12,000	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
③ NOI [①-②]	176,042	237,663	116,899	108,908	117,377	172,663	80,597
④ Depreciation and amortization	57,718	118,116	16,478	12,991	18,040	24,730	10,328
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	118,324	119,546	100,420	95,916	99,336	147,933	70,269

(Unit: thousands of yen)

Property no.	O-42	O-44	O-1	O-2	O-3	O-4	O-5
Name of property	hotel androoms Osaka Hommachi	HOTEL NIKKO KOCHI ASAHI ROYAL	Chisun Inn Shiojiri Kita IC	Chisun Inn Sano Fujioka IC	Chisun Inn Suwa IC	Chisun Inn Toyokawa IC	Chisun Inn Tosu
① Total real estate operating revenue	109,834	16,451	32,887	32,431	32,124	29,378	28,085
Fixed rent	72,000	16,451	24,000	26,460	23,460	21,480	18,000
Floating rent	37,834	-	8,887	5,971	8,664	7,898	10,085
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	4,199	326	3,068	2,501	2,484	2,744	2,094
Maintenance expenses	-	-	349	318	332	311	328
Taxes and dues	3,643	-	2,649	2,110	2,087	2,362	1,701
Insurance expenses	135	176	69	72	65	70	64
Land rent	-	-	-	-	-	-	-
Repair expenses	-	150	-	-	-	-	-
Other expenses	420	-	-	-	-	-	-
③ NOI [①-②]	105,634	16,125	29,818	29,930	29,640	26,633	25,990
④ Depreciation and amortization	11,976	8,453	5,084	6,972	6,554	5,286	4,803
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	93,658	7,671	24,734	22,958	23,085	21,347	21,186

(Unit: thousands of yen)

Property no.	O-6	O-7	O-8	O-9	O-10	O-11	O-12
Name of property	Chisun Inn Chiba Hamano R16	Chisun Inn Kumamoto Miyukifueda	Chisun Inn Utsunomiya Kanuma	Chisun Inn Fukui	Chisun Inn Fukushima Nishi IC	Chisun Inn Niigata Chuo IC	Chisun Inn Nagasaki Airport
① Total real estate operating revenue	35,691	38,098	33,251	35,292	29,840	31,062	31,007
Fixed rent	28,500	21,960	25,500	22,980	24,000	22,500	22,500
Floating rent	7,191	16,138	7,751	12,312	5,840	8,562	8,507
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,763	2,683	2,735	2,553	2,905	2,805	2,864
Maintenance expenses	305	279	259	298	294	289	469
Taxes and dues	2,383	2,334	2,398	2,182	2,530	2,445	2,329
Insurance expenses	74	70	78	72	77	71	66
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	2	-	-
③ NOI [①-②]	32,928	35,414	30,515	32,739	26,934	28,257	28,143
④ Depreciation and amortization	7,229	5,099	5,960	5,303	5,910	5,434	5,963
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	25,699	30,314	24,555	27,436	21,024	22,822	22,179

(Unit: thousands of yen)

Property no.	O-13	O-14	O-15	O-16	O-17	O-18	O-19
Name of property	Chisun Inn Hitachinaka	Chisun Inn Tsuchiura Ami	Chisun Inn Kofu Isawa	Chisun Inn Marugame Zentsuji	Chisun Inn Munakata	Chisun Inn Iwate Ichinoseki IC	Chisun Inn Karuizawa
① Total real estate operating revenue	29,981	29,251	29,374	30,815	27,485	28,352	42,609
Fixed rent	26,460	27,480	23,460	21,000	18,000	24,960	28,980
Floating rent	3,521	1,771	5,914	9,815	9,485	3,392	13,629
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,369	2,420	2,226	2,324	2,480	2,526	2,732
Maintenance expenses	417	287	303	320	279	473	294
Taxes and dues	1,880	2,061	1,856	1,932	2,130	1,976	2,353
Insurance expenses	72	71	66	71	70	74	84
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	2	-
③ NOI [①－②]	27,612	26,831	27,148	28,491	25,004	25,825	39,876
④ Depreciation and amortization	7,475	7,764	6,025	5,519	4,876	5,348	7,552
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③－④－⑤]	20,136	19,067	21,122	22,972	20,128	20,476	32,324

(Unit: thousands of yen)

Property no.	O-20	O-21	O-22	O-23	O-24	O-25	O-26
Name of property	Chisun Inn Himeji Yumesakibashi	Chisun Inn Kurashiki Mizushima	Candeo Hotels Handa	Candeo Hotels Chino	Candeo Hotels Fukuyama	Candeo Hotels Sano	Candeo Hotels Kameyama
① Total real estate operating revenue	28,126	33,135	26,460	32,844	39,370	45,756	20,910
Fixed rent	21,960	25,980	26,460	32,844	39,370	45,756	20,910
Floating rent	6,166	7,155	-	-	-	-	-
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	3,391	2,903	5,952	6,077	4,013	4,489	4,001
Maintenance expenses	322	295	-	-	-	-	-
Taxes and dues	2,985	2,535	2,955	3,160	3,857	3,122	3,843
Insurance expenses	80	72	117	112	156	114	158
Land rent	-	-	2,880	2,804	-	1,252	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	2	-	-	-	-	-	-
③ NOI [①－②]	24,734	30,232	20,507	26,766	35,356	41,266	16,908
④ Depreciation and amortization	5,603	6,660	6,416	7,889	10,751	10,873	4,129
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③－④－⑤]	19,131	23,571	14,090	18,877	24,605	30,392	12,779

(Unit: thousands of yen)

Property no.	O-27	O-28	O-29	O-30
Name of property	Comfort Hotel Hakodate	Comfort Hotel Tomakomai	Comfort Hotel Kure	Chisun Inn Kagoshima Taniyama
① Total real estate operating revenue	32,922	33,231	37,524	94,871
Fixed rent	32,922	33,231	37,524	48,000
Floating rent	-	-	-	36,071
Other rent	-	-	-	10,800
Other revenue	-	-	-	-
② Total real estate operating expenses	3,726	2,981	3,957	7,817
Maintenance expenses	-	-	-	855
Taxes and dues	3,608	2,877	3,840	6,692
Insurance expenses	118	104	117	268
Land rent	-	-	-	-
Repair expenses	-	-	-	-
Other expenses	-	-	-	-
③ NOI [①－②]	29,195	30,249	33,566	87,054
④ Depreciation and amortization	10,052	9,553	8,486	18,449
⑤ Loss on retirement of non-current assets	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③－④－⑤]	19,143	20,696	25,079	68,604

g. Individual Investment Real Estate, Etc. Operational Results

H-1 HOSHINOYA Karuizawa

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	85.4%	87.0%	97.4%	97.2%	93.7%	91.2%	92.0%	86.0%	87.3%	86.7%	82.1%	83.0%	89.2%
ADR (yen)	83,224	78,017	87,708	104,125	92,190	84,195	71,562	72,388	66,082	62,336	65,502	76,906	79,671
RevPAR (yen)	71,091	67,885	85,393	101,202	86,403	76,823	65,858	62,229	57,704	54,067	53,785	63,822	71,031
Sales (millions of yen)	323	298	371	461	370	338	285	284	187	226	243	272	3,664

(Note 1) Monthly key indicators are based on figures provided by the lessee Hoshino Resorts Inc.

(Note 2) Guest room occupancy rate is rounded to one decimal place. ADR and RevPAR are rounded down to the nearest specified unit, and sales are rounded down to the nearest million yen. The same shall apply hereinafter.

(Note 3) "Guest room occupancy rate" is the figure sought by the following formula. The same applies hereinafter.

Guest room occupancy rate = Number of guest rooms sold / Number of guest rooms available

(Note 4) "ADR" (Average Daily Rate) is the total guest room revenue (excluding food and beverage revenue, other revenue, service charge, etc.) during a certain period of time divided by the total number of guest rooms sold (total number of guest rooms occupied) during that period of time. The same shall apply hereinafter.

(Note 5) "RevPAR" (Revenue Per Available Room) is the total guest room revenue (excluding food and beverage revenue, other revenue, service charge, etc.) during a certain period of time divided by the total number of guest rooms available during that period of time and is the same figure as the figure calculated by multiplying ADR by the guest room occupancy rate. The same applies hereinafter.

(Note 6) "Sales" is the revenue that the lessee generates from the travel lodging facility operations business and businesses incidental to such at the property. Even if revenue is generated from facilities operated as one with the property, the revenue is not included in sales if the concerned facilities do not fall under assets held by HRR. The same shall apply hereinafter.

H-2 HOSHINOYA Kyoto

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	95.7%	88.8%	88.5%	92.3%	91.9%	92.5%	94.1%	96.5%	90.2%	92.9%	96.6%	95.5%	93.1%
ADR (yen)	89,573	80,526	80,774	87,623	85,109	96,106	122,051	101,126	71,518	80,923	94,749	109,866	92,678
RevPAR (yen)	85,759	71,507	71,503	80,840	78,174	88,913	114,891	97,603	64,505	75,143	91,570	104,885	86,267
Sales (millions of yen)	101	88	65	95	82	105	127	116	80	41	109	118	1,133

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Arashiyama Onsen Rankyokan.

H-3 HOSHINOYA Fuji

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	85.5%	96.4%	92.8%	95.2%	94.4%	94.4%	98.0%	95.9%	92.2%	94.2%	96.1%	96.0%	94.3%
ADR (yen)	67,797	53,336	69,852	90,408	70,465	69,484	66,249	64,789	58,449	58,434	62,474	81,508	68,063
RevPAR (yen)	57,956	51,425	64,838	86,106	66,531	65,617	64,924	62,124	53,875	55,043	60,056	78,248	64,179
Sales (millions of yen)	111	102	124	160	124	127	122	119	78	98	116	138	1,425

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resorts Inc.

H-4 HOSHINOYA Taketomi Island

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	67.0%	69.9%	86.1%	94.2%	80.3%	82.3%	84.2%	84.1%	76.8%	87.2%	86.0%	83.6%	81.9%
ADR (yen)	59,087	55,544	71,205	82,917	70,796	63,806	55,466	56,027	57,147	47,461	54,544	64,677	62,060
RevPAR (yen)	39,590	38,842	61,299	78,069	56,833	52,486	46,684	47,141	43,861	41,387	46,883	54,077	50,802
Sales (millions of yen)	98	94	135	171	122	123	110	115	82	89	115	124	1,384

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

R-1 RISONARE Yatsugatake

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.5%	82.3%	97.3%	98.9%	97.2%	98.0%	89.6%	86.8%	78.7%	90.6%	85.1%	68.7%	87.9%
ADR (yen)	31,743	24,922	42,284	64,607	43,728	34,726	30,186	36,910	44,420	29,258	35,923	34,413	38,297
RevPAR (yen)	24,915	20,522	41,150	63,880	42,499	34,042	27,057	32,036	34,963	26,506	30,572	23,628	33,674
Sales (millions of yen)	421	375	528	694	524	508	387	392	236	253	341	321	4,983

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

R-2 RISONARE Atami

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.2%	90.1%	94.3%	97.5%	89.7%	84.4%	83.2%	89.0%	97.0%	97.8%	96.0%	89.5%	90.8%
ADR (yen)	45,904	41,670	59,920	87,488	51,897	48,078	44,593	57,064	51,472	39,870	50,778	45,490	52,842
RevPAR (yen)	38,673	37,549	56,506	85,325	46,572	40,565	37,103	50,777	49,932	39,006	48,763	40,691	47,970
Sales (millions of yen)	141	119	192	271	156	146	133	164	134	106	159	143	1,869

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

K-1 KAI Matsumoto

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	73.3%	82.2%	87.7%	93.2%	89.9%	91.7%	84.0%	78.4%	73.6%	74.5%	73.7%	75.6%	81.8%
ADR (yen)	46,526	37,840	41,806	61,583	44,707	44,948	41,881	39,594	39,609	26,751	32,117	41,633	42,296
RevPAR (yen)	34,115	31,122	36,671	57,381	40,179	41,212	35,169	31,034	29,163	19,916	23,670	31,491	34,581
Sales (millions of yen)	50	43	56	78	59	61	53	45	31	34	41	47	602

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

K-2 KAI Izumo

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.9%	83.2%	80.1%	92.3%	91.4%	92.7%	99.3%	97.3%	92.8%	90.5%	99.3%	96.8%	91.7%
ADR (yen)	47,310	39,137	42,247	56,183	49,751	51,236	53,177	41,889	40,297	33,950	35,615	38,566	44,341
RevPAR (yen)	39,679	32,560	33,837	51,879	45,467	47,517	52,807	40,763	37,386	30,740	35,376	37,316	40,672
Sales (millions of yen)	54	47	42	67	58	63	72	64	57	45	58	48	680

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

K-3 KAI Ito

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.3%	82.3%	88.5%	99.3%	-	-	-	91.8%	83.2%	91.8%	88.7%	74.1%	85.5%
ADR (yen)	33,138	28,507	33,051	46,704	-	-	-	54,500	34,381	32,347	33,385	32,742	35,664
RevPAR (yen)	24,622	23,463	29,238	46,390	-	-	-	50,041	28,614	29,690	29,616	24,265	30,484
Sales (millions of yen)	53	47	56	83	0	0	0	31	61	60	65	50	511

(Note 1) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

(Note 2) Guest room occupancy rate, ADR and RevPAR results from September 2018 to November 2018 do not exist, because operations have been suspended to conduct renovation work from September 1, 2018 to December 20, 2018. The indicator shown for the month of December 2018 is for 11 days only.

K-4 KAI Hakone

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	92.0%	87.7%	94.3%	99.3%	98.8%	95.9%	96.4%	92.8%	94.0%	96.0%	95.8%	96.7%	95.0%
ADR (yen)	44,560	38,560	43,473	54,241	44,804	44,240	47,299	52,032	41,120	42,247	38,730	44,012	44,634
RevPAR (yen)	41,011	33,826	40,975	53,858	44,273	42,412	45,574	48,280	38,633	40,550	37,090	42,541	42,405
Sales (millions of yen)	77	63	78	95	78	82	83	69	72	69	73	73	918

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

K-5 KAI Aso

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	82.3%	84.0%	78.2%	90.6%	89.7%	93.0%	95.3%	96.6%	87.5%	86.6%	86.3%	86.4%	88.0%
ADR (yen)	67,497	54,746	63,326	79,343	71,959	69,485	65,966	64,779	58,052	58,545	56,458	64,858	64,931
RevPAR (yen)	55,522	45,959	49,537	71,878	64,515	64,629	62,851	62,545	50,796	50,704	48,718	56,050	57,162
Sales (millions of yen)	32	25	29	40	34	37	35	34	26	27	29	28	381

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

K-6 KAI Kawaji

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	73.4%	72.8%	78.1%	90.3%	82.6%	71.0%	65.7%	60.3%	57.0%	62.5%	66.3%	64.1%	70.6%
ADR (yen)	25,691	21,782	23,821	37,578	26,505	35,309	30,569	29,982	28,650	24,441	22,242	21,167	27,671
RevPAR (yen)	18,861	15,866	18,598	33,918	21,891	25,065	20,096	18,071	16,323	15,284	14,739	13,559	19,549
Sales (millions of yen)	67	60	69	104	73	67	65	62	56	51	57	42	777

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resort Management Co., Ltd.

K-7 KAI Kinugawa

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	63.9%	61.4%	64.8%	88.4%	85.3%	82.9%	80.1%	74.2%	67.5%	72.7%	73.3%	68.7%	73.6%
ADR (yen)	38,860	33,107	35,310	47,113	35,879	39,645	38,553	38,214	38,120	30,984	30,434	30,572	36,768
RevPAR (yen)	24,836	20,335	22,875	41,635	30,620	32,851	30,896	28,352	25,714	22,523	22,293	20,996	27,078
Sales (millions of yen)	72	59	69	111	84	93	86	80	68	62	71	61	920

(Note) Monthly key indicators are based on figures provided by the lessee Hoshino Resorts Inc.

K-8 KAI Kaga

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	65.2%	62.7%	64.9%	83.2%	79.7%	78.7%	86.9%	76.7%	70.0%	71.7%	76.3%	66.4%	73.5%
ADR (yen)	39,418	30,763	34,725	47,408	40,748	37,709	40,671	43,282	40,093	37,891	33,250	33,816	38,640
RevPAR (yen)	25,696	19,291	22,543	39,443	32,485	29,691	35,361	33,183	28,049	27,177	25,362	22,447	28,411
Sales (millions of yen)	74	62	69	107	90	84	111	100	90	81	83	63	1,019

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Arashiyama Onsen Rankyokan.

K-9 KAI Alps

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	50.1%	48.7%	67.3%	86.6%	71.9%	70.6%	58.8%	60.3%	61.0%	60.4%	57.9%	55.4%	62.5%
ADR (yen)	35,433	20,537	26,136	43,572	32,548	30,209	24,872	28,611	26,057	18,476	17,825	29,325	28,567
RevPAR (yen)	17,740	9,997	17,599	37,745	23,394	21,337	14,630	17,265	15,900	11,163	10,326	16,242	17,859
Sales (millions of yen)	54	39	62	108	72	70	51	53	54	41	45	49	705

(Note 1) Results for the past year are shown, but March 29, 2019 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee Asama onsen Hotel Management Co., Ltd.

O-35 OMO7 Asahikawa

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.9%	90.9%	93.0%	92.3%	70.6%	67.5%	63.3%	70.0%	75.1%	85.1%	82.6%	61.4%	77.7%
ADR (yen)	9,446	11,851	20,533	19,781	14,266	10,075	7,166	7,564	7,518	9,408	7,030	8,032	11,507
RevPAR (yen)	7,454	10,774	19,102	18,265	10,066	6,804	4,534	5,294	5,649	8,007	5,809	4,928	8,935
Sales (millions of yen)	161	193	261	225	196	161	130	149	168	145	158	128	2,082

(Note) Monthly key indicators are based on figures provided by the lessee Asahikawa Grand Hotel Co., Ltd.

O-43 Hotel Nirakanai Iriomotejima

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	46.1%	49.0%	64.0%	78.8%	51.9%	54.0%	44.0%	27.4%	22.5%	24.0%	40.9%	31.7%	44.7%
ADR (yen)	23,067	23,927	39,024	52,982	25,172	18,034	17,184	23,546	21,363	19,701	23,663	26,955	28,861
RevPAR (yen)	10,641	11,735	24,979	41,775	13,071	9,744	7,561	6,445	4,804	4,719	9,683	8,548	12,903
Sales (millions of yen)	82	85	169	271	95	84	67	51	38	33	76	55	1,111

(Note 1) Results for the past year are shown, but March 29, 2019 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee Yaeyama Hotels and Resorts Co., Ltd. and the seller.

O-31 ANA Crowne Plaza Hiroshima

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	87.4%	80.7%	82.8%	83.5%	83.7%	85.3%	87.7%	76.8%	71.3%	78.8%	90.7%	89.4%	83.2%
ADR (yen)	13,540	11,259	11,123	14,296	12,406	14,524	14,678	10,420	9,094	9,238	11,083	15,417	12,366
RevPAR (yen)	11,839	9,092	9,210	11,932	10,385	12,389	12,878	8,002	6,487	7,280	10,049	13,778	10,288
Sales (millions of yen)	439	405	346	369	409	470	495	546	351	302	448	431	5,018

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

O-32 ANA Crowne Plaza Fukuoka

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	85.7%	86.3%	86.5%	85.5%	86.8%	89.2%	94.1%	86.8%	82.9%	94.8%	92.9%	89.9%	88.4%
ADR (yen)	15,464	14,902	14,883	14,566	15,363	14,901	16,971	15,973	14,195	16,217	15,608	15,972	15,431
RevPAR (yen)	13,253	12,867	12,870	12,456	13,327	13,291	15,972	13,862	11,761	15,379	14,503	14,363	13,639
Sales (millions of yen)	287	284	285	239	254	304	367	336	272	290	326	293	3,543

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

O-33 ANA Crowne Plaza Kanazawa

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	88.2%	80.5%	73.3%	83.0%	89.5%	90.2%	91.3%	69.1%	57.0%	69.4%	68.2%	78.7%	78.2%
ADR (yen)	18,136	14,352	14,807	18,817	18,178	18,667	19,626	14,960	11,631	12,783	14,974	22,038	16,894
RevPAR (yen)	15,995	11,551	10,857	15,626	16,272	16,841	17,923	10,340	6,631	8,869	10,217	17,341	13,213
Sales (millions of yen)	316	288	276	296	311	305	350	325	211	189	240	307	3,420

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

O-34 ANA Crowne Plaza Toyama

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.8%	74.4%	74.6%	92.0%	84.7%	85.9%	91.3%	72.0%	66.4%	76.5%	70.7%	90.7%	80.3%
ADR (yen)	14,080	10,149	10,065	11,780	12,681	12,519	10,759	9,328	7,931	8,932	8,026	14,590	11,090
RevPAR (yen)	11,944	7,552	7,505	10,834	10,736	10,749	9,819	6,718	5,270	6,834	5,676	13,233	8,905
Sales (millions of yen)	243	243	205	239	230	271	236	251	165	178	196	273	2,736

(Note) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

O-36 Hyatt Regency Osaka

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.9%	71.8%	69.9%	80.8%	57.6%	74.5%	82.9%	72.5%	65.8%	77.8%	66.7%	79.4%	73.4%
ADR (yen)	14,558	13,484	14,994	17,861	14,488	15,933	17,647	16,252	14,029	15,001	15,387	16,619	15,602
RevPAR (yen)	11,778	9,684	10,481	14,429	8,350	11,870	14,631	11,782	9,232	11,671	10,260	13,190	11,444
Sales (millions of yen)	353	304	320	378	318	383	482	401	265	313	332	340	4,193

(Note) Monthly key indicators are based on figures provided by the lessee HRO Inc.

O-37 the b akasaka

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	86.8%	88.6%	88.2%	78.6%	85.9%	91.8%	91.4%	81.3%	69.9%	80.2%	93.0%	90.0%	85.5%
ADR (yen)	10,139	9,723	10,503	10,492	10,181	10,800	11,030	11,018	10,057	10,583	10,485	12,162	10,609
RevPAR (yen)	8,802	8,618	9,267	8,250	8,746	9,914	10,081	8,962	7,031	8,483	9,746	10,943	9,069
Sales (millions of yen)	48	45	51	46	46	54	66	48	38	41	53	57	600

(Note) Monthly key indicators are based on figures provided by the lessee KK Ishin MinatoAkasaka Operations.

O-38 the b sangenjaya

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	87.8%	86.9%	82.3%	79.9%	87.5%	90.1%	93.2%	91.6%	82.9%	89.5%	92.7%	93.1%	88.1%
ADR (yen)	11,018	10,661	11,620	12,054	11,694	11,896	11,925	11,694	11,032	12,312	11,943	12,425	11,694
RevPAR (yen)	9,677	9,261	9,565	9,632	10,231	10,722	11,110	10,709	9,147	11,015	11,071	11,565	10,301
Sales (millions of yen)	37	34	37	36	38	42	47	42	35	39	43	43	477

(Note) Monthly key indicators are based on figures provided by the lessee KK Ishin Sangenjaya Operations.

O-39 the b nagoya

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	89.9%	93.9%	86.6%	90.4%	85.6%	82.8%	87.2%	84.7%	81.3%	93.0%	95.6%	93.9%	88.7%
ADR (yen)	7,293	7,118	7,435	7,970	7,832	7,604	7,726	7,737	6,615	7,203	7,089	8,001	7,470
RevPAR (yen)	6,554	6,683	6,437	7,203	6,708	6,299	6,735	6,553	5,376	6,699	6,775	7,515	6,624
Sales (millions of yen)	50	50	50	55	49	48	70	50	42	47	52	55	624

(Note) Monthly key indicators are based on figures provided by the lessee KK Ishin NagoyaSakae Operations.

O-40 the b kobe

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	91.1%	91.4%	92.1%	93.2%	81.0%	86.8%	92.0%	92.1%	73.4%	90.8%	91.6%	90.2%	88.8%
ADR (yen)	10,869	10,902	9,977	11,422	9,940	10,588	11,283	10,510	8,385	9,174	10,653	10,565	10,402
RevPAR (yen)	9,898	9,963	9,189	10,643	8,053	9,185	10,379	9,683	6,155	8,326	9,755	9,530	9,235
Sales (millions of yen)	63	62	60	68	52	59	72	62	41	50	62	60	718

(Note) Monthly key indicators are based on figures provided by the lessee KK Ishin KobeSannomiya Operations.

O-42 hotel androoms Osaka Hommachi

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	89.4%	85.0%	92.1%	90.4%	62.4%	83.5%	80.3%	72.7%	81.2%	85.3%	83.8%	81.4%	82.3%
ADR (yen)	12,365	11,309	12,383	14,094	12,073	12,576	13,473	14,067	10,759	11,665	11,106	13,356	12,436
RevPAR (yen)	11,060	9,607	11,410	12,743	7,536	10,500	10,818	10,230	8,734	9,954	9,311	10,867	10,239
Sales (millions of yen)	37	32	38	43	25	36	35	35	30	31	32	36	413

(Note) Monthly key indicators are based on figures provided by the lessee Osaka Hotel Management LLC.

O-1 Chisun Inn Shiojiri Kita IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	81.1%	78.4%	82.6%	87.9%	86.5%	81.8%	80.0%	70.1%	67.7%	77.0%	80.2%	85.3%	79.9%
ADR (yen)	6,239	5,833	6,240	7,730	6,432	6,395	5,934	5,349	4,956	5,263	5,619	6,249	6,068
RevPAR (yen)	5,060	4,573	5,154	6,795	5,563	5,229	4,745	3,749	3,356	4,053	4,508	5,330	4,847
Sales (millions of yen)	15	13	15	20	16	16	14	11	10	11	14	15	177

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-2 Chisun Inn Sano Fujioka IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	79.7%	81.1%	78.3%	82.3%	77.5%	82.9%	86.4%	84.2%	79.7%	86.8%	83.4%	89.5%	82.6%
ADR (yen)	6,412	5,767	5,898	6,800	6,085	6,117	6,110	6,513	6,352	5,830	6,013	6,639	6,218
RevPAR (yen)	5,108	4,674	4,620	5,596	4,718	5,070	5,282	5,483	5,065	5,061	5,015	5,941	5,137
Sales (millions of yen)	15	13	13	16	13	15	15	16	15	13	15	17	181

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-3 Chisun Inn Suwa IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	79.9%	77.2%	84.8%	93.3%	88.3%	89.3%	82.4%	78.9%	76.2%	78.5%	86.1%	88.6%	83.7%
ADR (yen)	6,106	5,586	6,094	8,114	6,863	6,389	6,065	5,636	5,460	5,470	5,465	6,177	6,161
RevPAR (yen)	4,879	4,311	5,169	7,571	6,057	5,708	4,997	4,446	4,160	4,292	4,706	5,470	5,154
Sales (millions of yen)	14	12	15	22	17	17	14	13	12	11	14	15	182

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-4 Chisun Inn Toyokawa IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	75.7%	81.0%	83.1%	92.2%	86.0%	92.4%	90.9%	88.4%	83.8%	85.3%	86.9%	82.7%	85.7%
ADR (yen)	5,575	5,131	5,169	6,091	5,200	4,855	5,300	4,909	5,013	4,965	5,581	5,741	5,296
RevPAR (yen)	4,221	4,154	4,295	5,619	4,471	4,485	4,819	4,341	4,201	4,233	4,849	4,749	4,539
Sales (millions of yen)	13	12	13	17	13	13	14	13	13	12	15	14	167

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-5 Chisun Inn Tosu

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	81.5%	78.6%	70.3%	80.1%	76.1%	81.8%	89.6%	80.4%	77.1%	79.3%	83.3%	83.9%	80.2%
ADR (yen)	5,764	5,639	5,624	6,503	5,731	5,388	5,634	5,815	5,560	5,477	5,474	5,952	5,716
RevPAR (yen)	4,698	4,432	3,953	5,208	4,358	4,407	5,048	4,677	4,287	4,346	4,560	4,997	4,582
Sales (millions of yen)	14	13	12	15	12	13	14	14	13	11	13	14	163

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-6 Chisun Inn Chiba Hamano R16

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	95.3%	87.3%	79.5%	84.9%	80.9%	84.8%	87.4%	87.2%	74.4%	91.6%	92.5%	89.6%	86.2%
ADR (yen)	6,499	6,400	6,158	6,848	6,569	6,337	6,357	6,938	6,057	6,094	6,369	6,695	6,450
RevPAR (yen)	6,194	5,590	4,898	5,816	5,316	5,371	5,559	6,050	4,504	5,582	5,888	6,001	5,563
Sales (millions of yen)	19	16	14	17	15	16	16	18	13	15	17	17	200

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-7 Chisun Inn Kumamoto Miyukifueda

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	79.6%	80.1%	77.9%	80.5%	77.0%	85.7%	89.9%	82.1%	78.5%	91.5%	89.3%	87.3%	83.3%
ADR (yen)	7,101	6,826	6,902	7,249	6,962	6,794	6,845	6,801	6,845	7,069	6,835	7,101	6,943
RevPAR (yen)	5,650	5,470	5,380	5,838	5,361	5,825	6,151	5,585	5,374	6,466	6,106	6,200	5,785
Sales (millions of yen)	18	17	17	19	13	17	19	18	17	18	19	19	216

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-8 Chisun Inn Utsunomiya Kanuma

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	81.3%	85.3%	78.0%	84.4%	80.7%	87.3%	85.4%	86.2%	76.9%	85.2%	87.6%	88.1%	83.8%
ADR (yen)	5,983	5,669	5,864	6,598	6,217	6,264	6,301	5,869	5,608	5,655	5,742	6,119	5,995
RevPAR (yen)	4,862	4,834	4,572	5,568	5,018	5,466	5,379	5,058	4,312	4,816	5,029	5,392	5,026
Sales (millions of yen)	15	15	14	17	15	17	16	16	13	14	16	16	189

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-9 Chisun Inn Fukui

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	87.6%	88.5%	85.7%	95.2%	83.4%	89.6%	88.2%	83.0%	73.5%	83.3%	89.5%	87.7%	86.3%
ADR (yen)	5,993	5,719	5,979	7,175	8,035	7,392	6,015	5,743	5,500	5,786	5,858	6,044	6,288
RevPAR (yen)	5,247	5,060	5,123	6,828	6,704	6,623	5,305	4,769	4,044	4,818	5,241	5,300	5,425
Sales (millions of yen)	16	15	16	21	20	21	16	15	13	14	16	16	204

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-10 Chisun Inn Fukushima Nishi IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.6%	82.4%	80.8%	83.6%	78.1%	91.8%	85.5%	76.0%	71.7%	79.7%	74.6%	82.8%	80.4%
ADR (yen)	5,833	5,594	6,019	6,558	5,746	5,702	5,544	5,286	5,226	5,371	5,422	6,108	5,715
RevPAR (yen)	4,585	4,609	4,862	5,483	4,487	5,235	4,743	4,019	3,745	4,281	4,044	5,059	4,596
Sales (millions of yen)	14	11	15	17	14	16	14	13	12	12	13	15	171

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-11 Chisun Inn Niigata Chuo IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	72.7%	78.5%	76.7%	90.0%	79.6%	80.9%	82.6%	60.0%	58.8%	62.1%	67.0%	65.0%	72.9%
ADR (yen)	6,029	5,576	6,000	7,923	6,300	6,025	5,958	5,535	5,149	5,214	5,799	6,320	6,057
RevPAR (yen)	4,386	4,379	4,602	7,127	5,016	4,872	4,923	3,319	3,027	3,240	3,886	4,108	4,415
Sales (millions of yen)	14	13	15	23	15	15	15	10	9	9	12	12	168

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-12 Chisun Inn Nagasaki Airport

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	77.3%	76.3%	81.1%	80.4%	80.7%	79.9%	86.9%	77.1%	75.7%	82.9%	88.5%	75.2%	80.2%
ADR (yen)	6,179	5,913	6,118	6,935	6,001	6,148	6,233	6,257	5,725	6,216	6,090	6,467	6,192
RevPAR (yen)	4,779	4,514	4,959	5,578	4,842	4,913	5,418	4,822	4,334	5,152	5,392	4,862	4,963
Sales (millions of yen)	14	13	14	16	14	14	15	14	13	13	16	14	176

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-13 Chisun Inn Hitachinaka

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.9%	73.4%	76.4%	88.0%	83.4%	85.4%	84.4%	83.2%	74.8%	90.4%	84.8%	83.8%	82.4%
ADR (yen)	6,114	5,460	5,838	6,700	5,750	5,916	5,789	5,775	5,677	5,512	5,831	6,126	5,885
RevPAR (yen)	4,946	4,010	4,460	5,897	4,798	5,051	4,887	4,803	4,248	4,981	4,946	5,134	4,847
Sales (millions of yen)	14	11	13	17	13	15	14	14	12	13	14	14	171

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-14 Chisun Inn Tsuchiura Ami

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	76.9%	81.2%	76.0%	81.2%	81.1%	87.9%	91.0%	87.2%	80.7%	88.9%	82.1%	90.9%	83.7%
ADR (yen)	5,904	5,547	5,884	6,439	5,539	5,984	5,822	5,908	5,664	5,590	5,828	6,231	5,867
RevPAR (yen)	4,542	4,504	4,473	5,231	4,491	5,262	5,299	5,150	4,572	4,971	4,783	5,662	4,910
Sales (millions of yen)	13	13	13	15	13	15	15	15	13	13	14	16	173

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-15 Chisun Inn Kofu Isawa

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.3%	78.9%	76.6%	90.5%	83.4%	82.1%	84.5%	76.9%	74.8%	81.2%	84.8%	85.5%	81.1%
ADR (yen)	6,095	5,541	5,818	7,436	6,212	5,815	5,971	5,974	5,526	5,427	5,817	6,254	6,014
RevPAR (yen)	4,526	4,372	4,457	6,727	5,181	4,775	5,047	4,592	4,133	4,405	4,932	5,350	4,877
Sales (millions of yen)	13	12	13	20	15	14	14	13	12	11	14	15	172

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-16 Chisun Inn Marugame Zentsuji

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.6%	76.5%	72.0%	87.1%	77.5%	82.1%	79.3%	71.9%	70.0%	78.2%	82.2%	82.8%	77.8%
ADR (yen)	6,084	5,757	5,948	7,189	5,951	5,819	5,850	5,869	5,532	5,814	5,942	5,936	5,992
RevPAR (yen)	4,537	4,406	4,284	6,264	4,611	4,775	4,636	4,221	3,875	4,549	4,882	4,917	4,664
Sales (millions of yen)	14	13	13	19	14	15	14	13	12	13	15	15	174

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-17 Chisun Inn Munakata

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	72.6%	75.9%	77.4%	79.6%	67.1%	75.0%	80.7%	68.2%	66.8%	69.4%	78.5%	76.2%	74.1%
ADR (yen)	5,292	4,802	4,911	5,716	5,450	4,981	5,205	5,371	5,413	5,469	5,161	5,358	5,252
RevPAR (yen)	3,841	3,644	3,799	4,549	3,655	3,736	4,201	3,663	3,617	3,793	4,050	4,084	3,891
Sales (millions of yen)	12	11	12	14	11	11	13	11	9	10	13	12	144

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-18 Chisun Inn Iwate Ichinoseki IC

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	75.1%	75.2%	77.0%	87.1%	78.7%	84.8%	82.0%	78.8%	72.0%	83.1%	77.1%	77.8%	79.0%
ADR (yen)	6,058	5,982	5,958	7,019	5,800	5,881	5,707	5,381	5,203	5,199	5,538	6,232	5,845
RevPAR (yen)	4,547	4,497	4,589	6,116	4,562	4,986	4,681	4,239	3,747	4,321	4,268	4,848	4,619
Sales (millions of yen)	13	13	13	18	13	15	13	12	11	11	13	14	165

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-19 Chisun Inn Karuizawa

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.4%	87.4%	81.4%	83.5%	76.6%	79.5%	80.0%	70.6%	69.1%	64.6%	70.9%	76.2%	76.2%
ADR (yen)	8,985	7,218	9,921	16,429	10,169	8,286	7,700	8,392	7,423	7,230	6,724	8,559	9,027
RevPAR (yen)	6,689	6,306	8,079	13,720	7,793	6,587	6,157	5,925	5,130	4,673	4,767	6,524	6,882
Sales (millions of yen)	19	18	23	39	21	19	17	17	15	12	14	18	237

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-20 Chisun Inn Himeji Yumesakibashi

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	67.4%	60.3%	71.7%	75.6%	69.4%	73.1%	85.4%	76.9%	71.4%	65.1%	77.6%	85.3%	73.2%
ADR (yen)	5,579	5,043	5,091	6,328	5,460	5,238	5,454	5,634	5,161	5,033	5,132	5,529	5,403
RevPAR (yen)	3,761	3,042	3,648	4,786	3,790	3,831	4,656	4,334	3,685	3,275	3,980	4,717	3,954
Sales (millions of yen)	12	9	11	15	11	12	13	12	11	9	12	14	146

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-21 Chisun Inn Kurashiki Mizushima

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	68.9%	71.2%	86.9%	87.3%	82.6%	88.7%	89.1%	79.5%	71.9%	82.8%	92.1%	89.6%	82.5%
ADR (yen)	6,281	5,661	5,976	6,913	6,298	6,518	6,425	5,804	5,422	5,687	6,476	6,499	6,192
RevPAR (yen)	4,325	4,032	5,191	6,037	5,201	5,780	5,726	4,612	3,896	4,706	5,962	5,823	5,110
Sales (millions of yen)	13	12	16	19	16	18	17	14	12	13	18	17	191

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

O-30 Chisun Inn Kagoshima Taniyama

	2018								2019				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.5%	82.8%	78.0%	82.8%	77.2%	82.1%	91.5%	78.7%	77.9%	88.7%	81.4%	81.1%	82.1%
ADR (yen)	6,094	5,602	5,859	5,796	5,828	5,763	5,850	5,525	5,632	5,824	5,780	5,904	5,790
RevPAR (yen)	5,085	4,639	4,571	4,802	4,497	4,733	5,352	4,350	4,384	5,166	4,702	4,786	4,752
Sales (millions of yen)	37	33	33	35	32	34	37	32	32	34	34	33	410

(Note) Monthly key indicators are based on figures provided by the lessee SHR Roadside Inn Co., Ltd.

(2) Status of Capital Expenditures

① Schedule of Capital Expenditures

Of capital expenditures associated with renovation work, etc. in the fiscal period ending October 2019 currently planned for assets held by HRR as of April 30, 2019, the following are the major estimated amounts. Amounts categorized as expenses within accounting standards are included in capital expenditure amounts stated below.

Name of real estate, etc.	Location	Purpose	Scheduled period	Estimated construction costs (millions of yen)		
				Total amount	Payment during period	Total amount already paid
ANA Crowne Plaza Toyama	Toyama-shi, Toyama	Installation of efficient air-cooling heat pump chiller	From: November 2018 To: May 2019	164	0	0

② Capital Expenditures during the Period

Of construction work falling under the category of capital expenditures conducted in the fiscal period under review for assets held by HRR as of April 30, 2019, the following are the major amounts. The fiscal period under review's capital expenditures amounted to 1,597 million yen and repair expenses separately charged to expenses amounted to 149 million yen for a combined total of 1,746 million yen of construction work implemented.

Name of real estate, etc.	Location	Purpose	Period	Construction costs (millions of yen)
KAI Ito	Ito-shi, Shizuoka	Large-scale renovation	From: September 2018 To: February 2019	588
RISONARE Atami	Atami-shi, Shizuoka	Construction of additional guest rooms and renovation of guest rooms	From: January 2019 To: April 2019	216
RISONARE Yatsugatake	Hokuto-shi, Yamanashi	Renovation of guest rooms	From: June 2018 To: March 2019	90
ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima	Renovation of guest rooms	From: January 2019 To: March 2019	50
ANA Crowne Plaza Kanazawa	Kanazawa-shi, Ishikawa	Renovation of guest rooms	From: February 2019 To: March 2019	36