

(REIT) Financial Report for Fiscal Period Ended April 2017

June 14, 2017

REIT Securities Issuer: Hoshino Resorts REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3287 URL: <http://www.hoshinoresorts-reit.net/>
 Representative: Kenji Akimoto, Executive Director

Asset Management Company: Hoshino Resort Asset Management Co., Ltd.
 Representative: Kenji Akimoto, President & CEO
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Scheduled date of submission of securities report: July 27, 2017

Scheduled date of commencement of distributions payment: July 26, 2017

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended April 2017 (from November 1, 2016 to April 30, 2017)

(1) Management Status

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Apr. 2017	4,462	12.1	2,266	8.1	1,901	4.6	1,900	4.6
Ended Oct. 2016	3,981	11.8	2,097	9.6	1,816	13.4	1,815	13.4

Fiscal period	Net income per unit	Ratio of net income to net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Apr. 2017	11,620	2.6	1.7	42.6
Ended Oct. 2016	11,110	2.5	1.7	45.6

(Note) 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. Net income per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended October 2016.

(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. 2017	11,621	1,900	0	0	100.0	2.6
Ended Oct. 2016	22,209	1,815	0	0	100.0	2.5

(Note 1) The main factors for the difference between distributions per unit for the fiscal period ended October 2016 in the above table (2) and net income per unit for the fiscal period ended October 2016 in the above table (1) are that net income per unit for the fiscal period ended October 2016 is calculated based on the assumption that the aforementioned 2-for-1 split of investment units was implemented at the beginning of the fiscal period ended October 2016 and is based on the average number of investment units during the fiscal period.

(Note 2) Since new investment units have been issued, distributions payout ratio for the fiscal period ended October 2016 is calculated using the following formula:
 Distributions payout ratio = Total distributions (excluding distributions in excess of earnings) / Net income × 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. 2017	123,204	74,491	60.5	455,568
Ended Oct. 2016	105,709	74,407	70.4	455,052

(Note) 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. Net assets per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended October 2016.

(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. 2017	2,295	(17,409)	14,059	8,458
Ended Oct. 2016	3,911	(4,467)	1,826	9,514

2. Management Status Forecast for Fiscal Period Ending October 2017 (from May 1, 2017 to October 31, 2017) and Management Status Forecast for Fiscal Period Ending April 2018 (from November 1, 2017 to April 30, 2018)

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		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. 2017	4,640	4.0	2,362	4.2	2,049	7.8	2,048	7.8	11,863	0
Ending Apr. 2018	4,682	0.9	2,364	0.1	2,070	1.0	2,069	1.0	11,984	0

(Reference) Forecast net income per unit (fiscal period ending October 2017) 11,863 yen

Forecast net income per unit (fiscal period ending April 2018) 11,984 yen

Forecast net income per unit is calculated by the following formula:

Forecast net income per unit = Forecast net income / 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 2017 163,514 units Fiscal period ended October 2016 81,757 units

② Number of own investment units at end of period

Fiscal period ended April 2017 — units Fiscal period ended October 2016 — units

(Note) For the number of investment units serving as the basis for calculation of net income per unit, please refer to "Notes on Per Unit Information" on page 23.

* Presentation of Status of Implementation of Audit Procedures

At the time of disclosure of this financial report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter, the "Financial Instruments and Exchange Act") have not been completed.

* Explanation of Appropriate Use of Management Status Forecast, and Other Matters of 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 2017 and Fiscal Period Ending April 2018" on page 7.

1. Related Parties of the Investment Corporation

Disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the most recent securities report (submitted on January 27, 2017).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on January 27, 2017).

(2) Management Status

① Overview of the Fiscal Period under Review

(a) Brief History of the Investment Corporation

Hoshino Resorts REIT, Inc. (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 investment 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. (securities code: 3287) on July 12, 2013. HRR has steadily expanded its asset size since, additionally acquiring one hotel property operated by an outside operator in November 2016 in the fiscal period under review. These brought the assets held by HRR as of the end of the fiscal period under review to 48 properties (sum total of acquisition price: 109,182 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 corporate earnings improving with progress in depreciation of the yen and pickup in the manufacturing industry on a global basis amid continued improvement in the employment and income situation. In the tourism market, the Japanese government has set the goal for the number of non-Japanese visitors to Japan (inbound tourists) at 40 million by 2020 and the goal for inbound tourist spending at 8 trillion yen by 2020, coupled also with positioning tourism as a pillar of the growth strategy. As such, although the rate of increase in the number of inbound tourists was seen to be on the decline in comparison with the previous year, the number of inbound tourists itself remains on the rise. 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, too, resulting in stable operational results in the fiscal period ended April 2017.

(c) Overview of Fund Procurement

In the fiscal period under review, 16,000 million yen was procured from debt financing on November 1, 2016 and allocated to part of the funds for acquisition of Hyatt Regency Osaka.

Furthermore, contractual loan repayments, etc. were made, resulting in balance of loans outstanding of 43,034 million yen and ratio of interest-bearing liabilities to total assets (LTV) of 34.9% as of April 30, 2017.

In addition, as of the end of the fiscal period under review, HRR has been assigned a long-term issuer rating of “A- (rating outlook: stable)” from Japan Credit Rating Agency, Ltd. (JCR).

(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 4,462 million yen, operating income of 2,266 million yen, ordinary income of 1,901 million yen and net income of 1,900 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 11,621 yen.

② Outlook for the Next Fiscal Period

(a) Management Environment for the Next Fiscal Period

The Japanese economy going forward is expected to continue to trend toward moderate economic recovery due in part to the Japanese economy's recovery trend and Bank of Japan's monetary easing policies continuing, but is in a state in which there continue to be concerns of uncertainty in overseas economies, the effects of fluctuations in the financial and capital markets, etc. posing as downside risks to the economy. In addition, the Japanese government has announced tourism policies that set new goals to promote becoming a tourism nation. As such, Japanese government initiatives for addressing *minpaku* services (the provision of lodging services for a fee utilizing private homes, in whole or in part), strategic relaxation of visa requirements, etc. are expected going forward. In this manner, with large economic ripple 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, 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 for-sale properties operated by the Hoshino Resorts Group and outside operators, including overseas properties in which the Hoshino Resorts Group is engaged, HRR will examine individual properties upon their selection for investment.

a. Properties operated by the Hoshino Resorts Group

HRR believes the securement of stable earnings will be possible by investing mainly in the three brands "HOSHINOYA," "Hoshino Resorts KAI" and "Hoshino Resorts RISONARE" operated by the Hoshino Resorts Group. HRR intends to obtain information on facilities under the three brands as well as other brands developed and/or managed by the Hoshino Resorts Group, actively utilizing the sponsor support agreement with Hoshino Resorts. As a result, if HRR decides that a facility is able to generate long-term and stable cash flow, proactive investments will be made.

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 secure, long-term and stable cash flow is possible after obtaining the necessary information by taking advantage of the sponsor support agreement with Hoshino Resorts and the Asset Management Company's unique networks.

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 subject real estate is 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.

Moreover, HRR aims to enhance profitability through expansion of asset size, and also aims to promote portfolio diversification in order to reduce the risk of a significant drop in HRR's cash flow due to changes in tourism trends, disasters, etc.

The Hoshino Resorts Group operates each facility after categorizing investment target hotels, ryokans and ancillary facilities into the brands from various perspectives. HRR works to stabilize revenue by promoting portfolio diversification through investments not only in the singular brands of the Hoshino Resorts Group but in the three brands and any other brands developed and/or managed by the Hoshino Resorts Group, as well as in properties operated by outside operators and overseas properties in which the Hoshino Resorts Group is engaged. The facilities held by HRR vary by size, price setting and target customer base, leading to portfolio diversification effects. In addition, these facilities are diversified in terms of not only diversification by brand but also by geographic area of facility location and thereby reducing the risk of a significant drop in HRR's cash flow.

(c) Management Status Outlook

The following management status is expected for the fiscal period ending October 2017 (from May 1, 2017 to October 31, 2017) and the fiscal period ending April 2018 (from November 1, 2017 to April 30, 2018). For the assumptions underlying this outlook, please refer to "Assumptions Underlying Management Status Outlook for Fiscal Period Ending October 2017 and Fiscal Period Ending April 2018" on page 7.

Fiscal period ending October 2017 (9th fiscal period)

Operating revenue	4,640 million yen
Operating income	2,362 million yen
Ordinary income	2,049 million yen
Net income	2,048 million yen
Distributions per unit	11,863 yen
Distributions in excess of earnings per unit	0 yen

Fiscal period ending April 2018 (10th fiscal period)

Operating revenue	4,682 million yen
Operating income	2,364 million yen
Ordinary income	2,070 million yen
Net income	2,069 million yen
Distributions per unit	11,984 yen
Distributions in excess of earnings per unit	0 yen

(Note) The forecast figures above are the current forecast calculated under certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income 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) Issuance of New Investment Units

HRR resolved at meetings of the Board of Directors held on April 7, 2017 and April 18, 2017 on the following issuance of new investment units, and payment was completed on May 1, 2017 for the investment units through primary offering and on May 23, 2017 for the new investment units through third-party allotment.

(Issuance of new investment units through primary offering)

Number of new investment units issued:	8,720 units
Offer price:	559,080 yen per unit
Total offer price:	4,875,177,600 yen
Paid-in amount:	539,583 yen per unit
Total paid-in amount:	4,705,163,760 yen
Payment due date:	May 1, 2017

(Issuance of new investment units through third-party allotment)

Number of new investment units issued:	436 units
Paid-in amount:	539,583 yen per unit
Total paid-in amount:	235,258,188 yen
Payment due date:	May 23, 2017
Allottee:	Nomura Securities Co., Ltd.

(Use of funds)

The funds procured from the primary offering were allocated to the funds for acquisition of the real estate stated in (b) below. Remaining funds, along with the funds procured through the third-party allotment, are retained as cash on hand by depositing with financial institutions until expenditure, and are scheduled to be allocated to part of the funds for acquisition of specified assets (as defined in Article 2, Paragraph 1 of the Investment Trusts Act) or part of the funds for repayment of loans in the future.

(b) Acquisition of Asset

HRR acquired the following real estate (acquisition price: 4,160 million yen) on May 1, 2017.

Name of property	Location	Seller	Acquisition price (millions of yen) (Note)	Acquisition date
HOSHINOYA Fuji	Fujikawaguchiko-machi, Minamitsuru-gun, Yamanashi	K.K. Horizon Hotels	4,160	May 1, 2017

(Note) "Acquisition price" is the sum of (a) the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions) and (b) 726 million yen of key money concerning establishing land subleasehold for the seller-cum-land subleasehold establisher, rounded down to the nearest million yen.

(c) Borrowing of Funds

HRR borrowed the following funds on May 2, 2017 to procure funds for repayment of the principal of an existing loan due for repayment.

Floating/ Fixed	Lender	Loan amount	Interest rate	Drawdown date	Maturity date (Note 3)	Repayment method
Floating	The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Ashikaga Bank, Ltd. The Bank of Fukuoka, Ltd.	0.7 billion yen	Base rate 1-month Japanese Yen TIBOR (Note 1) + 0.425% (Note 2)	May 2, 2017	May 2, 2022	Lump-sum repayment at maturity

(Note 1) The base rate applicable to the interest calculation period for the interest payable on an interest payment due date shall be, of the 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 2) 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 0.519%.

(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 2017 and Fiscal Period Ending April 2018

Item	Assumptions																																																								
Calculation period	<ul style="list-style-type: none"> Fiscal period ending October 2017 (9th fiscal period): from May 1, 2017 to October 31, 2017 (184 days) Fiscal period ending April 2018 (10th fiscal period): from November 1, 2017 to April 30, 2018 (181 days) 																																																								
Assets under management	<ul style="list-style-type: none"> The assumption is the 48 properties held as of April 30, 2017, plus HOSHINOYA Fuji that was acquired on May 1, 2017, to total 49 properties held. The actual number of properties may vary due to acquisition of new property other than the above, disposition of portfolio property, etc. 																																																								
Operating revenue	<ul style="list-style-type: none"> Rental 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 4,640 million yen for the fiscal period ending October 2017 and 4,682 million yen for the fiscal period ending April 2018. For an approximately four-month period from January 2017 to April 2017 for RISONARE Yatsugatake and for an approximately three-month period from December 2016 to February 2017 for KAI Hakone, there were capital expenditures that involved the facilities' suspension of operations. Therefore, floating rent for RISONARE Yatsugatake and KAI Hakone for the fiscal period ending October 2017 and for the fiscal period ending April 2018, for which the period used for base sales serving as the basis of floating rent include the period of suspension of operations, is calculated by taking into consideration the impact of the facilities' suspension of operations. Of rental revenue, the rent by rent type is assumed to be as follows: <p style="text-align: center;">Fiscal period ending October 2017 (9th fiscal period)</p> <p style="text-align: right;">(Unit: millions of yen)</p> <table border="1"> <thead> <tr> <th>Rent type</th> <th>Name of property, etc.</th> <th>Fixed rent</th> <th>Floating rent (Note 1)</th> <th>Other rent</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Fixed rent + Floating rent (sales-linked) (Note 2)</td> <td>HOSHINOYA Karuizawa HOSHINOYA Kyoto</td> <td>408</td> <td>142</td> <td>-</td> <td>551</td> </tr> <tr> <td>RISONARE Yatsugatake</td> <td>262</td> <td>24</td> <td>-</td> <td>286</td> </tr> <tr> <td>KAI Matsumoto KAI Izumo KAI Ito KAI Hakone KAI Aso KAI Kawaji</td> <td>233</td> <td>54</td> <td>-</td> <td>288</td> </tr> <tr> <td>22 Solare properties (Note 3)</td> <td>547</td> <td>164</td> <td>10</td> <td>722</td> </tr> <tr> <td>Fixed rent</td> <td>5 Candeo properties (Note 3) 3 Greens properties (Note 3)</td> <td>269</td> <td>-</td> <td>-</td> <td>269</td> </tr> <tr> <td rowspan="2">Fixed rent + Floating rent (profit-linked) (Note 2)</td> <td>HOSHINOYA Fuji RISONARE Atami KAI Kinugawa KAI Kaga Asahikawa Grand Hotel</td> <td>686 (Note 4)</td> <td>-</td> <td>-</td> <td>686</td> </tr> <tr> <td>4 ANA Crowne Plaza properties (Note 3)</td> <td>840</td> <td>635</td> <td>-</td> <td>1,475</td> </tr> <tr> <td>Floating rent (profit-linked) (Note 2)</td> <td>Hyatt Regency Osaka</td> <td>-</td> <td>360</td> <td>-</td> <td>360</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total</td> <td>3,247</td> <td>1,381</td> <td>10</td> <td>4,640</td> </tr> </tbody> </table>	Rent type	Name of property, etc.	Fixed rent	Floating rent (Note 1)	Other rent	Total	Fixed rent + Floating rent (sales-linked) (Note 2)	HOSHINOYA Karuizawa HOSHINOYA Kyoto	408	142	-	551	RISONARE Yatsugatake	262	24	-	286	KAI Matsumoto KAI Izumo KAI Ito KAI Hakone KAI Aso KAI Kawaji	233	54	-	288	22 Solare properties (Note 3)	547	164	10	722	Fixed rent	5 Candeo properties (Note 3) 3 Greens properties (Note 3)	269	-	-	269	Fixed rent + Floating rent (profit-linked) (Note 2)	HOSHINOYA Fuji RISONARE Atami KAI Kinugawa KAI Kaga Asahikawa Grand Hotel	686 (Note 4)	-	-	686	4 ANA Crowne Plaza properties (Note 3)	840	635	-	1,475	Floating rent (profit-linked) (Note 2)	Hyatt Regency Osaka	-	360	-	360	Total		3,247	1,381	10	4,640
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Total		3,247	1,381	10	4,640																																																				

- (Note 1) Floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal factors and other fluctuating factors, using calculation methods prescribed in the lease agreement of each facility. For 5 Candeo properties (please refer to Note 3 below) and 3 Greens properties (please refer to Note 3 below), as well as HOSHINOYA Fuji, RISONARE Atami, KAI Kinugawa, KAI Kaga and Asahikawa Grand Hotel which will have premium fixed rent from the fiscal period ending October 2017, floating rent will not apply.
- (Note 2) Sales-linked floating rent is calculated deeming sales of the 12 months from April 2016 to March 2017 as the base sales. Profit-linked floating rent is calculated deeming profits of the 12 months from December 2015 to November 2016 as the base profits.
- (Note 3) Among the properties owned by HRR, the 22 hotel properties operated by SHR Roadside Inn Co., Ltd. are referred to as 22 Solare properties, the 5 hotel properties operated by Candeo Hospitality Management, Inc. as 5 Candeo properties, the 3 hotel properties operated by Greens Co., Ltd. as 3 Greens properties and the 4 properties operated by IHG ANA Hotels Group Japan LLC as 4 ANA Crowne Plaza properties. The same shall apply hereinafter.
- (Note 4) Since HOSHINOYA Fuji, RISONARE Atami, KAI Kinugawa, KAI Kaga and Asahikawa Grand Hotel have premium fixed rents during the fiscal period ending October 2017, the premium fixed rents are indicated.

Fiscal period ending April 2018 (10th fiscal period)

(Unit: millions of yen)

Rent type	Name of property, etc.	Fixed rent	Floating rent (Note 1)	Other rent	Total
Fixed rent + Floating rent (sales-linked) (Note 2)	HOSHINOYA Karuizawa HOSHINOYA Kyoto	408	149	-	558
	RISONARE Yatsugatake	262	18	-	281
	KAI Matsumoto KAI Izumo KAI Ito KAI Hakone KAI Aso KAI Kawaji	233	59	-	292
	22 Solare properties	547	170	10	729
Fixed rent	5 Candeo properties 3 Greens properties	269	-	-	269
Fixed rent + Floating rent (profit-linked) (Note 2)	HOSHINOYA Fuji RISONARE Atami KAI Kinugawa KAI Kaga Asahikawa Grand Hotel	686 (Note 3)	-	-	686
	4 ANA Crowne Plaza properties	840	654	-	1,494
Floating rent (profit-linked) (Note 2)	Hyatt Regency Osaka	-	370	-	370
Total		3,247	1,424	10	4,682

- (Note 1) Floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal factors and other fluctuating factors, using calculation methods prescribed in the lease agreement of each facility. For 5 Candeo properties and 3 Greens properties, as well as HOSHINOYA Fuji, RISONARE Atami, KAI Kinugawa, KAI Kaga and Asahikawa Grand Hotel which will have premium fixed rent during the fiscal period ending April 2018, floating rent will not apply.
- (Note 2) Sales-linked floating rent is calculated deeming sales of the 12 months from October 2016 to September 2017 as the base sales. Profit-linked floating rent is calculated deeming profits of the 12 months from June 2016 to May 2017 as the base profits.
- (Note 3) Since HOSHINOYA Fuji, RISONARE Atami, KAI Kinugawa, KAI Kaga and Asahikawa Grand Hotel have premium fixed rents during the fiscal period ending April 2018, the premium fixed rents are indicated.

- For rental revenue, the assumption is that there will be no cancellation of lease agreements and no delinquent or unpaid rent by lessees.

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 407 million yen for the fiscal period ending October 2017 and 397 million yen for the fiscal period ending April 2018. 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 HOSHINOYA Fuji, the assumption is that fiscal 2018 fixed asset tax, city planning tax and depreciable asset tax are recognized as expenses in part, starting from the fiscal period ending April 2018. Furthermore, the total amount of fixed asset tax, city planning tax and depreciable asset tax included in the cost of acquisition of HOSHINOYA Fuji is expected to be 2 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 745 million yen for the fiscal period ending October 2017 and 764 million yen for the fiscal period ending April 2018. • Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be 1,013 million yen for the fiscal period ending October 2017 and 1,022 million yen for the fiscal period ending April 2018.
Non-operating expenses	<ul style="list-style-type: none"> • As non-operating expenses, public offering related expenses in the amount of 34 million yen is expected as one-off expenses for the fiscal period ending October 2017. • Interest expenses and other borrowing related expenses are assumed to be 282 million yen for the fiscal period ending October 2017 and 294 million yen for the fiscal period ending April 2018.
Interest-bearing liabilities	<ul style="list-style-type: none"> • As of the date of this document, HRR has balance of loans outstanding of 43,034 million yen. • For the fiscal period ending October 2017, the assumption is that 2,325 million yen of the loans will be repaid through contractual repayment. • There was refinancing of 700 million yen in loans due for repayment in May 2017. • The assumption is that there will be refinancing of 1,500 million yen in loans due for repayment in October 2017. • For the fiscal period ending April 2018, the assumption is that 3,525 million yen of the loans will be repaid through contractual repayment. • The assumption is that there will be refinancing of 3,400 million yen in loans due for repayment in April 2018. • The forecast is that LTV at the end of the fiscal period ending October 2017 is 33.8% and LTV at the end of the fiscal period ending April 2018 is 33.5%. The following formula is used in the calculation of LTV: $\text{LTV} = \text{Balance of interest-bearing liabilities outstanding} / \text{Total assets} \times 100$
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 172,670 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 2018.
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"> • No distribution in excess of earnings (distributions in excess of earnings per unit) is 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.

(3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities registration statement (submitted on April 7, 2017, as amended).

3. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	7th fiscal period (As of Oct. 31, 2016)	8th fiscal period (As of Apr. 30, 2017)
Assets		
Current assets		
Cash and deposits	9,514,280	8,458,921
Operating accounts receivable	39,832	37,562
Prepaid expenses	182,643	208,782
Consumption taxes receivable	67,952	494,795
Deferred tax assets	14	13
Other	-	174,641
Total current assets	9,804,723	9,374,717
Non-current assets		
Property, plant and equipment		
Buildings	55,399,273	64,875,892
Accumulated depreciation	(2,729,273)	(3,586,688)
Buildings, net	52,670,000	61,289,204
Structures	1,569,735	1,699,933
Accumulated depreciation	(80,642)	(105,829)
Structures, net	1,489,093	1,594,104
Machinery and equipment	83,801	83,801
Accumulated depreciation	(24,115)	(27,733)
Machinery and equipment, net	59,685	56,067
Tools, furniture and fixtures	475,715	565,367
Accumulated depreciation	(109,170)	(176,673)
Tools, furniture and fixtures, net	366,545	388,694
Land	39,351,315	48,290,817
Construction in progress	201,094	9,968
Total property, plant and equipment	94,137,734	111,628,856
Intangible assets		
Leasehold right	1,028,324	1,330,286
Software	13,504	19,669
Total intangible assets	1,041,829	1,349,956
Investments and other assets		
Long-term prepaid expenses	412,650	513,944
Guarantee deposits	10,000	10,000
Other	302,890	326,890
Total investments and other assets	725,540	850,834
Total non-current assets	95,905,104	113,829,647
Total assets	105,709,827	123,204,364

(Unit: thousands of yen)

	7th fiscal period (As of Oct. 31, 2016)	8th fiscal period (As of Apr. 30, 2017)
Liabilities		
Current liabilities		
Operating accounts payable	94,787	1,504,584
Short-term loans payable	-	1,500,000
Current portion of long-term loans payable	950,724	4,350,724
Accounts payable - other	561,547	611,309
Income taxes payable	889	876
Accrued expenses	-	2,170
Advances received	695,672	769,404
Total current liabilities	2,303,620	8,739,069
Non-current liabilities		
Long-term loans payable	26,209,332	37,183,970
Tenant leasehold and security deposits	2,789,454	2,789,454
Total non-current liabilities	28,998,786	39,973,424
Total liabilities	31,302,406	48,712,494
Net assets		
Unitholders' equity		
Unitholders' capital	72,591,623	72,591,623
Surplus		
Unappropriated retained earnings (undisposed loss)	1,815,796	1,900,247
Total surplus	1,815,796	1,900,247
Total unitholders' equity	74,407,420	74,491,870
Total net assets	*1 74,407,420	*1 74,491,870
Total liabilities and net assets	105,709,827	123,204,364

(2) Statement of Income

(Unit: thousands of yen)

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Operating revenue		
Lease business revenue	*1 3,981,640	*1 4,462,551
Total operating revenue	3,981,640	4,462,551
Operating expenses		
Expenses related to rent business	*1 1,428,747	*1 1,682,281
Asset management fee	342,999	372,006
Asset custody fee	3,786	3,823
Administrative service fees	15,741	18,317
Directors' compensation	2,640	2,640
Audit fee	6,751	8,200
Other operating expenses	83,750	108,298
Total operating expenses	1,884,418	2,195,567
Operating income	2,097,222	2,266,983
Non-operating income		
Interest income	47	43
Insurance income	1,559	-
Interest on refund	-	47
Miscellaneous income	18	426
Total non-operating income	1,625	517
Non-operating expenses		
Interest expenses	156,288	196,467
Borrowing related expenses	90,394	169,958
Investment unit issuance expenses	35,506	-
Total non-operating expenses	282,188	366,426
Ordinary income	1,816,659	1,901,075
Income before income taxes	1,816,659	1,901,075
Income taxes - current	896	882
Income taxes - deferred	0	0
Total income taxes	896	883
Net income	1,815,763	1,900,191
Retained earnings brought forward	33	55
Unappropriated retained earnings (undisposed loss)	1,815,796	1,900,247

(3) Statement of Unitholders' Equity

7th fiscal period (from May 1, 2016 to October 31, 2016)

(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	67,906,895	1,600,757	1,600,757	69,507,653	69,507,653
Changes of items during period					
Issuance of new investment units	4,684,727	-	-	4,684,727	4,684,727
Dividends of surplus	-	(1,600,724)	(1,600,724)	(1,600,724)	(1,600,724)
Net income	-	1,815,763	1,815,763	1,815,763	1,815,763
Total changes of items during period	4,684,727	215,039	215,039	4,899,766	4,899,766
Balance at end of period	*1 72,591,623	1,815,796	1,815,796	74,407,420	74,407,420

8th fiscal period (from November 1, 2016 to April 30, 2017)

(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	72,591,623	1,815,796	1,815,796	74,407,420	74,407,420
Changes of items during period					
Dividends of surplus	-	(1,815,741)	(1,815,741)	(1,815,741)	(1,815,741)
Net income	-	1,900,191	1,900,191	1,900,191	1,900,191
Total changes of items during period	-	84,450	84,450	84,450	84,450
Balance at end of period	*1 72,591,623	1,900,247	1,900,247	74,491,870	74,491,870

(4) Statement of Cash Distributions

(Unit: yen)

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
I. Unappropriated retained earnings	1,815,796,809	1,900,247,149
II. Amount of distributions [Amount of distributions per investment unit]	1,815,741,213 [22,209]	1,900,196,194 [11,621]
III. Retained earnings brought forward	55,596	50,955
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 1,815,741,213 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 1,900,196,194 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)

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Cash flows from operating activities		
Income before income taxes	1,816,659	1,901,075
Depreciation and amortization	831,907	956,848
Interest income	(47)	(43)
Interest expenses	156,288	196,467
Borrowing related expenses	90,394	169,958
Investment unit issuance expenses	35,506	-
Decrease (increase) in operating accounts receivable	584	2,269
Decrease (increase) in prepaid expenses	(53,192)	(26,139)
Decrease (increase) in consumption taxes refund receivable	1,137,736	(426,842)
Increase (decrease) in operating accounts payable	(8,801)	26,797
Increase (decrease) in accounts payable - other	154,070	61,982
Increase (decrease) in advances received	37,638	73,731
Decrease (increase) in long-term prepaid expenses	(37,316)	(101,293)
Other, net	(90,394)	(344,600)
Subtotal	4,071,032	2,490,212
Interest income received	47	43
Interest expenses paid	(159,003)	(194,296)
Income taxes paid	(797)	(895)
Net cash provided by (used in) operating activities	3,911,278	2,295,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,508,815)	(17,077,804)
Purchase of intangible assets	(29,509)	(308,158)
Proceeds from tenant leasehold and security deposits	71,145	-
Payments for lease and guarantee deposits	-	(24,000)
Net cash provided by (used in) investing activities	(4,467,179)	(17,409,962)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	1,500,000
Repayments of short-term loans payable	(1,100,000)	-
Proceeds from long-term loans payable	4,360,000	14,500,000
Repayments of long-term loans payable	(4,485,567)	(125,362)
Proceeds from issuance of investment units	4,684,727	-
Payments for investment unit issuance expenses	(35,506)	-
Dividends paid	(1,596,672)	(1,815,097)
Net cash provided by (used in) financing activities	1,826,982	14,059,540
Net increase (decrease) in cash and cash equivalents	1,271,080	(1,055,358)
Cash and cash equivalents at beginning of period	8,243,199	9,514,280
Cash and cash equivalents at end of period	*1 9,514,280	*1 8,458,921

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation and amortization of non-current assets	<p>① Property, plant and equipment The straight-line method is adopted. The useful lives of principal property, plant and equipment are as follows:</p> <table border="0"><tr><td>Buildings</td><td>3-57 years</td></tr><tr><td>Structures</td><td>3-60 years</td></tr><tr><td>Machinery and equipment</td><td>6-15 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2-20 years</td></tr></table> <p>② Intangible assets The straight-line method is adopted. The useful lives are as follows:</p> <table border="0"><tr><td>Intangible assets</td><td>2-5 years</td></tr></table> <p>③ Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	3-57 years	Structures	3-60 years	Machinery and equipment	6-15 years	Tools, furniture and fixtures	2-20 years	Intangible assets	2-5 years
Buildings	3-57 years										
Structures	3-60 years										
Machinery and equipment	6-15 years										
Tools, furniture and fixtures	2-20 years										
Intangible assets	2-5 years										
2. Standards for revenue and expense recognition	<p>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.</p>										
3. Method of hedge accounting	<p>① Method of hedge accounting For interest rate swaps, special accounting is adopted.</p> <p>② Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>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.</p> <p>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.</p>										
4. Scope of funds in the statement of cash flows	<p>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.</p>										
5. Other significant matters serving as the basis for preparation of financial statements	<p>Accounting for consumption tax, etc. Consumption tax and local consumption tax are excluded from the transaction amounts.</p>										

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

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

(Unit: thousands of yen)

	7th fiscal period (As of Oct. 31, 2016)	8th fiscal period (As of Apr. 30, 2017)
	50,000	50,000

[Notes to the Statement of Income]

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

(Unit: thousands of yen)

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
A. Operating revenue from real estate leasing		
Lease business revenue		
Rental revenue	3,981,640	4,462,551
Total operating revenue from real estate leasing	3,981,640	4,462,551
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Insurance expenses	14,266	18,384
Repair expenses	55,088	83,968
Land rent	33,994	46,022
Depreciation and amortization	831,174	956,115
Taxes and dues	287,204	363,459
Other expenses	207,019	214,330
Total operating expenses from real estate leasing	1,428,747	1,682,281
C. Operating income (loss) from real estate leasing [A – B]	2,552,892	2,780,269

[Notes to the Statement of Unitholders' Equity]

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

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	81,757 units	163,514 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)

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Cash and deposits	9,514,280	8,458,921
Cash and cash equivalents	9,514,280	8,458,921

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: thousands of yen)

	7th fiscal period As of Oct. 31, 2016	8th fiscal period As of Apr. 30, 2017
Due within 1 year	5,236,181	5,233,405
Due after 1 year	37,935,717	35,318,045
Total	43,171,898	40,551,450

[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 are mainly used as funds for acquisition of assets under management and repayment of existing loans, etc. Concerning the liquidity risk and interest rate fluctuation risk associated with such fund procurement, HRR manages and limits the concerned risks by diversifying fund procurement sources, and also by considering and implementing diversified fund procurement, including effective use of surplus funds and procurement of funds from the capital market through issuance of investment units, etc.

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., but 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, 2016, 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	9,514,280	9,514,280	-
(2) Short-term loans payable	-	-	-
(3) Current portion of long-term loans payable	(950,724)	(952,478)	1,754
(4) Long-term loans payable	(26,209,332)	(26,544,657)	335,325

The book value and fair value as of April 30, 2017, 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	8,458,921	8,458,921	-
(2) Operating accounts payable	(1,504,584)	(1,504,584)	-
(3) Short-term loans payable	(1,500,000)	(1,500,000)	-
(4) Current portion of long-term loans payable	(4,350,724)	(4,351,352)	628
(5) Long-term loans payable	(37,183,970)	(37,373,649)	189,679
(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) Operating accounts payable; (3) 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.

(4) Current portion of long-term loans payable; (5) 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.

(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. The book value of tenant leasehold and security deposits is as follows:

(Unit: thousands of yen)

	7th fiscal period (As of Oct. 31, 2016)	8th fiscal period (As of Apr. 30, 2017)
Tenant leasehold and security deposits	2,789,454	2,789,454

(Note 4) Amount of redemption of monetary claims scheduled to be due after the account closing date (October 31, 2016)

(Unit: thousands of yen)

	Due within 1 year
Cash and deposits	9,514,280

Amount of redemption of monetary claims scheduled to be due after the account closing date (April 30, 2017)

(Unit: thousands of yen)

	Due within 1 year
Cash and deposits	8,458,921

(Note 5) Amount of repayment of loans scheduled to be due after the account closing date (October 31, 2016)

(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	950,724	5,906,490	3,885,724	3,693,872	5,291,417	7,431,829

Amount of repayment of loans scheduled to be due after the account closing date (April 30, 2017)

(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	1,500,000	-	-	-	-	-
Long-term loans payable	4,350,724	4,973,990	6,285,724	7,433,853	6,617,148	11,873,255

[Notes on Securities]

7th fiscal period (as of October 31, 2016)

Not applicable.

8th fiscal period (as of April 30, 2017)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

7th fiscal period (as of October 31, 2016)

Not applicable.

8th fiscal period (as of April 30, 2017)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

7th fiscal period (as of October 31, 2016)

Not applicable.

8th fiscal period (as of April 30, 2017)

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	5,000,000	5,000,000	(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 "(5) 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.
7th fiscal period (from May 1, 2016 to October 31, 2016)
Not applicable.

8th fiscal period (from November 1, 2016 to April 30, 2017)
Not applicable.
2. Affiliated company, etc.
7th fiscal period (from May 1, 2016 to October 31, 2016)
Not applicable.

8th fiscal period (from November 1, 2016 to April 30, 2017)
Not applicable.
3. Fellow subsidiary, etc.
7th fiscal period (from May 1, 2016 to October 31, 2016)
Not applicable.

8th fiscal period (from November 1, 2016 to April 30, 2017)
Not applicable.
4. Director, major individual unitholder, etc.
7th fiscal period (from May 1, 2016 to October 31, 2016)
Not applicable.

8th fiscal period (from November 1, 2016 to April 30, 2017)
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)	
	7th fiscal period As of Oct. 31, 2016	8th fiscal period As of Apr. 30, 2017
Deferred tax assets		
Enterprise tax payable excluded from deductible expenses	14	13
Total deferred tax assets	14	13
Net deferred tax assets	14	13

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: %)	
	7th fiscal period As of Oct. 31, 2016	8th fiscal period As of Apr. 30, 2017
Statutory tax rate	31.74	31.74
[Adjustments]		
Distributions deductible for tax purpose	(31.72)	(31.73)
Other	0.03	0.03
Effective income tax rate after application of tax-effect accounting	0.05	0.05

[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)

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Book value (Note 2)		
Balance at beginning of period	91,214,502	94,799,513
Amount of increase (decrease) during period	(Note 3) 3,585,011	(Note 4) 17,760,966
Balance at end of period	94,799,513	112,560,480
Fair value at end of period (Note 5)	109,299,000	126,965,000

(Note 1) For an overview of the concerned investment and rental properties, please refer to "5. Reference Information; (2) Investment Assets; ② 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 acquisition of KAI Kaga (3,209,143 thousand yen), while the amount of decrease is mainly attributable to depreciation (771,194 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 Hyatt Regency Osaka (16,658,182 thousand yen), while the amount of decrease is mainly attributable to depreciation (886,220 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]

1. Segment information

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

2. Related information

7th fiscal period (from May 1, 2016 to October 31, 2016)

(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, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant 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.	498,509	Real estate leasing business
K.K. Horizon Hotels	1,838,547	Real estate leasing business
SHR Roadside Inn Co., Ltd.	697,742	Real estate leasing business

8th fiscal period (from November 1, 2016 to April 30, 2017)

(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, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant 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.	499,840	Real estate leasing business
K.K. Horizon Hotels	1,913,728	Real estate leasing business
SHR Roadside Inn Co., Ltd.	712,752	Real estate leasing business

[Notes on Per Unit Information]

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Net assets per unit	455,052 yen	455,568 yen
Net income per unit	11,110 yen	11,620 yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

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

(Note 2) 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. Net assets per unit and net income per unit are calculated based on the assumption that the split of investment units was implemented at the beginning of the 7th fiscal period.

(Note 3) The following is the basis for calculation of net income per unit.

	7th fiscal period From: May 1, 2016 To: Oct. 31, 2016	8th fiscal period From: Nov. 1, 2016 To: Apr. 30, 2017
Net income (thousands of yen)	1,815,763	1,900,191
Amount not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	1,815,763	1,900,191
Average number of investment units during period (units)	163,430	163,514

[Notes on Significant Subsequent Events]

(a) Issuance of New Investment Units

HRR resolved at meetings of the Board of Directors held on April 7, 2017 and April 18, 2017 on the following issuance of new investment units, and payment was completed on May 1, 2017 for the investment units through primary offering and on May 23, 2017 for the new investment units through third-party allotment.

(Issuance of new investment units through primary offering)

Number of new investment units issued:	8,720 units
Offer price:	559,080 yen per unit
Total offer price:	4,875,177,600 yen
Paid-in amount:	539,583 yen per unit
Total paid-in amount:	4,705,163,760 yen
Payment due date:	May 1, 2017

(Issuance of new investment units through third-party allotment)

Number of new investment units issued:	436 units
Paid-in amount:	539,583 yen per unit
Total paid-in amount:	235,258,188 yen
Payment due date:	May 23, 2017
Allottee:	Nomura Securities Co., Ltd.

(Use of funds)

The funds procured from the primary offering were allocated to the funds for acquisition of the real estate stated in (b) below. Remaining funds, along with the funds procured through the third-party allotment, are retained as cash on hand by depositing with financial institutions until expenditure, and are scheduled to be allocated to part of the funds for acquisition of specified assets (as defined in Article 2, Paragraph 1 of the Investment Trusts Act) or part of the funds for repayment of loans in the future.

(b) Acquisition of Asset

HRR acquired the following real estate (acquisition price: 4,160 million yen) on May 1, 2017.

Name of property	Location	Seller	Acquisition price (millions of yen) (Note)	Acquisition date
HOSHINOYA Fuji	Fujikawaguchiko-machi, Minamitsuru-gun, Yamanashi	K.K. Horizon Hotels	4,160	May 1, 2017

(Note) "Acquisition price" is the sum of (a) the sales/purchase price of the property stated in the sales and purchase agreement (excluding consumption taxes, local consumption taxes and expenses such as transaction commissions) and (b) 726 million yen of key money concerning establishing land subleasehold for the seller-cum-land subleasehold establisher, rounded down to the nearest million yen.

(c) Borrowing of Funds

HRR borrowed the following funds on May 2, 2017 to procure funds for repayment of the principal of an existing loan due for repayment.

Floating/ Fixed	Lender	Loan amount	Interest rate	Drawdown date	Maturity date (Note 3)	Repayment method
Floating	The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Ashikaga Bank, Ltd. The Bank of Fukuoka, Ltd.	0.7 billion yen	Base rate 1-month Japanese Yen TIBOR (Note 1) + 0.425% (Note 2)	May 2, 2017	May 2, 2022	Lump-sum repayment at maturity

(Note 1) The base rate applicable to the interest calculation period for the interest payable on an interest payment due date shall be, of the 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 2) 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 0.519%.

(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 implemented a 2-for-1 split of investment units with a record date of October 31, 2016 and an effective date of November 1, 2016. The total number of investment units issued and outstanding after the split is 163,514 units. The following are the changes in unitholders' capital and total number of investment units issued and outstanding since the establishment of HRR through April 30, 2017.

Date	Description	Unitholders' capital (thousands of yen)		Total number of investment units issued and outstanding (units)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
March 6, 2013	Establishment through private placement	150,000	150,000	300	300	(Note 1)
July 11, 2013	Capital increase through public offering	9,302,400	9,452,400	19,000	19,300	(Note 2)
August 12, 2013	Capital increase through third-party allotment	465,120	9,917,520	950	20,250	(Note 3)
May 1, 2014	Capital increase through public offering	16,547,762	26,465,282	22,000	42,250	(Note 4)
May 27, 2014	Capital increase through third-party allotment	540,810	27,006,092	719	42,969	(Note 5)
May 1, 2015	Capital increase through public offering	8,673,580	35,679,673	6,400	49,369	(Note 6)
May 26, 2015	Capital increase through third-party allotment	433,679	36,113,352	320	49,689	(Note 7)
November 2, 2015	Capital increase through public offering	30,279,030	66,392,382	26,970	76,659	(Note 8)
November 25, 2015	Capital increase through third-party allotment	1,514,512	67,906,895	1,349	78,008	(Note 9)
May 2, 2016	Capital increase through public offering	4,461,050	72,367,946	3,570	81,578	(Note 10)
May 24, 2016	Capital increase through third-party allotment	223,677	72,591,623	179	81,757	(Note 11)
November 1, 2016	Split of investment units	-	72,591,623	81,757	163,514	(Note 12)

(Note 1) Upon establishment of HRR, new investment units were issued at an offer price of 500,000 yen per unit.

(Note 2) For allocation to acquisition of specified assets and repayment of borrowed money, new investment units were issued through public offering at an offer price of 510,000 yen (paid-in amount of 489,600 yen) per unit.

(Note 3) For allocation to acquisition of specified assets and repayment of borrowed money, new investment units were issued through third-party allotment with paid-in amount of 489,600 yen per unit.

(Note 4) 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 5) 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 6) 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 7) 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 8) 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 9) 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 10) 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 11) 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 12) 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.

4. Changes in Directors

(1) Changes in Directors of HRR

Timely disclosure of changes in directors is made at the point in time that the details are finalized. The following is the status of directors of HRR as of the date of this document.

(As of the date of this document)

Title	Name	Career summary	Number of investment units held (units)
Executive Director	Kenji Akimoto	<p>April 1987 K.K. World Tokyo Head Office Accounting Division</p> <p>April 1991 Tokyo Head Office Finance Division</p> <p>November 1992 K.K. NHV Hotels International Head of Finance Section, Accounting Division</p> <p>May 1996 The Windsor Hotels International Co., Ltd. Audit & Supervisory Board Member</p> <p>April 1997 The Windsor Hotels International Co., Ltd. Toya General Manager of Accounting Division</p> <p>May 1998 Ichibanya Co., Ltd. Accounting Division</p> <p>December 1998 Hoshino Resorts Inc. Director of Finance & Accounting Unit</p> <p>June 2009 Head of Corporate Planning Office</p> <p>September 2010 Head of Financial Strategy Office</p> <p>December 2012 Hoshino Resort Asset Management Co., Ltd. President & CEO (current position)</p> <p>March 2013 Hoshino Resorts REIT, Inc. Executive Director (current position)</p>	0
Supervisory Director	Hiroshi Shinagawa	<p>October 2002 Registered as attorney</p> <p>October 2002 Hamada & Matsumoto</p> <p>September 2008 Intern at Alston & Bird LLP</p> <p>September 2009 Seconded to Morgan Stanley Japan Securities Co., Ltd. Investment Banking Department</p> <p>October 2010 Mori Hamada & Matsumoto</p> <p>January 2012 Kinkadori Law Office (current position)</p> <p>March 2013 Hoshino Resorts REIT, Inc. Supervisory Director (current position)</p> <p>June 2015 Mirai Works Inc. Audit & Supervisory Board Member (current position)</p> <p>March 2016 Advanced Cell Technology and Engineering Ltd. Audit & Supervisory Board Member (current position)</p>	0
Supervisory Director	Yukiko Fujikawa	<p>October 1988 Chuo Shinko Audit Corporation</p> <p>March 1992 Registered as Certified Public Accountant</p> <p>June 1998 Financial Supervisory Agency Financial Securities Inspector, Inspection Department</p> <p>July 2000 Opened Yukiko Fujikawa CPA Office (current position)</p> <p>December 2004 Registered as Certified Public Tax Accountant</p> <p>December 2004 Opened Yukiko Fujikawa Certified Public Tax Accountant Office</p> <p>July 2008 New City Residence Investment Corporation Supervisory Director</p> <p>January 2012 Established Kaikei Jissen Kenkyujyo (tax accountancy corporation) Representative Member (current position)</p> <p>March 2013 Hoshino Resorts REIT, Inc. Supervisory Director (current position)</p> <p>April 2014 Japan Organization of Occupational Health and Safety (independent administrative agency) Auditor (current position)</p> <p>June 2014 Toyo Securities Co., Ltd. Outside Director (current position)</p> <p>October 2015 Japan Arts Council (independent administrative agency) Auditor (current position)</p> <p>March 2016 Kaetsu Gakuen (incorporated educational institution) Auditor (current position)</p> <p>January 2017 Organization for Technical Intern Training Auditor (current position)</p>	0

(Note 1) The career summary entries are unified to stating the name, etc. at the time in office.

(Note 2) At the Third General Meeting of Unitholders, resolution was passed to appoint Tetsuro Takashi as substitute executive director to prepare for cases where there is a vacancy in the position of executive director or cases where there is a shortfall in the number of executive directors provided by laws and regulations. As of the date of this document, Tetsuro Takashi is Director & CFO, and General Manager of Finance & Administration Department, of the Asset Management Company.

(2) Changes in Directors of the Asset Management Company

Timely disclosure of changes in directors is made at the point in time that the details are finalized. The following is the status of directors of the asset management company as of the date of this document.

(As of the date of this document)

Title	Name	Career summary		Number of shares held (shares)
President & CEO	Kenji Akimoto (Note 1)	Please refer to “(1) Changes in Directors of HRR” earlier in this document.		0
Director & CIO, and General Manager of Asset Management Department I	Takayuki Kanaya	April 2004	Mitsui Real Estate Sales Co., Ltd. Residential Marketing Department	0
		January 2005	ZECS Co., Ltd. Real Estate Business Development Division	
		July 2008	K.K. daVinci Advisors Acquisition Team	
		November 2008	K.K. daVinci Support Investment Management Division	
		November 2009	K.K. daVinci Advisors Asset Management Team	
		January 2011	Acquisition Team	
		March 2012	Hoshino Resorts Inc. Planning & Development Division	
		December 2012	Hoshino Resort Asset Management Co., Ltd. Director, and General Manager of Investment Management Department	
		February 2017	Hoshino Resort Asset Management Co., Ltd. Director & CIO, and General Manager of Asset Management Department I (current position)	
Director & CFO, and General Manager of Finance & Administration Department	Tetsuro Takashi	April 1997	Dai-ichi Hoki Shuppan K.K.	0
		November 2004	Hoshino Resorts Inc. Finance & Accounting Unit	
		December 2005	Director of Purchasing Unit	
		June 2009	Internal Governance Development Project Team	
		September 2009	Internal Governance Development Project Team, and Director of Group General Affairs Unit	
		February 2010	Hoshino Resorts Inc. Audit & Supervisory Board Member	
		May 2010	K.K. Commenda Audit & Supervisory Board Member	
		December 2012	Hoshino Resort Asset Management Co., Ltd. Director, and General Manager of Finance & Administration Department	
		December 2016	Hoshino Resort Asset Management Co., Ltd. Director & CFO, and General Manager of Corporate Planning Department	
		February 2017	Hoshino Resort Asset Management Co., Ltd. Director & CFO, and General Manager of Finance & Administration Department (current position)	

Title	Name	Career summary		Number of shares held (shares)
Director, and Compliance Officer	Eiichi Takeda	April 1986	Nichimen Corporation Osaka Finance Division	0
		July 1991	Yamaichi Securities Co., Ltd. Head of Administrative Guidance Division, Finance Department	
		February 1992	Seconded to Yamaichi Information Systems Co., Ltd. Head of Corporate Planning Division	
		October 1995	Seconded to Yamaichi Securities Investment Trust Management Co., Ltd. Deputy Manager of Accounting Division	
		March 1998	AIU Insurance Company Seconded to AIG, Inc. Assistant Treasurer of Treasury Division	
		January 2001	Nikko Asset Management Co., Ltd. Manager of Overseas Operations Planning Office	
		February 2002	Senior Manager of Corporate Planning Division	
		July 2005	Pacific Management Corporation General Manager of Internal Audit Office	
		February 2006	Seconded to Pacific Commercial Investment Corporation Compliance Officer	
		June 2007	Released from secondment Pacific Management Corporation General Manager of Internal Audit Office	
		July 2009	Sawakami Asset Management Inc. Head of Compliance Office	
		August 2013	Hoshino Resorts Inc. Seconded to Hoshino Resort Asset Management Co., Ltd. Compliance Department Compliance Officer	
		February 2015	Director, and Compliance Officer (current position)	
Auditor (part-time)	Yosuke Inoue	December 2007	KPMG AZSA LLC	0
		September 2011	Registered as Certified Public Accountant	
		August 2012	Opened Yosuke Inoue Certified Public Accountant Office (current position)	
		August 2012	Azpec Co., Ltd. Chief Executive Officer (current position)	
		October 2016	Hoshino Resort Asset Management Co., Ltd. Auditor (current position)	

(Note 1) Kenji Akimoto serves concurrently as Executive Director of HRR. In accordance with Article 31-4, Paragraph 1 of the Financial Instruments and Exchange Act, the Commissioner of the Financial Services Agency was notified of the concurrent holding of positions on March 29, 2013.

(Note 2) The career summary entries are unified to stating the name, etc. at the time in office.

5. Reference Information

(1) Investment Status

The following is HRR's investment status as of April 30, 2017 (end of the 8th fiscal period).

Asset type	Asset use	Prefectural location	Name of property	8th fiscal period (as of Apr. 30, 2017)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Ryokan	Nagano	HOSHINOYA Karuizawa	7,569	6.1
	Ryokan	Kyoto	HOSHINOYA Kyoto	2,937	2.4
	Hotel	Yamanashi	RISONARE Yatsugatake	5,881	4.8
	Hotel	Shizuoka	RISONARE Atami	4,224	3.4
	Ryokan	Nagano	KAI Matsumoto	616	0.5
	Ryokan	Shimane	KAI Izumo	720	0.6
	Ryokan	Shizuoka	KAI Ito	704	0.6
	Ryokan	Kanagawa	KAI Hakone	1,176	1.0
	Ryokan	Oita	KAI Aso	622	0.5
	Ryokan	Tochigi	KAI Kawaji	988	0.8
	Ryokan	Tochigi	KAI Kinugawa	3,080	2.5
	Ryokan	Ishikawa	KAI Kaga	3,158	2.6
	Hotel	Nagano	Chisun Inn Shiojiri Kita IC	685	0.6
	Hotel	Tochigi	Chisun Inn Sano Fujioka IC	751	0.6
	Hotel	Nagano	Chisun Inn Suwa IC	669	0.5
	Hotel	Aichi	Chisun Inn Toyokawa IC	608	0.5
	Hotel	Saga	Chisun Inn Tosu	505	0.4
	Hotel	Chiba	Chisun Inn Chiba Hamano R16	800	0.6
	Hotel	Kumamoto	Chisun Inn Kumamoto Miyukifueda	612	0.5
	Hotel	Tochigi	Chisun Inn Utsunomiya Kanuma	721	0.6
	Hotel	Fukui	Chisun Inn Fukui	636	0.5
	Hotel	Fukushima	Chisun Inn Fukushima Nishi IC	664	0.5
	Hotel	Niigata	Chisun Inn Niigata Chuo IC	622	0.5
	Hotel	Nagasaki	Chisun Inn Nagasaki Airport	618	0.5
	Hotel	Ibaraki	Chisun Inn Hitachinaka	720	0.6
	Hotel	Ibaraki	Chisun Inn Tsuchiura Ami	750	0.6
	Hotel	Yamanashi	Chisun Inn Kofu Isawa	645	0.5
	Hotel	Kagawa	Chisun Inn Marugame Zentsuji	580	0.5
	Hotel	Fukuoka	Chisun Inn Munakata	495	0.4
	Hotel	Iwate	Chisun Inn Iwate Ichinoseki IC	691	0.6
	Hotel	Nagano	Chisun Inn Karuizawa	795	0.6
	Hotel	Hyogo	Chisun Inn Himeji Yumesakibashi	611	0.5
	Hotel	Okayama	Chisun Inn Kurashiki Mizushima	714	0.6
	Hotel	Aichi	Candeo Hotels Handa	618	0.5
	Hotel	Nagano	Candeo Hotels Chino	789	0.6
	Hotel	Hiroshima	Candeo Hotels Fukuyama	1,062	0.9
Hotel	Tochigi	Candeo Hotels Sano	1,250	1.0	
Hotel	Mie	Candeo Hotels Kameyama	479	0.4	

Asset type	Asset use	Prefectural location	Name of property	8th fiscal period (as of Apr. 30, 2017)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Hotel	Hokkaido	Comfort Hotel Hakodate	947	0.8
	Hotel	Hokkaido	Comfort Hotel Tomakomai	972	0.8
	Hotel	Hiroshima	Comfort Hotel Kure	1,127	0.9
	Hotel	Kagoshima	Chisun Inn Kagoshima Taniyama	2,019	1.6
	Hotel	Hiroshima	ANA Crowne Plaza Hiroshima	17,970	14.6
	Hotel	Fukuoka	ANA Crowne Plaza Fukuoka	7,679	6.2
	Hotel	Ishikawa	ANA Crowne Plaza Kanazawa	6,727	5.5
	Hotel	Toyama	ANA Crowne Plaza Toyama	3,955	3.2
	Hotel	Hokkaido	Asahikawa Grand Hotel	4,787	3.9
	Hotel	Osaka	Hyatt Regency Osaka	16,590	13.5
Real estate subtotal				112,560	91.4
Deposits and other assets				10,643	8.6
Total assets (Note 3)				123,204	100.0
Total liabilities (Note 3)				48,712	39.5
Total net assets (Note 3)				74,491	60.5

(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

① Major Issues of Investment Securities

Not applicable.

② Investment Real Estate Properties

The following is a summary of real estate, etc. held by HRR as of April 30, 2017 (end of the 8th fiscal period).

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

Brand	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)
HOSHINOYA	H-1	HOSHINOYA Karuizawa	7,600	7,569	11,300	7.0	NV
	H-2	HOSHINOYA Kyoto	2,785	2,937	3,830	2.6	NV
	Subtotal		10,385	10,506	15,130	9.5	—
RISONARE	R-1	RISONARE Yatsugatake	4,500	5,881	6,480	4.1	NV
	R-2	RISONARE Atami	3,750	4,224	4,150	3.4	NV
	Subtotal		8,250	10,105	10,630	7.6	—
KAI	K-1	KAI Matsumoto	600	616	784	0.5	MSK
	K-2	KAI Izumo	680	720	848	0.6	MSK
	K-3	KAI Ito	670	704	953	0.6	MSK
	K-4	KAI Hakone	950	1,176	1,240	0.9	MSK
	K-5	KAI Aso	575	622	676	0.5	MSK
	K-6	KAI Kawaji	1,000	988	1,140	0.9	MSK
	K-7	KAI Kinugawa	3,080	3,080	3,280	2.8	MSK
	K-8	KAI Kaga	3,160	3,158	3,330	2.9	MSK
Subtotal		10,715	11,067	12,251	9.8	—	
Other	O-1	Chisun Inn Shiojiri Kita IC	672	685	809	0.6	NV
	O-2	Chisun Inn Sano Fujioka IC	742	751	895	0.7	MSK
	O-3	Chisun Inn Suwa IC	658	669	802	0.6	NV
	O-4	Chisun Inn Toyokawa IC	602	608	726	0.6	NV
	O-5	Chisun Inn Tosu	504	505	630	0.5	NV
	O-6	Chisun Inn Chiba Hamano R16	798	800	1,020	0.7	MSK
	O-7	Chisun Inn Kumamoto Miyukifueda	616	612	736	0.6	NV
	O-8	Chisun Inn Utsunomiya Kanuma	714	721	833	0.7	MSK
	O-9	Chisun Inn Fukui	644	636	768	0.6	NV
	O-10	Chisun Inn Fukushima Nishi IC	672	664	774	0.6	MSK
	O-11	Chisun Inn Niigata Chuo IC	630	622	771	0.6	NV
	O-12	Chisun Inn Nagasaki Airport	630	618	752	0.6	NV
	O-13	Chisun Inn Hitachinaka	742	720	904	0.7	MSK
	O-14	Chisun Inn Tsuchiura Ami	770	750	921	0.7	MSK
	O-15	Chisun Inn Kofu Isawa	658	645	787	0.6	NV
	O-16	Chisun Inn Marugame Zentsuji	588	580	714	0.5	NV
	O-17	Chisun Inn Munakata	504	495	619	0.5	NV
	O-18	Chisun Inn Iwate Ichinoseki IC	700	691	773	0.6	MSK
	O-19	Chisun Inn Karuizawa	812	795	1,080	0.7	NV
	O-20	Chisun Inn Himeji Yumesakibashi	616	611	731	0.6	NV
	O-21	Chisun Inn Kurashiki Mizushima	728	714	860	0.7	NV
	O-22	Candeo Hotels Handa	620	618	693	0.6	RC
	O-23	Candeo Hotels Chino	793	789	914	0.7	RC
	O-24	Candeo Hotels Fukuyama	1,075	1,062	1,240	1.0	RC
	O-25	Candeo Hotels Sano	1,260	1,250	1,460	1.2	RC
	O-26	Candeo Hotels Kameyama	470	479	532	0.4	RC

Brand	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)
Other	O-27	Comfort Hotel Hakodate	937	947	1,040	0.9	NV
	O-28	Comfort Hotel Tomakomai	963	972	1,070	0.9	NV
	O-29	Comfort Hotel Kure	1,100	1,127	1,230	1.0	NV
	O-30	Chisun Inn Kagoshima Taniyama	1,995	2,019	2,290	1.8	RC
	O-31	ANA Crowne Plaza Hiroshima	17,784	17,970	19,900	16.3	RC
	O-32	ANA Crowne Plaza Fukuoka	7,599	7,679	8,700	7.0	RC
	O-33	ANA Crowne Plaza Kanazawa	6,609	6,727	7,170	6.1	RC
	O-34	ANA Crowne Plaza Toyama	4,008	3,955	4,440	3.7	RC
	O-35	Asahikawa Grand Hotel	4,619	4,787	4,770	4.2	RC
	O-36	Hyatt Regency Osaka	16,000	16,590	16,600	14.7	NV
		Subtotal		79,832	80,880	88,954	73.1
	Total		109,182	112,560	126,965	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., Morii Appraisal & Investment Consulting Inc. or Rich Appraisal Institute Co., Ltd. "Estimated value at end of period" is the appraisal value stated in the real estate appraisal report with April 30, 2017 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.)

MSK: Morii Sogo Kantei K.K. (Morii Appraisal & Investment Consulting Inc.)

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

(b) Location, Area, Size, Etc.

Brand	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)
HOSHINOYA	H-1	HOSHINOYA Karuizawa	Karuizawa-machi, Kitasaku-gun, 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(14)	77
	H-2	HOSHINOYA Kyoto	Kyoto-shi, Kyoto (Kinki region)	9,681.98	2,626.15	Unknown (new construction) (Note 5) / October 2009 (renovation)	187	2,626.15	2,626.15	1(0)	25
	Subtotal			88,570.24	14,349.76	-	817	14,349.76	14,349.76	2(14)	102
RISONARE	R-1	RISONARE Yatsugatake	Hokuto-shi, Yamanashi (Chubu region)	75,831.81 (Note 6)	33,853.45	June 1992 (hotel; pool) / April 2004 (chapel; machine room)	525	33,853.45	33,853.45	1(18)	172
	R-2	RISONARE Atami	Atami-shi, Shizuoka (Chubu region)	65,161.44	23,385.18	October 1992	313	23,385.18	23,385.18	1(0)	77
	Subtotal			140,993.25	57,238.63	-	838	57,238.63	57,238.63	2(18)	249
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 7)	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	7,473.91	Unknown (Note 5) / November 1995 (extension)	80	7,473.91	7,473.91	1(0)	34
	K-4	KAI Hakone	Hakone-machi, Ashigarashimo-gun, 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 8)	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	204	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 (lodging building; restaurants; large public bath) / March 1967; partly unknown (lodging building) (Note 9)	206	5,159.46	5,159.46	1(0)	48
Subtotal			101,614.07	39,048.69	-	876	39,048.69	39,048.69	8(0)	278	

Brand	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)
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
	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 10)	Ichinoseki-shi, Iwate (Hokkaido-Tohoku region)	3,633.00	1,968.02	January 2009	49	1,968.02 (Note 11)	1,968.02 (Note 11)	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

Brand	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)
Other	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 12)	2,814.05	February 2008	52	2,814.05	2,814.05	1(0)	126
	O-23	Candeo Hotels Chino	Chino-shi, Nagano (Chubu region)	2,399.15 (Note 13)	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 14)	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
	O-31	ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima (Chugoku-Shikoku region)	5,126.00 (Note 15)	42,727.85 (Note 16)	August 1983	606	32,332.00	32,332.00	1(6)	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(5)	320
	O-33	ANA Crowne Plaza Kanazawa	Kanazawa-shi, Ishikawa (Hokuriku region)	8,312.42 (Note 17)	61,448.41 (Note 18)	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 19)	26,209.92 (Note 20)	June 1999	240	21,600.11	21,600.11	1(7)	251
	O-35	Asahikawa Grand Hotel	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-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))	774	80,197.60	80,197.60	1(8)	480
Subtotal				139,996.17	339,880.52	-	4,452	287,261.45	287,261.45	36(39)	5,265
Total				471,173.73	450,517.60	-	6,985	397,898.53	397,898.53	48(71)	5,894

- (Note 1) Based on lease agreements valid as of April 30, 2017. 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 and the 3 Greens properties, 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 RISONARE Atami and KAI Kinugawa to have a premium for a limited period from November 2, 2015 to October 31, 2018, KAI Kaga to have a premium for a limited period from May 2, 2016 to April 30, 2019 and Asahikawa Grand Hotel to have a premium for a limited period from March 31, 2016 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 premium as of April 30, 2017. Fixed rent after the lapse of the premium period will be less 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 RISONARE Atami and KAI Kinugawa is November 1, 2018 (12th fiscal period), KAI Kaga is May 1, 2019 (13th fiscal period) and Asahikawa Grand Hotel is November 1, 2019 (14th 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. For Hyatt Regency Osaka, it is the amount arrived at when the April 2017 floating rent (monthly amount) calculated in accordance with the lease agreement on the building is annualized by multiplying by 12. Accordingly, each amount of rent stated above may not necessarily reflect the actual annual rent amount of each property. The same shall apply hereinafter.
- (Note 2) Based on lease agreements valid as of April 30, 2017. 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, 2017, 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 a portion (20,557.00m²) of the land only and leases the other portion (55,274.81m²) from the owner.
- (Note 7) HRR leases a portion (2,966.21m²) of the land from the owner.
- (Note 8) HRR leases a portion (696.95m²) of the land from the owner.
- (Note 9) Used as storage space for bedding and not for lodging as of the date of this document.
- (Note 10) 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, 2017. 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.
- (Note 11) 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, 2017, but the entries under "Leased area" and "Leasable area" are the leased area and leasable area of the building.
- (Note 12) HRR leases a portion (991.72m²) of the land from the owner.
- (Note 13) HRR owns the building only and does not own the land. The land is leased from the owner.
- (Note 14) HRR leases a portion (740.62m²) of the land from the owner.
- (Note 15) 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 16) 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 17) 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 18) 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 19) HRR owns the building only and does not own the land. The land is leased from the owner.
- (Note 20) 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.

(c) Summary of Real Estate Appraisal Report, Etc.

The following is a summary of the real estate appraisal report, etc. with April 30, 2017 as the date of value.

Brand	Property no.	Asset 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 (%)		
HOSHINOYA	H-1	HOSHINOYA Karuizawa	NV	11,300	11,400	5.2	11,200	5.2	5.7	607	8.0
	H-2	HOSHINOYA Kyoto	NV	3,830	3,790	5.9	3,870	5.5	6.3	226	8.1
	Subtotal			15,130	15,190	-	15,070	-	-	833	8.0
RISONARE	R-1	RISONARE Yatsugatake	NV	6,480	6,330	5.5	6,620	5.5	6.0	463	10.3
	R-2	RISONARE Atami	NV	4,150	4,140	5.3	4,160	5.0	5.5	277	7.4
	Subtotal			10,630	10,470	-	10,780	-	-	740	9.0
KAI	K-1	KAI Matsumoto	MSK	784	792	5.9	776	5.7	6.1	63	10.5
	K-2	KAI Izumo	MSK	848	853	6.1	843	5.9	6.3	62	9.1
	K-3	KAI Ito	MSK	953	960	5.9	946	5.7	6.1	73	11.0
	K-4	KAI Hakone	MSK	1,240	1,260	5.8	1,220	5.6	6.0	87	9.2
	K-5	KAI Aso	MSK	676	684	6.2	667	6.0	6.4	46	8.0
	K-6	KAI Kawaji	MSK	1,140	1,150	5.9	1,120	5.7	6.1	85	8.5
	K-7	KAI Kinugawa	MSK	3,280	3,320	5.6	3,240	5.4	5.8	187	6.1
	K-8	KAI Kaga	MSK	3,330	3,370	5.6	3,290	5.4	5.8	192	6.1
	Subtotal			12,251	12,389	-	12,102	-	-	795	7.4
Other	O-1	Chisun Inn Shiojiri Kita IC	NV	809	812	5.9	805	5.7	6.1	50	7.4
	O-2	Chisun Inn Sano Fujioka IC	MSK	895	905	5.9	885	5.7	6.1	56	7.5
	O-3	Chisun Inn Suwa IC	NV	802	795	6.0	808	5.8	6.2	50	7.5
	O-4	Chisun Inn Toyokawa IC	NV	726	725	5.9	726	5.7	6.1	45	7.4
	O-5	Chisun Inn Tosu	NV	630	626	6.0	633	5.8	6.3	39	7.8
	O-6	Chisun Inn Chiba Hamano R16	MSK	1,020	1,030	5.5	1,010	5.3	5.7	59	7.4
	O-7	Chisun Inn Kumamoto Miyukifueda	NV	736	729	6.2	742	6.0	6.5	47	7.7
	O-8	Chisun Inn Utsunomiya Kanuma	MSK	833	841	6.0	824	5.8	6.2	53	7.4
	O-9	Chisun Inn Fukui	NV	768	760	6.2	775	6.0	6.4	49	7.7
	O-10	Chisun Inn Fukushima Nishi IC	MSK	774	779	6.1	768	5.9	6.3	50	7.4
	O-11	Chisun Inn Niigata Chuo IC	NV	771	769	6.0	772	5.8	6.2	48	7.7
	O-12	Chisun Inn Nagasaki Airport	NV	752	748	6.0	755	5.8	6.2	47	7.4
	O-13	Chisun Inn Hitachinaka	MSK	904	913	5.8	894	5.6	6.0	55	7.5
	O-14	Chisun Inn Tsuchiura Ami	MSK	921	931	5.8	910	5.6	6.0	56	7.3
	O-15	Chisun Inn Kofu Isawa	NV	787	787	6.1	786	5.9	6.3	50	7.6

Brand	Property no.	Asset 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 (%)		
Other	O-16	Chisun Inn Marugame Zentsuji	NV	714	708	6.2	719	6.0	6.4	46	7.8
	O-17	Chisun Inn Munakata	NV	619	619	6.1	618	5.9	6.4	40	7.9
	O-18	Chisun Inn Iwate Ichinoseki IC	MSK	773	781	6.1	764	5.9	6.3	50	7.1
	O-19	Chisun Inn Karuizawa	NV	1,080	1,070	6.0	1,090	5.8	6.2	66	8.2
	O-20	Chisun Inn Himeji Yumesakibashi	NV	731	729	6.2	733	6.0	6.4	47	7.7
	O-21	Chisun Inn Kurashiki Mizushima	NV	860	857	6.0	862	5.8	6.2	54	7.4
	O-22	Candeo Hotels Handa	RC	693	689	5.4	694	5.2	5.6	40	6.5
	O-23	Candeo Hotels Chino	RC	914	915	5.5	913	5.3	5.7	53	6.7
	O-24	Candeo Hotels Fukuyama	RC	1,240	1,240	5.3	1,240	5.1	5.5	70	6.5
	O-25	Candeo Hotels Sano	RC	1,460	1,470	5.4	1,450	5.2	5.6	82	6.5
	O-26	Candeo Hotels Kameyama	RC	532	528	5.5	533	5.3	5.7	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	2,290	2,300	5.5	2,280	5.3	5.7	134	6.7
	O-31	ANA Crowne Plaza Hiroshima	RC	19,900	20,100	4.4	19,800	4.2	4.6	1,034	5.8
	O-32	ANA Crowne Plaza Fukuoka	RC	8,700	8,710	4.3	8,690	4.1	4.5	481	6.3
	O-33	ANA Crowne Plaza Kanazawa	RC	7,170	7,230	4.6	7,140	4.4	4.8	425	6.4
	O-34	ANA Crowne Plaza Toyama	RC	4,440	4,360	4.7	4,470	4.5	4.9	301	7.5
	O-35	Asahikawa Grand Hotel	RC	4,770	4,690	4.8	4,810	4.6	5.0	337	7.3
O-36	Hyatt Regency Osaka	NV	16,600	16,500	4.5	16,600	4.2	4.7	989	6.2	
		Subtotal		88,954	88,986	-	88,819	-	-	5,224	6.5
		Total		126,965	127,035	-	126,771	-	-	7,592	7.0

(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.)
MSK: Morii Sogo Kantei K.K. (Morii Appraisal & Investment Consulting Inc.)
RC: K.K. Richi Hyouka Kenkyujyo (Rich Appraisal Institute Co., Ltd.)

(Note 2) "Appraisal value" is the appraisal value stated in the real estate appraisal report, etc. with April 30, 2017 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 appraisal value, etc. There is no special vested interest between Japan Valuers Co., Ltd., Morii Appraisal & Investment Consulting Inc. 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	7.5	33,853.45	8.5
		RISONARE Atami	November 1, 2035	313	4.5	23,385.18	5.9
		ANA Crowne Plaza Hiroshima	November 1, 2035	606	8.7	32,332.00	8.1
		ANA Crowne Plaza Fukuoka	November 1, 2035	288	4.1	27,372.74	6.9
		ANA Crowne Plaza Kanazawa	November 1, 2035	546	7.8	23,835.00	6.0
		ANA Crowne Plaza Toyama	November 1, 2035	240	3.4	21,600.11	5.4
		Total		2,518	36.1	162,378.48	40.8
HRO Inc.	Hotel	Hyatt Regency Osaka	October 31, 2036	774	11.1	80,197.60	20.2
		Total		774	11.1	80,197.60	20.2
SHR Roadside Inn Co., Ltd.	Hotel	Chisun Inn Shiojiri Kita IC	May 1, 2024	48	0.7	2,100.47	0.5
		Chisun Inn Sano Fujioka IC	May 1, 2024	52	0.8	1,968.91	0.5
		Chisun Inn Suwa IC	May 1, 2024	46	0.7	1,944.94	0.5
		Chisun Inn Toyokawa IC	May 1, 2024	42	0.6	2,040.09	0.5
		Chisun Inn Tosu	May 1, 2024	36	0.5	1,968.02	0.5
		Chisun Inn Chiba Hamano R16	May 1, 2024	57	0.8	2,023.29	0.5
		Chisun Inn Kumamoto Miyukifueda	May 1, 2024	43	0.6	2,094.77	0.5
		Chisun Inn Utsunomiya Kanuma	May 1, 2024	51	0.7	2,094.16	0.5
		Chisun Inn Fukui	May 1, 2024	45	0.7	2,094.01	0.5
		Chisun Inn Fukushima Nishi IC	May 1, 2024	48	0.7	2,094.01	0.5
		Chisun Inn Niigata Chuo IC	May 1, 2024	45	0.6	2,094.16	0.5
		Chisun Inn Nagasaki Airport	May 1, 2024	45	0.6	1,968.02	0.5
		Chisun Inn Hitachinaka	May 1, 2024	52	0.8	1,968.30	0.5
		Chisun Inn Tsuchiura Ami	May 1, 2024	54	0.8	1,968.03	0.5
		Chisun Inn Kofu Isawa	May 1, 2024	46	0.7	1,968.47	0.5
		Chisun Inn Marugame Zentsuji	May 1, 2024	42	0.6	2,094.16	0.5
		Chisun Inn Munakata	May 1, 2024	36	0.5	2,094.16	0.5
		Chisun Inn Iwate Ichinoseki IC	May 1, 2024 (Note 4)	49	0.7	1,968.02	0.5
		Chisun Inn Karuizawa	May 1, 2024	57	0.8	1,917.10	0.5
		Chisun Inn Himeji Yumesakibashi	May 1, 2024	43	0.6	2,406.95	0.6
		Chisun Inn Kurashiki Mizushima	May 1, 2024	51	0.7	2,094.16	0.5
Chisun Inn Kagoshima Taniyama	May 2, 2024	96	1.4	8,066.36	2.0		
Total		1,095	15.7	51,030.56	12.8		

(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, 2017.

(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 are two lease agreements as of April 30, 2017 composed of a lease agreement on the property's building and a lease agreement on a portion of the property's land. 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. The same shall apply hereinafter.

(e) Portfolio Overview

a. By brand

Brand	Number of properties	Acquisition price (millions of yen)	Share (%)
HOSHINOYA	2	10,385	9.5
RISONARE	2	8,250	7.6
KAI	8	10,715	9.8
Other	36	79,832	73.1
Total	48	109,182	100.0

b. By regional location

Regional location	Number of properties	Acquisition price (millions of yen)	Share (%)
Hokkaido-Tohoku region	5	7,891	7.2
Kanto region	9	10,056	9.2
Hokuriku region	4	14,421	13.2
Chubu region	14	23,035	21.1
Kinki region	3	19,401	17.8
Chugoku-Shikoku region	6	21,955	20.1
Kyushu-Okinawa region	7	12,423	11.4
Total	48	109,182	100.0

c. By lease period

Lease period	Contract duration (Note)		Remaining duration (Note)	
	Annual rent (millions of yen)	Share (%)	Annual rent (millions of yen)	Share (%)
Entire portfolio	6,985	100.0	6,985	100.0
More than 10 years	5,889	84.3	5,889	84.3
10 years or less	1,095	15.7	1,095	15.7

(Note) Based on lease agreements valid as of April 30, 2017. However, for Chisun Inn Iwate Ichinoseki IC, there are two lease agreements as of April 30, 2017 composed of a lease agreement on the property's building and a lease agreement on a portion of the property's land, and 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. Accordingly, Chisun Inn Iwate Ichinoseki IC's is based on the lease period provided in the lease agreement on the building.

d. By contract type

Contract type	Annual rent (millions of yen)	Share (%)
Entire portfolio	6,985	100.0
Fixed-term lease contract	6,985	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.	Portfolio total	H-1	H-2	R-1	R-2	K-1	K-2
Name of property		HOSHINOYA Karuzawa	HOSHINOYA Kyoto	RISONARE Yatsugatake	RISONARE Atami	KAI Matsumoto	KAI Izumo
① Total real estate operating revenue	4,462,551	397,840	107,122	321,008	156,606	42,935	52,017
Fixed rent	3,105,522	315,000	93,900	262,500	156,600	37,500	37,500
Floating rent	1,346,169	82,840	13,212	58,508	-	5,435	14,517
Other rent	10,800	-	-	-	-	-	-
Other revenue	59	-	10	-	6	-	-
② Total real estate operating expenses	726,165	48,599	13,151	65,347	33,358	8,435	10,294
Maintenance expenses	57,735	2,017	1,302	13,843	2,835	858	482
Taxes and dues	363,459	14,078	2,436	24,422	27,115	4,305	4,162
Insurance expenses	18,384	769	186	2,080	895	304	157
Land rent	46,022	6,409	-	3,937	-	-	2,280
Repair expenses	83,968	25,324	9,225	21,063	2,512	2,966	3,211
Other expenses	156,595	-	-	-	-	-	-
③ NOI [(①) - (②)]	3,736,385	349,241	93,970	255,661	123,248	34,500	41,723
④ Depreciation and amortization	956,115	101,754	24,134	58,922	41,213	6,049	4,751
⑤ Operating income (loss) from real estate leasing [(③) - (④)]	2,780,269	247,486	69,835	196,738	82,034	28,451	36,972

(Unit: thousands of yen)

Property no.	K-3	K-4	K-5	K-6	K-7	K-8	O-1
Name of property	KAI Ito	KAI Hakone	KAI Aso	KAI Kawaji	KAI Kinugawa	KAI Kaga	Chisun Inn Shiojiri Kita IC
① Total real estate operating revenue	57,058	57,665	22,573	55,188	102,000	103,185	28,555
Fixed rent	40,000	47,500	21,000	49,800	102,000	103,185	24,000
Floating rent	17,058	10,165	1,553	5,388	-	-	4,555
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	20	-	-	-	-
② Total real estate operating expenses	10,849	11,450	5,941	17,171	10,946	1,960	3,089
Maintenance expenses	1,110	1,541	200	2,244	1,309	1,227	349
Taxes and dues	5,349	5,373	1,126	8,119	9,134	-	2,667
Insurance expenses	405	245	72	432	174	289	71
Land rent	-	-	-	300	-	-	-
Repair expenses	3,984	4,290	4,542	6,075	329	442	-
Other expenses	-	-	-	-	-	-	-
③ NOI [(①) - (②)]	46,208	46,215	16,631	38,016	91,053	101,224	25,466
④ Depreciation and amortization	6,348	10,940	6,869	13,966	16,934	26,790	4,967
⑤ Operating income (loss) from real estate leasing [(③) - (④)]	39,859	35,274	9,762	24,050	74,118	74,433	20,498

(Unit: thousands of yen)

Property no.	O-2	O-3	O-4	O-5	O-6	O-7	O-8
Name of property	Chisun Inn Sano Fujioka IC	Chisun Inn Suwa IC	Chisun Inn Toyokawa IC	Chisun Inn Tosu	Chisun Inn Chiba Hamano R16	Chisun Inn Kumamoto Miyukifueda	Chisun Inn Utsunomiya Kanuma
① Total real estate operating revenue	30,843	31,378	27,230	25,695	33,675	33,868	31,431
Fixed rent	26,460	23,460	21,480	18,000	28,500	21,960	25,500
Floating rent	4,383	7,918	5,750	7,695	5,175	11,908	5,931
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,520	2,497	2,760	2,061	2,887	2,704	2,765
Maintenance expenses	318	332	311	328	411	279	259
Taxes and dues	2,127	2,097	2,375	1,665	2,398	2,352	2,424
Insurance expenses	75	68	73	66	77	73	81
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
③ NOI [①－②]	28,323	28,881	24,469	23,633	30,787	31,164	28,666
④ Depreciation and amortization	6,890	6,414	5,138	4,708	7,045	4,880	5,776
⑤ Operating income (loss) from real estate leasing [③－④]	21,433	22,466	19,331	18,924	23,741	26,284	22,890

(Unit: thousands of yen)

Property no.	O-9	O-10	O-11	O-12	O-13	O-14	O-15
Name of property	Chisun Inn Fukui	Chisun Inn Fukushima Nishi IC	Chisun Inn Niigata Chuo IC	Chisun Inn Nagasaki Airport	Chisun Inn Hitachinaka	Chisun Inn Tsuchiura Ami	Chisun Inn Kofu Isawa
① Total real estate operating revenue	31,326	32,574	29,397	29,364	30,044	30,279	29,171
Fixed rent	22,980	24,000	22,500	22,500	26,460	27,480	23,460
Floating rent	8,346	8,574	6,897	6,864	3,584	2,799	5,711
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,566	2,342	2,830	2,939	2,398	2,559	2,266
Maintenance expenses	298	294	289	519	417	390	303
Taxes and dues	2,192	1,967	2,466	2,351	1,906	2,094	1,894
Insurance expenses	75	80	74	68	74	74	69
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
③ NOI [①－②]	28,760	30,232	26,567	26,424	27,645	27,719	26,904
④ Depreciation and amortization	5,026	5,591	5,274	5,793	7,310	7,617	5,872
⑤ Operating income (loss) from real estate leasing [③－④]	23,733	24,640	21,292	20,630	20,334	20,102	21,032

(Unit: thousands of yen)

Property no.	O-16	O-17	O-18	O-19	O-20	O-21	O-22
Name of property	Chisun Inn Marugame Zentsuji	Chisun Inn Munakata	Chisun Inn Iwate Ichinoseki IC	Chisun Inn Karuizawa	Chisun Inn Himeji Yumesakibashi	Chisun Inn Kurashiki Mizushima	Candeo Hotels Handa
① Total real estate operating revenue	28,550	24,401	28,052	42,167	29,126	31,735	26,460
Fixed rent	21,000	18,000	24,960	28,980	21,960	25,980	26,460
Floating rent	7,550	6,401	3,092	13,187	7,166	5,755	-
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,371	2,508	2,516	2,788	3,419	2,936	6,037
Maintenance expenses	320	279	423	294	322	295	-
Taxes and dues	1,976	2,156	2,013	2,407	3,010	2,566	3,037
Insurance expenses	74	73	77	87	83	75	120
Land rent	-	-	-	-	-	-	2,880
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	2	-	2	-	-
③ NOI [①－②]	26,178	21,892	25,535	39,379	25,706	28,799	20,422
④ Depreciation and amortization	5,346	4,770	5,342	7,526	5,430	6,638	6,329
⑤ Operating income (loss) from real estate leasing [③－④]	20,832	17,121	20,192	31,853	20,276	22,160	14,093

(Unit: thousands of yen)

Property no.	O-23	O-24	O-25	O-26	O-27	O-28	O-29
Name of property	Candeo Hotels Chino	Candeo Hotels Fukuyama	Candeo Hotels Sano	Candeo Hotels Kameyama	Comfort Hotel Hakodate	Comfort Hotel Tomakomai	Comfort Hotel Kure
① Total real estate operating revenue	32,844	39,370	45,778	20,910	32,922	33,231	37,524
Fixed rent	32,844	39,370	45,756	20,910	32,922	33,231	37,524
Floating rent	-	-	-	-	-	-	-
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	22	-	-	-	-
② Total real estate operating expenses	6,092	4,125	4,525	4,084	3,750	3,028	3,973
Maintenance expenses	-	-	-	-	-	-	-
Taxes and dues	3,172	3,963	3,155	3,920	3,628	2,919	3,850
Insurance expenses	115	162	117	163	121	109	122
Land rent	2,804	-	1,252	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
③ NOI [①－②]	26,751	35,244	41,253	16,825	29,172	30,202	33,550
④ Depreciation and amortization	7,816	10,687	10,750	3,995	9,916	9,315	8,210
⑤ Operating income (loss) from real estate leasing [③－④]	18,934	24,557	30,502	12,830	19,255	20,887	25,339

(Unit: thousands of yen)

Property no.	O-30	O-31	O-32	O-33	O-34	O-35	O-36
Name of property	Chisun Inn Kagoshima Taniyama	ANA Crowne Plaza Hiroshima	ANA Crowne Plaza Fukuoka	ANA Crowne Plaza Kanazawa	ANA Crowne Plaza Toyama	Asahikawa Grand Hotel	Hyatt Regency Osaka
① Total real estate operating revenue	73,883	581,633	276,371	389,354	188,760	182,400	387,036
Fixed rent	48,000	303,000	144,000	273,000	120,000	182,400	-
Floating rent	15,083	278,633	132,371	116,354	68,760	-	387,036
Other rent	10,800	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	7,745	47,846	31,749	180,842	33,798	16,989	78,338
Maintenance expenses	577	10,755	-	10,392	-	-	-
Taxes and dues	6,890	35,718	30,813	14,825	18,598	16,035	60,195
Insurance expenses	277	1,372	935	1,021	997	954	4,199
Land rent	-	-	-	-	14,203	-	11,956
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	154,602	-	-	1,988
③ NOI [① - ②]	66,137	533,786	244,622	208,512	154,961	165,410	308,697
④ Depreciation and amortization	18,377	98,672	44,437	47,939	57,667	67,612	112,344
⑤ Operating income (loss) from real estate leasing [③ - ④]	47,760	435,113	200,185	160,573	97,293	97,797	196,353

(g) Individual Investment Real Estate, Etc. Operational Results

H-1 HOSHINOYA Karuizawa

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.4%	79.0%	91.6%	98.2%	90.0%	83.2%	83.3%	70.6%	81.8%	74.4%	72.6%	77.2%	81.9%
ADR (yen)	76,349	71,893	81,219	98,684	86,955	84,333	70,472	71,740	70,085	61,729	66,008	69,472	76,855
RevPAR (yen)	61,348	56,798	74,414	96,907	78,297	70,166	58,700	50,672	57,343	45,925	47,950	53,653	62,963
Sales (millions of yen)	282	248	335	432	333	316	273	231	196	195	219	228	3,287

(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, and ADR and RevPAR are rounded to the nearest specified unit. Sales are rounded 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 shall apply 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 shall apply 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

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	76.8%	87.2%	76.0%	82.8%	87.9%	91.1%	98.1%	93.0%	84.0%	86.0%	85.2%	90.9%	86.6%
ADR (yen)	94,656	82,927	88,688	96,753	86,987	97,844	112,159	94,828	76,743	73,064	96,749	107,398	93,359
RevPAR (yen)	72,671	72,312	67,403	80,149	76,429	89,133	110,066	88,220	64,464	62,835	82,392	97,661	80,809
Sales (millions of yen)	90	90	87	100	90	110	127	109	80	53	99	110	1,145

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

R-1 RISONARE Yatsugatake

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	69.0%	65.7%	91.8%	97.1%	86.6%	85.7%	83.8%	73.9%	90.3%	0.0%	0.0%	61.1%	81.3%
ADR (yen)	32,201	23,695	38,059	57,682	36,039	32,412	24,513	37,245	51,438	0	0	33,011	36,712
RevPAR (yen)	22,212	15,562	34,954	56,027	31,220	27,786	20,552	27,522	46,453	0	0	20,173	29,857
Sales (millions of yen)	372	301	526	674	430	435	330	377	149	1	1	109	3,703

(Note 1) Monthly key indicators are based on figures provided by the lessee K.K. Horizon Hotels.

(Note 2) Guest room occupancy rate, ADR and RevPAR results for February and March 2017 do not exist, because operations were suspended to conduct renovation work from January 11, 2017 to April 21, 2017.

R-2 RISONARE Atami

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	92.6%	88.2%	77.9%	88.7%	80.4%	76.9%	82.8%	89.2%	94.8%	84.9%	94.4%	78.0%	85.0%
ADR (yen)	74,249	38,077	64,674	86,914	46,112	46,591	43,344	59,495	56,053	42,411	50,123	44,191	54,175
RevPAR (yen)	68,754	33,598	50,349	77,101	37,051	35,833	35,892	53,070	53,139	36,018	47,331	34,454	46,067
Sales (millions of yen)	58	40	126	239	125	126	127	163	135	121	168	126	1,553

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

K-1 KAI Matsumoto

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.8%	68.8%	83.5%	92.8%	87.1%	85.2%	84.9%	68.7%	70.5%	65.8%	77.8%	68.3%	77.8%
ADR (yen)	42,578	34,540	41,973	61,359	43,938	45,645	37,597	42,675	41,645	29,062	34,999	43,155	42,333
RevPAR (yen)	31,854	23,765	35,047	56,943	38,248	38,906	31,909	29,318	29,365	19,122	27,227	29,489	32,922
Sales (millions of yen)	48	34	53	76	56	58	50	41	31	31	46	44	567

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

K-2 KAI Izumo

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	89.0%	80.1%	81.8%	95.6%	85.6%	95.3%	98.3%	90.7%	81.5%	88.3%	92.2%	87.8%	89.0%
ADR (yen)	49,451	42,499	47,273	56,645	48,274	50,232	52,039	44,895	43,476	38,646	42,072	46,270	47,118
RevPAR (yen)	44,001	34,058	38,691	54,133	41,301	47,869	51,172	40,717	35,418	34,125	38,793	40,624	41,919
Sales (millions of yen)	59	47	47	70	54	64	69	61	51	49	58	51	680

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

K-3 KAI Ito

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	56.4%	57.0%	75.0%	87.1%	77.3%	69.2%	82.1%	84.6%	89.6%	92.5%	87.0%	81.2%	77.9%
ADR (yen)	36,772	26,887	32,876	52,232	30,037	31,117	28,803	38,151	32,689	29,329	37,213	27,296	34,065
RevPAR (yen)	20,724	15,315	24,673	45,492	23,205	21,523	23,643	32,272	29,295	27,136	32,374	22,162	26,539
Sales (millions of yen)	49	40	59	91	57	52	59	66	68	58	72	48	719

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

K-4 KAI Hakone

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	67.8%	71.1%	71.8%	89.5%	86.2%	86.0%	88.9%	0.0%	0.0%	94.2%	90.3%	89.0%	83.1%
ADR (yen)	45,360	36,842	43,096	56,124	42,636	43,523	46,580	0	0	36,965	40,241	44,255	44,036
RevPAR (yen)	30,775	26,188	30,943	50,226	36,755	37,409	41,421	0	0	34,815	36,347	39,391	36,579
Sales (millions of yen)	56	48	58	85	66	71	75	0	0	39	74	69	641

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

(Note 2) Operational results for December 2016 and January 2017 do not exist, because operations were suspended to conduct renovation work from December 1, 2016 to February 7, 2017.

K-5 KAI Aso

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	23.1%	29.3%	46.5%	54.0%	60.8%	56.2%	57.2%	68.2%	67.7%	77.3%	75.6%	61.4%	56.2%
ADR (yen)	68,823	58,991	59,232	78,252	65,316	71,843	69,039	72,282	75,366	59,172	61,496	67,764	67,576
RevPAR (yen)	15,882	17,297	27,546	42,281	39,734	40,364	39,506	49,263	51,029	45,724	46,475	41,600	37,991
Sales (millions of yen)	8	9	16	24	23	24	22	25	23	20	26	24	244

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

K-6 KAI Kawaji

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	62.7%	51.7%	60.0%	82.3%	70.9%	63.7%	72.4%	64.9%	66.8%	63.5%	72.4%	66.7%	66.6%
ADR (yen)	28,347	23,195	26,907	39,471	25,775	35,372	30,975	31,135	29,217	24,102	26,074	23,715	29,141
RevPAR (yen)	17,763	11,997	16,138	32,468	18,265	22,546	22,428	20,217	19,515	15,303	18,880	15,827	19,395
Sales (millions of yen)	60	42	56	97	63	70	71	66	61	50	64	48	748

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

K-7 KAI Kinugawa

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	55.3%	53.0%	60.1%	76.1%	70.6%	75.1%	72.4%	69.2%	65.9%	59.5%	66.1%	60.1%	65.4%
ADR (yen)	40,490	32,315	33,505	44,324	32,421	37,203	36,758	40,084	38,532	32,347	35,801	38,364	37,078
RevPAR (yen)	22,394	17,119	20,152	33,749	22,875	27,954	26,624	27,752	25,377	19,254	23,668	23,068	24,249
Sales (millions of yen)	64	48	62	93	70	79	79	75	74	55	68	62	829

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

K-8 KAI Kaga

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	64.2%	49.7%	50.2%	76.1%	74.6%	69.7%	78.1%	71.9%	67.4%	87.2%	80.7%	62.3%	69.2%
ADR (yen)	40,352	33,256	36,019	43,198	34,242	38,003	36,836	41,864	41,851	34,905	37,179	35,915	37,960
RevPAR (yen)	25,898	16,512	18,082	32,863	25,539	26,482	28,753	30,104	28,210	30,438	30,001	22,370	26,269
Sales (millions of yen)	76	50	55	93	74	74	92	93	86	96	91	64	945

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

O-1 Chisun Inn Shiojiri Kita IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	77.5%	81.7%	83.0%	87.6%	79.8%	81.3%	73.4%	70.1%	66.3%	71.7%	82.4%	83.2%	78.1%
ADR (yen)	6,014	5,383	5,747	7,251	5,722	5,684	5,402	5,030	4,928	5,039	5,285	5,354	5,610
RevPAR (yen)	4,658	4,399	4,770	6,354	4,567	4,620	3,968	3,528	3,269	3,611	4,356	4,452	4,383
Sales (millions of yen)	14	11	14	20	14	14	12	11	10	10	14	13	158

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

O-2 Chisun Inn Sano Fujioka IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.5%	84.0%	78.6%	90.5%	81.3%	87.5%	89.7%	88.3%	85.6%	89.1%	84.3%	82.6%	85.2%
ADR (yen)	6,098	5,406	5,677	6,220	5,561	5,594	5,626	6,161	5,724	5,625	6,123	6,197	5,839
RevPAR (yen)	4,911	4,540	4,461	5,629	4,523	4,894	5,047	5,439	4,901	5,009	5,164	5,122	4,972
Sales (millions of yen)	15	13	13	16	11	15	15	16	15	13	15	15	172

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

O-3 Chisun Inn Suwa IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.3%	86.1%	86.3%	91.8%	87.2%	87.7%	82.9%	80.5%	73.2%	80.1%	86.6%	82.9%	83.8%
ADR (yen)	6,654	5,354	6,044	7,444	5,979	5,859	5,445	5,274	5,311	5,147	5,500	5,503	5,825
RevPAR (yen)	5,345	4,609	5,218	6,830	5,217	5,136	4,516	4,246	3,888	4,122	4,761	4,564	4,880
Sales (millions of yen)	16	11	14	20	15	15	13	13	12	11	14	13	169

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

O-4 Chisun Inn Toyokawa IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.5%	79.2%	83.9%	82.0%	76.6%	82.4%	80.1%	76.5%	75.4%	83.5%	83.7%	77.5%	79.6%
ADR (yen)	5,554	4,931	5,149	5,802	5,103	4,611	4,625	4,718	4,856	4,747	5,146	4,932	5,017
RevPAR (yen)	4,138	3,906	4,321	4,756	3,909	3,798	3,707	3,611	3,662	3,964	4,309	3,823	3,992
Sales (millions of yen)	13	11	12	15	12	12	11	11	11	11	14	12	144

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

O-5 Chisun Inn Tosu

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.9%	63.8%	76.6%	80.2%	62.5%	69.9%	76.1%	64.0%	61.6%	74.9%	71.8%	80.0%	71.7%
ADR (yen)	5,765	5,067	5,389	6,011	5,273	5,336	5,203	5,601	5,489	4,952	5,411	5,316	5,417
RevPAR (yen)	4,550	3,231	4,129	4,820	3,297	3,733	3,961	3,586	3,382	3,710	3,884	4,253	3,882
Sales (millions of yen)	14	9	13	15	10	10	10	11	10	10	12	12	136

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

O-6 Chisun Inn Chiba Hamano R16

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	87.8%	84.0%	80.5%	86.0%	79.3%	91.0%	85.3%	81.2%	77.5%	96.1%	95.1%	84.9%	85.7%
ADR (yen)	5,833	5,947	6,061	6,810	5,675	6,002	6,068	6,434	5,815	5,735	6,228	6,409	6,095
RevPAR (yen)	5,121	4,994	4,880	5,854	4,501	5,464	5,175	5,226	4,505	5,513	5,922	5,444	5,223
Sales (millions of yen)	16	15	15	18	13	17	15	16	12	14	18	16	185

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

O-7 Chisun Inn Kumamoto Miyukifueda

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	88.8%	90.2%	88.8%	86.8%	83.5%	84.6%	87.3%	85.7%	81.9%	89.1%	92.2%	91.3%	87.5%
ADR (yen)	7,093	7,371	7,025	6,955	6,700	6,415	6,383	6,711	6,494	6,371	6,438	6,283	6,690
RevPAR (yen)	6,297	6,651	6,237	6,034	5,597	5,427	5,575	5,755	5,318	5,676	5,936	5,738	5,855
Sales (millions of yen)	21	21	20	20	18	18	18	19	17	17	19	18	224

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

O-8 Chisun Inn Utsunomiya Kanuma

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	76.0%	76.6%	75.4%	83.6%	81.9%	85.1%	86.2%	79.7%	74.4%	83.5%	84.7%	74.5%	80.2%
ADR (yen)	5,965	5,531	5,723	6,249	5,588	5,881	5,647	5,700	5,694	5,421	5,775	5,769	5,753
RevPAR (yen)	4,534	4,238	4,316	5,227	4,575	5,006	4,865	4,542	4,236	4,527	4,891	4,297	4,611
Sales (millions of yen)	14	13	14	17	14	16	15	14	12	12	16	13	169

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

O-9 Chisun Inn Fukui

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	75.4%	81.8%	83.1%	89.4%	78.6%	80.7%	81.5%	75.0%	65.9%	75.0%	85.9%	76.0%	79.1%
ADR (yen)	5,715	5,354	5,756	6,814	5,754	5,811	5,704	5,494	5,534	5,452	5,743	5,514	5,741
RevPAR (yen)	4,311	4,378	4,784	6,090	4,521	4,688	4,651	4,120	3,649	4,091	4,935	4,192	4,539
Sales (millions of yen)	14	14	15	20	14	15	14	13	12	12	16	13	171

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

O-10 Chisun Inn Fukushima Nishi IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	82.2%	80.3%	86.1%	88.1%	84.5%	90.1%	90.4%	84.1%	77.9%	82.6%	88.9%	86.7%	85.2%
ADR (yen)	5,987	5,597	5,715	6,105	5,623	5,563	5,495	5,326	5,293	5,403	5,247	5,318	5,559
RevPAR (yen)	4,921	4,497	4,919	5,375	4,751	5,012	4,968	4,481	4,124	4,464	4,665	4,613	4,735
Sales (millions of yen)	16	14	16	17	15	16	15	14	13	13	15	14	178

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

O-11 Chisun Inn Niigata Chuo IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.4%	79.5%	80.6%	91.1%	84.9%	84.3%	82.2%	57.9%	55.6%	70.1%	74.6%	74.6%	76.2%
ADR (yen)	5,578	5,315	5,530	7,276	5,869	5,281	4,962	5,398	4,928	5,181	5,931	5,342	5,598
RevPAR (yen)	4,373	4,225	4,458	6,627	4,985	4,451	4,080	3,126	2,738	3,631	4,426	3,986	4,263
Sales (millions of yen)	14	13	14	22	16	14	13	10	9	11	14	13	163

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

O-12 Chisun Inn Nagasaki Airport

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	71.7%	78.9%	80.5%	81.1%	70.7%	81.6%	85.3%	82.1%	73.8%	83.8%	90.7%	78.4%	79.9%
ADR (yen)	5,632	5,426	5,449	6,105	5,290	5,547	5,483	5,412	5,483	5,544	5,674	5,433	5,545
RevPAR (yen)	4,040	4,282	4,386	4,949	3,741	4,528	4,676	4,445	4,049	4,645	5,145	4,261	4,429
Sales (millions of yen)	12	13	13	15	11	14	14	13	12	13	15	12	157

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

O-13 Chisun Inn Hitachinaka

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.5%	73.2%	87.0%	92.4%	84.4%	90.8%	87.0%	87.9%	84.2%	91.7%	89.7%	81.6%	85.7%
ADR (yen)	5,749	5,089	5,690	6,365	5,213	5,572	5,300	5,397	5,245	5,216	5,615	5,640	5,520
RevPAR (yen)	4,513	3,723	4,948	5,881	4,401	5,058	4,609	4,742	4,417	4,785	5,038	4,604	4,730
Sales (millions of yen)	14	11	15	19	13	15	14	14	13	13	16	13	169

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

O-14 Chisun Inn Tsuchiura Ami

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.0%	81.5%	79.1%	85.7%	77.7%	85.8%	82.9%	76.6%	78.1%	90.2%	88.4%	83.8%	82.7%
ADR (yen)	5,736	5,408	5,578	6,002	5,345	5,658	5,592	5,669	5,490	5,519	5,608	5,658	5,610
RevPAR (yen)	4,758	4,407	4,414	5,145	4,152	4,852	4,636	4,341	4,289	4,979	4,957	4,744	4,638
Sales (millions of yen)	14	13	13	15	12	14	13	13	13	13	15	14	164

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

O-15 Chisun Inn Kofu Isawa

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.6%	81.7%	83.2%	88.5%	79.4%	79.7%	76.5%	79.9%	68.7%	75.0%	75.6%	73.5%	78.8%
ADR (yen)	5,855	5,277	5,836	6,947	5,723	5,666	5,548	5,483	5,315	5,112	5,762	5,659	5,708
RevPAR (yen)	4,894	4,313	4,858	6,151	4,545	4,518	4,244	4,381	3,652	3,836	4,358	4,158	4,500
Sales (millions of yen)	15	12	15	18	13	14	12	13	11	11	13	12	160

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

O-16 Chisun Inn Marugame Zentsuji

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	64.3%	60.3%	74.4%	87.1%	68.4%	78.7%	71.7%	65.7%	59.9%	72.2%	80.5%	77.3%	71.7%
ADR (yen)	6,063	5,478	5,882	7,327	5,837	6,193	5,908	5,914	5,766	5,741	6,015	5,797	6,033
RevPAR (yen)	3,896	3,306	4,374	6,381	3,991	4,874	4,236	3,884	3,454	4,147	4,843	4,484	4,327
Sales (millions of yen)	12	10	14	20	12	15	13	12	11	12	16	14	162

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

O-17 Chisun Inn Munakata

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	70.5%	62.9%	73.3%	75.0%	69.0%	65.5%	67.6%	64.6%	60.6%	75.1%	68.1%	76.5%	69.0%
ADR (yen)	5,373	4,945	4,818	5,521	4,877	5,229	4,985	5,273	5,329	4,905	5,339	4,859	5,121
RevPAR (yen)	3,788	3,110	3,530	4,140	3,367	3,425	3,367	3,405	3,229	3,684	3,638	3,717	3,534
Sales (millions of yen)	12	10	11	13	11	11	10	11	10	11	12	12	134

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

O-18 Chisun Inn Iwate Ichinoseki IC

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	73.7%	79.9%	81.2%	87.9%	77.9%	89.8%	71.7%	55.7%	57.0%	60.9%	60.0%	57.9%	71.2%
ADR (yen)	5,950	5,102	5,546	6,434	5,540	6,343	5,396	5,360	5,119	5,252	5,761	5,666	5,669
RevPAR (yen)	4,385	4,076	4,501	5,656	4,314	5,698	3,871	2,985	2,920	3,199	3,456	3,280	4,037
Sales (millions of yen)	13	12	14	17	13	17	11	9	9	9	11	10	145

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

O-19 Chisun Inn Karuizawa

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.6%	87.9%	86.6%	92.7%	86.6%	87.1%	82.1%	67.6%	64.3%	60.3%	69.7%	72.9%	78.1%
ADR (yen)	8,552	6,575	10,183	15,203	9,794	8,368	6,774	8,145	7,059	7,143	7,063	6,880	8,677
RevPAR (yen)	6,725	5,778	8,818	14,096	8,481	7,289	5,560	5,503	4,537	4,305	4,921	5,015	6,778
Sales (millions of yen)	20	17	26	41	24	21	16	16	13	12	15	14	234

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

O-20 Chisun Inn Himeji Yumesakibashi

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.1%	79.1%	72.1%	80.9%	75.6%	78.7%	78.3%	77.6%	71.0%	78.0%	79.8%	83.6%	77.7%
ADR (yen)	5,447	5,026	5,600	6,526	5,291	5,442	5,372	5,520	5,036	4,981	5,464	5,325	5,429
RevPAR (yen)	4,257	3,976	4,037	5,283	4,001	4,285	4,205	4,284	3,577	3,885	4,361	4,454	4,220
Sales (millions of yen)	14	12	13	17	12	14	13	13	11	11	14	14	159

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

O-21 Chisun Inn Kurashiki Mizushima

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.1%	77.2%	83.7%	84.4%	83.2%	89.4%	87.9%	79.2%	78.6%	85.8%	88.7%	86.7%	84.0%
ADR (yen)	5,580	5,300	5,589	6,306	5,611	5,794	5,624	5,425	5,332	5,551	5,996	5,755	5,665
RevPAR (yen)	4,640	4,090	4,680	5,322	4,668	5,182	4,943	4,295	4,192	4,760	5,317	4,988	4,757
Sales (millions of yen)	15	13	15	17	14	16	15	14	13	14	17	15	178

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

O-30 Chisun Inn Kagoshima Taniyama

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	68.6%	70.2%	76.0%	77.5%	69.1%	75.4%	79.3%	75.0%	78.6%	93.1%	86.8%	76.5%	77.1%
ADR (yen)	5,266	4,937	5,231	5,618	5,283	5,214	5,321	5,020	5,256	5,305	5,425	5,371	5,276
RevPAR (yen)	3,613	3,468	3,975	4,354	3,651	3,932	4,218	3,766	4,131	4,937	4,706	4,111	4,067
Sales (millions of yen)	27	25	30	32	27	29	30	28	31	33	34	30	356

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

O-31 ANA Crowne Plaza Hiroshima

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.3%	78.3%	83.8%	90.5%	87.5%	85.9%	87.9%	72.8%	65.8%	76.3%	86.1%	86.1%	81.8%
ADR (yen)	13,601	11,303	13,219	16,585	12,755	15,890	14,663	11,125	9,853	10,189	12,657	14,201	13,171
RevPAR (yen)	10,924	8,855	11,076	15,014	11,162	13,654	12,895	8,102	6,486	7,777	10,892	12,229	10,774
Sales (millions of yen)	461	414	432	392	438	495	457	485	336	321	470	434	5,135

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

O-32 ANA Crowne Plaza Fukuoka

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.6%	82.2%	86.4%	83.3%	85.5%	85.3%	91.1%	86.5%	77.3%	89.8%	90.2%	87.2%	85.7%
ADR (yen)	14,052	14,397	14,008	14,298	13,493	13,981	14,074	14,687	14,834	14,419	14,128	14,198	14,209
RevPAR (yen)	11,887	11,840	12,109	11,915	11,531	11,921	12,823	12,705	11,467	12,950	12,741	12,380	12,183
Sales (millions of yen)	291	263	274	228	233	288	306	293	274	245	296	271	3,262

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

O-33 ANA Crowne Plaza Kanazawa

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.4%	87.8%	74.9%	89.3%	89.9%	88.6%	92.9%	75.9%	61.7%	76.8%	83.1%	89.6%	82.9%
ADR (yen)	17,929	14,095	14,848	17,895	16,524	17,806	17,386	13,898	12,452	12,828	14,699	17,813	15,862
RevPAR (yen)	15,140	12,369	11,127	15,978	14,852	15,769	16,157	10,552	7,680	9,847	12,212	15,960	13,145
Sales (millions of yen)	314	319	271	303	278	315	332	327	217	220	316	316	3,526

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

O-34 ANA Crowne Plaza Toyama

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.4%	80.2%	76.4%	84.2%	80.6%	85.9%	84.4%	66.9%	59.2%	69.3%	80.5%	84.9%	77.8%
ADR (yen)	12,846	9,749	10,038	11,798	11,504	11,828	10,392	8,907	8,396	8,450	8,804	12,193	10,534
RevPAR (yen)	10,327	7,817	7,665	9,939	9,275	10,165	8,776	5,959	4,973	5,854	7,083	10,349	8,191
Sales (millions of yen)	233	264	215	215	196	244	244	222	185	157	222	236	2,632

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

O-35 Asahikawa Grand Hotel

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.9%	95.0%	98.4%	95.5%	94.8%	83.6%	57.1%	60.1%	67.1%	85.5%	63.8%	54.9%	77.9%
ADR (yen)	8,592	10,389	16,258	15,645	11,202	7,957	6,053	7,020	6,779	7,865	6,157	6,572	9,797
RevPAR (yen)	6,778	9,873	15,997	14,945	10,624	6,651	3,457	4,222	4,550	6,722	3,925	3,607	7,628
Sales (millions of yen)	201	249	304	277	238	210	163	234	194	186	191	170	2,618

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

O-36 Hyatt Regency Osaka

Operational results													
	2016								2017				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	70.9%	71.9%	73.5%	78.0%	66.4%	81.3%	76.9%	74.8%	64.1%	77.7%	75.9%	79.0%	74.2%
ADR (yen)	15,255	14,563	16,581	17,825	15,318	16,309	16,509	16,935	15,161	14,704	17,473	16,700	16,163
RevPAR (yen)	10,819	10,468	12,193	13,904	10,172	13,266	12,696	12,668	9,719	11,427	13,267	13,186	11,991
Sales (millions of yen)	308	344	350	376	375	414	400	456	332	321	404	375	4,457

(Note 1) Results for the past year are shown, but November 1, 2016 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee HRO Inc.

(h) Status of Capital Expenditures

a. Schedule of Capital Expenditures

Of capital expenditures associated with renovation work, etc. in the fiscal period ending October 2017 currently planned for assets held by HRR as of April 30, 2017, 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
RISONARE Atami	Atami-shi, Shizuoka	Renovation of all guest rooms and hallways in Building B; construction of additional guest rooms in Building B	From: January 2017 To: May 2017	75	40	40
ANA Crowne Plaza Toyama	Toyama-shi, Toyama	Upgrading of boiler	From: February 2017 To: May 2017	68	-	-
Hyatt Regency Osaka	Osaka-shi, Osaka	Renovation of guest rooms	From: October 2017 To: October 2017	40	-	-
ANA Crowne Plaza Kanazawa	Kanazawa-shi, Ishikawa	Renovation of elevators	From: February 2017 To: July 2017	29	-	-

b. 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, 2017, the following are the major amounts. The fiscal period under review's capital expenditures amounted to 2,230 million yen and repair expenses separately charged to expenses amounted to 83 million yen for a combined total of 2,314 million yen of construction work implemented.

Name of real estate, etc.	Location	Purpose	Period	Construction costs (millions of yen)
RISONARE Yatsugatake	Hokuto-shi, Yamanashi	Renovation of guest rooms and common-use areas	From: June 2016 To: April 2017	1,307
KAI Hakone	Hakone-machi, Ashigarashimo-gun, Kanagawa	Renovation of large public bath and guest rooms; facility maintenance investment, including renovation of elevators	From: December 2016 To: February 2017	230
ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima	Renovation of elevators	From: May 2016 To: January 2017	110
ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima	Conversion of single rooms to double rooms; renovation of twin rooms	From: November 2016 To: February 2017	48
RISONARE Yatsugatake	Hokuto-shi, Yamanashi	Renovation of elevators	From: February 2017 To: March 2017	47