

(REIT) Financial Report for Fiscal Period Ended April 2018

June 15, 2018

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
 Contact: Tetsuro Takashi, Director & CFO, and General Manager of Finance & Administration Department
 TEL: +81-3-5159-6338

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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 2018 (from November 1, 2017 to April 30, 2018)

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

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Apr. 2018	5,540	19.3	3,074	29.4	2,625	27.1	2,624	27.1
Ended Oct. 2017	4,644	4.1	2,376	4.8	2,065	8.6	2,064	8.6

Fiscal period	Profit per unit	Ratio of profit to net assets	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenue
	yen	%	%	%
Ended Apr. 2018	12,354	2.9	1.8	47.4
Ended Oct. 2017	11,959	2.7	1.7	44.5

(2) Distributions Status

Fiscal period	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Distributions payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Apr. 2018	12,338	2,624	0	0	100.0	2.6
Ended Oct. 2017	11,956	2,064	0	0	100.0	2.6

(Note) Since new investment units have been issued, distributions payout ratio for the fiscal period ended October 2017 and the fiscal period ended April 2018 is calculated using the following formula:

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

(3) Financial Position

Fiscal period	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
	million yen	million yen	%	yen
Ended Apr. 2018	163,194	100,754	61.7	473,607
Ended Oct. 2017	126,998	79,596	62.7	460,974

(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. 2018	3,633	(34,892)	32,745	10,055
Ended Oct. 2017	3,685	(6,456)	2,882	8,569

2. Management Status Forecast for Fiscal Period Ending October 2018 (from May 1, 2018 to October 31, 2018) and Management Status Forecast for Fiscal Period Ending April 2019 (from November 1, 2018 to April 30, 2019)
(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Oct. 2018	5,802	4.7	3,219	4.7	2,835	8.0	2,835	8.0	12,778	0
Ending Apr. 2019	5,814	0.2	3,191	(0.9)	2,855	0.7	2,854	0.7	12,868	0

(Reference) Forecast profit per unit (fiscal period ending October 2018) 12,778 yen

Forecast profit per unit (fiscal period ending April 2019) 12,867 yen

Forecast profit per unit is calculated by the following formula:

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

* Others

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

Fiscal period ended April 2018	212,738 units	Fiscal period ended October 2017	172,670 units
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- ② Number of own investment units at end of period

Fiscal period ended April 2018	– units	Fiscal period ended October 2017	– units
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(Note) For the number of investment units serving as the basis for calculation of profit per unit, please refer to “Notes on Per Unit Information” on page 27.

* 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 2018 and Fiscal Period Ending April 2019” on page 8.

Index

1. Related Parties of the Investment Corporation.....	2
2. Management Policy and Management Status	2
(1) Management Policy	2
(2) Management Status.....	2
① Overview of the Fiscal Period under Review.....	2
(a) Brief History of the Investment Corporation.....	2
(b) Investment Environment and Management Performance	2
(c) Overview of Fund Procurement	2
(d) Overview of Business Performance and Distributions	3
② Outlook for the Next Fiscal Period.....	3
(a) Management Environment for the Next Fiscal Period	3
(b) Future Management Policy and Challenges to Address	3
(c) Management Status Outlook	5
③ Significant Subsequent Events	6
(a) Issuance of New Investment Units.....	6
(b) Repayment of Loans.....	7
(3) Investment Risks.....	12
3. Financial Statements.....	13
(1) Balance Sheet.....	13
(2) Statement of Income	15
(3) Statement of Unitholders' Equity	16
(4) Statement of Cash Distributions.....	17
(5) Statement of Cash Flows	18
(6) Notes on the Going Concern Assumption.....	19
(7) Notes on Matters Concerning Significant Accounting Policies.....	19
(8) Notes to the Financial Statements.....	20
(9) Changes in Total Number of Investment Units Issued and Outstanding.....	29
4. Changes in Directors	31
(1) Changes in Directors of HRR	31
(2) Changes in Directors of the Asset Management Company.....	33
5. Reference Information	35
(1) Investment Status.....	35
(2) Investment Assets.....	37
① Major Issues of Investment Securities	37
② Investment Real Estate Properties.....	38
(a) Acquisition Price, Book Value, Estimated Value at End of Period, Share of Investment, Etc.	38
(b) Location, Area, Size, Etc.....	41
(c) Summary of Real Estate Appraisal Report, Etc.	46
(d) Status of Leasing to Major Tenants.....	49
(e) Portfolio Overview	50
(f) Individual Investment Real Estate, Etc. Property Income Statements	51
(g) Individual Investment Real Estate, Etc. Operational Results.....	56
(h) Status of Capital Expenditures.....	68

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 29, 2018).

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 29, 2018).

(2) Management Status

① Overview of the Fiscal Period under Review

(a) Brief History of the Investment Corporation

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

HRR was established under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”) with Hoshino Resort Asset Management Co., Ltd. (hereinafter, the “Asset Management Company”) as the organizer and investments in capital of 150 million yen (300 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. (hereinafter the “Tokyo Stock Exchange”) (securities code: 3287) on July 12, 2013. HRR has steadily expanded its asset size since that time, having additionally acquired one hotel operated by the Hoshino Resorts Group (collectively refers to Hoshino Resorts Inc. (hereinafter “Hoshino Resorts”) and its parent company and subsidiaries; the same shall apply hereinafter) and five hotels operated by outside operators other than the Hoshino Resorts Group in November 2017, in the fiscal period under review. Moreover, in April 2018 HRR additionally acquired one hotel operated by an outside operator, and furthermore under HRR’s attractiveness-enhancing capital expenditure (Note) initiative additionally acquired an annex of a hotel that is already operated by the Hoshino Resorts Group as an asset under management of HRR. These brought the assets held by HRR as of the end of the fiscal period under review to 56 properties (sum total of acquisition price: 146,767 million yen).

(Note) “Attractiveness-enhancing capital expenditure” refers to initiatives to improve the business results of a facility by increasing its attractiveness and improving its customer-drawing power by maintaining and improving asset values and competitiveness of managed assets through such measures as capital expenditure, formulation and execution of renovation plans, and additional acquisition of ancillary or related facilities (including extension to a building).

(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 a 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 a goal for the number of non-Japanese visitors to Japan (inbound tourists) of 40 million by 2020 and a goal for inbound tourist spending of 8 trillion yen by 2020, coupled also with positioning tourism as a pillar of the growth strategy. As such, the number of inbound tourists continues to increase, having reached 28,690 thousand in fiscal 2017, up from 24,040 thousand in fiscal 2016. In the environment described above, the hotels/ryokans held by HRR were managed with a view to securing stable earnings in the fiscal period under review, resulting in stable operational results in the fiscal period ended April 2018.

(c) Overview of Fund Procurement

In the fiscal period under review, 19,616 million yen was procured from the issuance of new investment units through primary offering on November 1, 2017; 980 million yen was procured from the issuance of new investment units through third-party allotment on November 28, 2017; 10,000 million yen was procured from debt financing on November 1, 2017, and; these were allocated to part of the funds for and expenses

related to the acquisition of HOSHINOYA Taketomi Island and other new properties. The funds procured through the third-party allotment were retained as cash on hand, and allocated to: the funds for acquisition of Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares, acquired on March 30, 2018; part of the funds for acquisition of hotel androoms Osaka Hommachi, acquired on April 2, 2018, and; the funds for acquisition of HOSHINOYA Taketomi Island Villa Taketomi Annex, acquired on April 9, 2018.

Moreover, in order to allocate funds for repayment of existing loans, HRR has issued its First Series Unsecured Investment Corporation Bond (with special pari passu conditions among specified investment corporate bonds) amounting to 1,500 million yen as of February 28, 2018. On March 7, 2018, HRR made early repayment of 1,500 million yen in short-term loans payable from the proceeds generated by issuing the aforementioned investment corporation bonds. In addition, in order to procure funds for repayment of the principal of an existing loan due for repayment, 3,400 million yen was procured from debt financing on April 27, 2018.

Furthermore, contractual loan repayments, etc. were made, resulting in balance of interest-bearing liabilities of 57,183 million yen and ratio of interest-bearing liabilities to total assets (LTV) of 35.0% as of April 30, 2018.

(Status of credit rating)

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

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

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

(d) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period under review was operating revenue of 5,540 million yen, operating profit of 3,074 million yen, ordinary profit of 2,625 million yen and profit of 2,624 million yen. Concerning distributions, to ensure application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; hereinafter, the “Act on Special Measures Concerning Taxation”)), the decision was made to distribute almost the entire amount of unappropriated retained earnings and distributions per investment unit was thus declared to be 12,338 yen.

② Outlook for the Next Fiscal Period

(a) Management Environment for the Next Fiscal Period

The Japanese economy going forward is, amid continued improvement in the employment and income situation, expected to continue to trend toward moderate economic recovery due in part to Bank of Japan’s monetary easing policies continuing, 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 set new goals with respect to promoting Japan as a tourism nation under its tourism policy which consists of the basic policies of achieving growth in tourism toward turning it into a core industry of Japan, thereby acting as a driver of the Japanese economy and helping bring vitality to communities. In the course of promoting the tourism policy, steps are expected to be taken that include creating tour packages which draw on the distinctive appeal of local areas, addressing needs with respect to *minpaku* services (the provision of lodging services for a fee utilizing private homes, in whole or in part), and strategically relaxing visa requirements. In this manner, with large economic effects, the tourism industry is growing in importance as one of the drivers of Japan’s economic growth.

(b) Future Management Policy and Challenges to Address

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

In the hotel/ryokan industry which has been commoditized in general, HRR believes facilities that are differentiated from others due to a superior business model, operating skills, location and such are the ones

that will be able to generate stable earnings and secure steady cash flow over a long-term period.

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

HRR seeks to flexibly form an optimum portfolio in order to secure long-term and stable cash flow. After proactively obtaining information on hotels, ryokans and ancillary facilities operated by the Hoshino Resorts Group (hereinafter the “properties operated by the Hoshino Resorts Group”) and outside operators (hereinafter the “properties operated by outside operators”), including overseas properties in which the Hoshino Resorts Group is engaged (Note), HRR will examine individual investment properties upon their selection.

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

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

a. Properties operated by the Hoshino Resorts Group

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

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

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

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

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

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

b. Properties operated by outside operators

Similar to when investing in properties operated by the Hoshino Resorts Group, HRR believes it will be able to secure long-term and stable cash flow by making appropriate investments while taking

“superior know-how and experience” and “superior equipment and facilities” into consideration, based on sufficient information collection by the Asset Management Company.

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

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

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

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

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

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

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

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

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

(c) Management Status Outlook

The following management status is expected for the fiscal period ending October 2018 (from May 1, 2018

to October 31, 2018) and the fiscal period ending April 2019 (from November 1, 2018 to April 30, 2019). For the assumptions underlying this outlook, please refer to “Assumptions Underlying Management Status Outlook for Fiscal Period Ending October 2018 and Fiscal Period Ending April 2019” on page 8.

Fiscal period ending October 2018 (11th fiscal period)

Operating revenue	5,802 million yen
Operating profit	3,219 million yen
Ordinary profit	2,835 million yen
Profit	2,835 million yen
Distributions per unit	12,778 yen
Distributions in excess of earnings per unit	0 yen

Fiscal period ending April 2019 (12th fiscal period)

Operating revenue	5,814 million yen
Operating profit	3,191 million yen
Ordinary profit	2,855 million yen
Profit	2,854 million yen
Distributions per unit	12,868 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 profit, ordinary profit, profit and distributions per unit may vary due to changes in the circumstances. In addition, the forecast is not a guarantee of the amount of distributions per unit.

③ Significant Subsequent Events

(a) Issuance of New Investment Units

HRR resolved at meetings of the Board of Directors held on April 6, 2018 and April 17, 2018 on the following issuance of new investment units, and payment was completed on May 1, 2018 for the investment units through primary offering and on May 22, 2018 for the new investment units through third-party allotment.

(Issuance of new investment units through primary offering)

Number of new investment units issued:	8,690 units
Offer price:	523,342 yen per unit
Total offer price:	4,547,841,980 yen
Paid-in amount:	505,092 yen per unit
Total paid-in amount:	4,389,249,480 yen
Payment due date:	May 1, 2018

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

Number of new investment units issued:	434 units
Paid-in amount:	505,092 yen per unit
Total paid-in amount:	219,209,928 yen
Payment due date:	May 22, 2018
Allottee:	Nomura Securities Co., Ltd.

(Use of funds)

The funds procured from the primary offering were allocated to part of the funds for repayment of loans stated in (b) below. 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) Repayment of Loans

As of May 10, 2018, HRR has made early loan repayment as follows.

Floating / Fixed	Lender	Loan amount	Interest rate	Borrowing date	Maturity date (Note 3)	Repayment method
Floating	MUFG Bank, Ltd. (Note 1) Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. Mizuho Bank, Ltd.	4.4 billion yen	Base rate 1-month Japanese Yen TIBOR +0.300% (Note 2)	April 2, 2018	March 29, 2019	Lump-sum repayment at maturity

(Note 1) Effective on April 1, 2018, the name of "The Bank of Tokyo-Mitsubishi UFJ, Ltd." has been changed to "MUFG Bank, Ltd." The same shall apply hereinafter.

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

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

Assumptions Underlying Management Status Outlook for Fiscal Period Ending October 2018 and Fiscal Period Ending April 2019

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending October 2018 (11th fiscal period): from May 1, 2018 to October 31, 2018 (184 days) • Fiscal period ending April 2019 (12th fiscal period): from November 1, 2018 to April 30, 2019 (181 days)
Assets under management	<ul style="list-style-type: none"> • The assumptions are that HRR will continue to own the 56 properties (Note) and the Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares owned by HRR as of April 30, 2018; and that on October 30, 2018, HRR will acquire Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares as stated in “Notice Concerning Acquisition of Assets (Class B Preferred Shares of Yomitan Hotel Management Co., Ltd.),” announced on March 16, 2018. • With respect to the management status forecast, the assumptions are that HRR will acquire Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares on the above date, and that there will be no changes (acquisitions of new assets, or dispositions of portfolio assets, etc.) to the assets under management other than the above through April 30, 2019. • The actual number of assets may vary due to acquisitions of new assets, or dispositions of portfolio assets, etc. other than the above. <p>(Note) Among the properties owned by HRR, the 4 properties operated by IHG ANA Hotels Group Japan LLC are referred to as 4 ANA Crowne Plaza properties, and the 4 properties operated by Ishin Hotels Group Co., Ltd. are referred to as 4 the b properties. The same shall apply hereinafter.</p>

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 5,802 million yen for the fiscal period ending October 2018 and 5,814 million yen for the fiscal period ending April 2019. For RISONARE Yatsugatake, there were capital expenditures that involved the facility's suspension of operations for approximately four months from January 2017 to April 2017. Therefore, floating rent for RISONARE Yatsugatake for the fiscal period ending October 2018, for which the period used for base sales serving as the basis of floating rent includes the period of suspension of operations, is calculated by taking into consideration the impact of the facility's suspension of operations. Of rental revenue, the rent by investment category is assumed to be as follows: 						
	Fiscal period ending October 2018 (11th fiscal period)						
	(Unit: millions of yen)						
	Operational category	Investment category	Fixed rent	Floating rent	Other rent	Total	
	Properties operated by the Hoshino Resorts Group	HOSHINOYA	727	165	-	893	
		RISONARE	419	92	-	511	
		KAI	438	86	-	525	
		Other	182	-	-	182	
	Properties operated by outside operators	Urban tourism	4 ANA Crowne Plaza properties	840	704	-	1,544
			Hyatt Regency Osaka	-	388	-	388
4 the b properties			265	278	-	543	
Quintessa Hotel Osaka Shinsaibashi			85	-	-	85	
hotel androoms Osaka Hommachi			110	-	-	110	
Other		816	191	10	1,018		
Total		3,885	1,906	10	5,802		
<p>(Note) Fixed rent, floating rent and other rent are calculated based on the prescribed rent amount or calculation method that is applied over the relevant fiscal period pursuant to the lease agreement of the respective facilities that HRR has concluded with the tenant. Note that in some cases, HRR agrees in the lease agreement of the respective facilities to increase the amount of the fixed rent in lieu of the application of floating rent for a fixed period (hereinafter a "premium fixed rent"). In such cases, if there is a premium fixed rent applying to a rent amount or calculation method that is applied over a relevant fiscal period, the rent calculation will use said premium fixed rent. In addition, floating rent is calculated based on actual figures of past sales and profits of each facility, reflecting seasonal and other fluctuating factors.</p>							

Operational category	Investment category		(Unit: millions of yen)			
			Fixed rent	Floating rent	Other rent	Total
Properties operated by the Hoshino Resorts Group	HOSHINOYA		727	168	-	895
	RISONARE		374	171	-	545
	KAI		419	113	-	532
	Other		182	-	-	182
Properties operated by outside operators	Urban tourism	4 ANA Crowne Plaza properties	840	722	-	1,562
		Hyatt Regency Osaka	-	330	-	330
		4 the b properties	265	278	-	544
		Quintessa Hotel Osaka Shinsaibashi	87	-	-	87
		hotel androoms Osaka Hommachi	72	38	-	110
	Other		816	195	10	1,023
Total			3,784	2,019	10	5,814

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

- 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 451 million yen for the fiscal period ending October 2018 and 441 million yen for the fiscal period ending April 2019. 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 hotel androoms Osaka Hommachi acquired on April 2, 2018, the assumption is that fiscal 2018 fixed asset tax, city planning tax and depreciable asset tax are recognized as expenses, starting from the fiscal period ending April 2019. Furthermore, the total amount of fixed asset tax, city planning tax and depreciable asset tax included in the cost of acquisition of the property is 8 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 808 million yen for the fiscal period ending October 2018 and 828 million yen for the fiscal period ending April 2019. • Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc. in acquisition price, is assumed to be 1,172 million yen for the fiscal period ending October 2018 and 1,172 million yen for the fiscal period ending April 2019.
Non-operating expenses	<ul style="list-style-type: none"> • As non-operating expenses, public offering related expenses in the amount of 40 million yen is expected as one-off expenses for the fiscal period ending October 2018. • Interest expenses and other borrowing related expenses are assumed to be 344 million yen for the fiscal period ending October 2018 and 337 million yen for the fiscal period ending April 2019.
Interest-bearing liabilities	<ul style="list-style-type: none"> • As of the date of this document, HRR has a balance of interest-bearing liabilities (total of loans and investment corporation bonds) of 52,783 million yen. • For the fiscal period ending October 2018, the assumption is that there will be refinancing of 2,288 million yen in loans due for repayment in July 2018 and 92 million yen of the loans will be repaid through contractual repayment. • For the fiscal period ending April 2019, the assumption is that there will be refinancing of 2,500 million yen in loans due for repayment in April 2019 and 92 million yen of the loans will be repaid through contractual repayment. • The forecast is that LTV at the end of the fiscal period ending October 2018 is 32.2% and LTV at the end of the fiscal period ending April 2019 is 32.1%. The following formula is used in the calculation of LTV: $\text{LTV} = \text{Balance of interest-bearing liabilities outstanding} / \text{Total assets (forecast)} \times 100$
Investment units	<ul style="list-style-type: none"> • The assumption is the total number of investment units issued and outstanding as of the date of this document, which is 221,862 units. • The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending April 2019.
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) is calculated with the assumption being the cash distributions policy provided in the Articles of Incorporation of HRR. • Distributions per unit (excluding distributions in excess of earnings) may vary due to various factors, including fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrence of unexpected repairs.

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

(3) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities registration statement (submitted on April 6, 2018, as amended).

3. Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	9th fiscal period (As of Oct. 31, 2017)	10th fiscal period (As of Apr. 30, 2018)
Assets		
Current assets		
Cash and deposits	8,569,474	10,055,273
Operating accounts receivable	39,831	46,889
Prepaid expenses	216,258	248,394
Consumption taxes receivable	39,257	387,420
Deferred tax assets	13	13
Other	173,148	125,678
Total current assets	9,037,984	10,863,669
Non-current assets		
Property, plant and equipment		
Buildings	68,864,102	76,574,949
Accumulated depreciation	(4,497,514)	(5,520,383)
Buildings, net	64,366,588	71,054,566
Structures	1,882,833	3,113,034
Accumulated depreciation	(133,207)	(173,430)
Structures, net	1,749,625	2,939,603
Machinery and equipment	83,801	83,801
Accumulated depreciation	(31,351)	(34,968)
Machinery and equipment, net	52,450	48,832
Tools, furniture and fixtures	622,898	764,845
Accumulated depreciation	(245,343)	(314,929)
Tools, furniture and fixtures, net	377,555	449,916
Land	48,390,183	73,134,835
Construction in progress	119,217	72,766
Total property, plant and equipment	115,055,619	147,700,519
Intangible assets		
Leasehold right	2,062,399	3,478,907
Software	18,024	34,086
Total intangible assets	2,080,423	3,512,994
Investments and other assets		
Investment securities	–	168,530
Long-term prepaid expenses	449,227	563,675
Guarantee deposits	10,000	10,000
Other	364,906	364,906
Total investments and other assets	824,133	1,107,112
Total non-current assets	117,960,177	152,320,626
Deferred assets		
Investment corporation bond issuance costs	–	10,218
Total deferred assets	–	10,218
Total assets	126,998,161	163,194,514

(Unit: thousands of yen)

	9th fiscal period (As of Oct. 31, 2017)	10th fiscal period (As of Apr. 30, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	136,989	366,635
Short-term loans payable	1,500,000	4,400,000
Current portion of long-term loans payable	5,906,490	4,973,990
Accounts payable - other	656,812	768,104
Income taxes payable	884	868
Accrued expenses	–	6,659
Advances received	807,713	982,055
Total current liabilities	9,008,890	11,498,312
Non-current liabilities		
Long-term loans payable	35,502,842	46,309,980
Investment corporation bonds	–	1,500,000
Tenant leasehold and security deposits	2,889,882	3,131,900
Total non-current liabilities	38,392,724	50,941,880
Total liabilities	47,401,614	62,440,193
Net assets		
Unitholders' equity		
Unitholders' capital	77,532,045	98,129,521
Surplus		
Unappropriated retained earnings (undisposed loss)	2,064,501	2,624,798
Total surplus	2,064,501	2,624,798
Total unitholders' equity	79,596,547	100,754,320
Total net assets	*2 79,596,547	*2 100,754,320
Total liabilities and net assets	126,998,161	163,194,514

(2) Statement of Income

(Unit: thousands of yen)

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Operating revenue		
Lease business revenue	*1 4,644,855	*1 5,540,061
Total operating revenue	4,644,855	5,540,061
Operating expenses		
Expenses related to rent business	*1 1,753,378	*1 1,924,110
Asset management fee	396,537	428,283
Asset custody fee	4,349	4,377
Administrative service fees	17,927	18,493
Directors' compensation	3,000	3,000
Audit fee	8,233	8,400
Other operating expenses	84,663	78,665
Total operating expenses	2,268,090	2,465,330
Operating profit	2,376,765	3,074,730
Non-operating income		
Interest income	39	43
Insurance income	3,032	302
Interest on refund	138	24
Miscellaneous income	358	996
Total non-operating income	3,569	1,367
Non-operating expenses		
Interest expenses	196,492	220,917
Interest expenses on investment corporation bonds	—	1,609
Amortization of investment corporation bond issuance costs	—	249
Borrowing related expenses	84,750	176,896
Investment unit issuance expenses	33,724	50,796
Other	26	13
Total non-operating expenses	314,993	450,482
Ordinary profit	2,065,340	2,625,615
Profit before income taxes	2,065,340	2,625,615
Income taxes - current	890	874
Income taxes - deferred	(0)	0
Total income taxes	889	875
Profit	2,064,450	2,624,739
Retained earnings brought forward	50	59
Unappropriated retained earnings (undisposed loss)	2,064,501	2,624,798

(3) Statement of Unitholders' Equity

9th fiscal period (from May 1, 2017 to October 31, 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	1,900,247	1,900,247	74,491,870	74,491,870
Changes of items during period					
Issuance of new investment units	4,940,421	-	-	4,940,421	4,940,421
Dividends of surplus	-	(1,900,196)	(1,900,196)	(1,900,196)	(1,900,196)
Profit	-	2,064,450	2,064,450	2,064,450	2,064,450
Total changes of items during period	4,940,421	164,254	164,254	5,104,676	5,104,676
Balance at end of period	*1 77,532,045	2,064,501	2,064,501	79,596,547	79,596,547

10th fiscal period (from November 1, 2017 to April 30, 2018)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	77,532,045	2,064,501	2,064,501	79,596,547	79,596,547
Changes of items during period					
Issuance of new investment units	20,597,476	-	-	20,597,476	20,597,476
Dividends of surplus	-	(2,064,442)	(2,064,442)	(2,064,442)	(2,064,442)
Profit	-	2,624,739	2,624,739	2,624,739	2,624,739
Total changes of items during period	20,597,476	560,297	560,297	21,157,773	21,157,773
Balance at end of period	*1 98,129,521	2,624,798	2,624,798	100,754,320	100,754,320

(4) Statement of Cash Distributions

(Unit: yen)

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
I. Unappropriated retained earnings	2,064,501,692	2,624,798,793
II. Amount of distributions [Amount of distributions per investment unit]	2,064,442,520 [11,956]	2,624,761,444 [12,338]
III. Retained earnings brought forward	59,172	37,349
Method of calculation of amount of distributions	In accordance with the policy provided in Article 37, Paragraph 1 of the Articles of Incorporation of HRR that “distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for distribution of HRR provided in Article 67-15 of the Act on Special Measures Concerning Taxation,” the decision was made to distribute 2,064,442,520 yen, which is almost the entire amount of unappropriated retained earnings, as distributions of earnings. Furthermore, the distribution of cash in excess of earnings provided in Article 37, Paragraph 2 of the Articles of Incorporation will not be conducted.	In accordance with the policy provided in Article 37, Paragraph 1 of the Articles of Incorporation of HRR that “distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for distribution of HRR provided in Article 67-15 of the Act on Special Measures Concerning Taxation,” the decision was made to distribute 2,624,761,444 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)

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Cash flows from operating activities		
Profit before income taxes	2,065,340	2,625,615
Depreciation	1,014,153	1,142,529
Loss on retirement of non-current assets	173	203
Amortization of investment corporation bond issuance costs	—	249
Interest income	(39)	(43)
Interest expenses	196,492	222,526
Borrowing related expenses	84,750	176,896
Investment unit issuance expenses	33,724	50,796
Decrease (increase) in operating accounts receivable	(2,268)	(7,058)
Decrease (increase) in prepaid expenses	(7,475)	(32,135)
Decrease (increase) in consumption taxes refund receivable	455,537	(348,163)
Increase (decrease) in operating accounts payable	(14,551)	(1,783)
Increase (decrease) in accounts payable - other	39,190	89,870
Increase (decrease) in advances received	38,309	174,341
Decrease (increase) in long-term prepaid expenses	64,717	(114,448)
Other, net	(83,258)	(129,262)
Subtotal	3,884,796	3,850,133
Interest income received	39	43
Interest expenses paid	(198,663)	(216,032)
Income taxes paid	(882)	(890)
Net cash provided by (used in) operating activities	3,685,290	3,633,254
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,782,274)	(33,538,089)
Purchase of intangible assets	(737,027)	(1,428,361)
Purchase of investment securities	—	(168,530)
Proceeds from tenant leasehold and security deposits	100,428	242,018
Payments for lease and guarantee deposits	(38,016)	—
Net cash provided by (used in) investing activities	(6,456,891)	(34,892,962)
Cash flows from financing activities		
Increase in short-term loans payable	1,500,000	4,400,000
Decrease in short-term loans payable	(1,500,000)	(1,500,000)
Proceeds from long-term loans payable	700,000	13,400,000
Repayments of long-term loans payable	(825,362)	(3,525,362)
Proceeds from issuance of investment units	4,940,421	20,597,476
Payments for investment unit issuance expenses	(33,724)	(50,796)
Proceeds from issuance of investment corporation bonds	—	1,500,000
Payments for investment corporation bond issuance costs	—	(10,467)
Dividends paid	(1,899,182)	(2,065,343)
Net cash provided by (used in) financing activities	2,882,152	32,745,506
Net increase (decrease) in cash and cash equivalents	110,552	1,485,799
Cash and cash equivalents at beginning of period	8,458,921	8,569,474
Cash and cash equivalents at end of period	*1 8,569,474	*1 10,055,273

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Valuation bases and methods of securities	Securities Other securities (available-for-sale securities) Securities without fair value Stated at cost based on the moving-average method.										
2. Method of depreciation and amortization of non-current assets	<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 data-bbox="678 589 1157 728"> <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 of intangible assets are as follows:</p> <table data-bbox="678 840 1141 869"> <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										
3. Accounting for deferred assets	Investment corporation bond issuance costs Amortized by the straight-line method over the period until redemption.										
4. Standards for revenue and expense recognition	Accounting for fixed asset tax, etc. For fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the accounting is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. Furthermore, the amount equivalent to fixed asset tax, etc. in the fiscal year in which the acquisition date falls that is paid to the seller as reimbursement upon acquisition of real estate, etc. is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc.										
5. Method of hedge accounting	<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>										
6. Scope of funds in the statement of cash flows	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.										
7. Other significant matters serving as the basis for preparation of financial statements	Accounting for consumption tax, etc. Consumption tax and local consumption tax are excluded from the transaction amounts.										

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

1. Commitment line contract

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

(Unit: thousands of yen)

	9th fiscal period (As of Oct. 31, 2017)	10th fiscal period (As of Apr. 30, 2018)
Total amount of commitment line contracts	-	5,000,000
Balance of loans outstanding	-	-
Balance of unexecuted loans	-	5,000,000

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

(Unit: thousands of yen)

	9th fiscal period (As of Oct. 31, 2017)	10th fiscal period (As of Apr. 30, 2018)
	50,000	50,000

[Notes to the Statement of Income]

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

(Unit: thousands of yen)

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
A. Operating revenue from real estate leasing		
Lease business revenue		
Lease business revenue	4,644,855	5,540,061
Total operating revenue from real estate leasing	4,644,855	5,540,061
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Insurance expenses	18,446	19,707
Repair expenses	54,331	79,177
Land rent	52,932	59,387
Depreciation and amortization	1,013,285	1,141,661
Loss on retirement of non-current assets	173	203
Taxes and dues	407,097	406,864
Other expenses	207,111	217,108
Total operating expenses from real estate leasing	1,753,378	1,924,110
C. Operating profit (loss) from real estate leasing [A—B]	2,891,476	3,615,951

[Notes to the Statement of Unitholders' Equity]

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

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	172,670 units	212,738 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)

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Cash and deposits	8,569,474	10,055,273
Cash and cash equivalents	8,569,474	10,055,273

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments under non-cancellable operating leases

(Unit: thousands of yen)

	9th fiscal period (As of Oct. 31, 2017)	10th fiscal period (As of Apr. 30, 2018)
Due within 1 year	5,534,101	6,643,166
Due after 1 year	34,510,741	43,128,095
Total	40,044,842	49,771,262

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

The book value and fair value as of October 31, 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	8,569,474	8,569,474	-
(2) Short-term loans payable	(1,500,000)	(1,500,000)	-
(3) Current portion of long-term loans payable	(5,906,490)	(5,914,401)	7,911
(4) Long-term loans payable	(35,502,842)	(35,499,349)	(3,492)
(5) Derivative transactions	-	-	-

The book value and fair value as of April 30, 2018, and the amount of difference between these, are as follows:

(Unit: thousands of yen)

	Book value (Note 1)	Fair value (Note 1) (Note 3)	Amount of difference
(1) Cash and deposits	10,055,273	10,055,273	-
(2) Short-term loans payable	(4,400,000)	(4,400,000)	-
(3) Current portion of long-term loans payable	(4,973,990)	(4,975,984)	1,994
(4) Long-term loans payable	(46,309,980)	(46,352,718)	42,738
(5) Investment corporation bonds	(1,500,000)	(1,497,900)	(2,100)
(6) Derivative transactions	-	-	-

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

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

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

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

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

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

(5) Derivative transactions

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

(Note 3) Method of calculation of the fair value of financial instruments and matters concerning derivative transactions

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

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

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

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

(5) Investment corporation bonds

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

(6) Derivative transactions

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

(Note 4) 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. Investment securities are not subject to valuation at fair value because discerning the fair value has been deemed extremely difficult, given that they do not have a market price, nor is it possible to reasonably estimate their cash flows. The book values of tenant leasehold and security deposits and investment securities are as follows:

(Unit: thousands of yen)

	9th fiscal period (As of Oct. 31, 2017)	10th fiscal period (As of Apr. 30, 2018)
Tenant leasehold and security deposits	2,889,882	3,131,900
Investment securities	-	168,530

(Note 5) Amount of redemption of monetary claims scheduled to be due after the account closing date (October 31, 2017)

(Unit: thousands of yen)

	Due within 1 year
Cash and deposits	8,569,474

Amount of redemption of monetary claims scheduled to be due after the account closing date (April 30, 2018)

(Unit: thousands of yen)

	Due within 1 year
Cash and deposits	10,055,273

(Note 6) Amount of repayment of loans scheduled to be due after the account closing date (October 31, 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	5,906,490	6,385,724	6,193,872	7,291,417	7,517,128	8,114,701

Amount of repayment of loans and investment corporation bonds scheduled to be due after the account closing date (April 30, 2018)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
Short-term loans payable	4,400,000	-	-	-	-	-
Long-term loans payable	4,973,990	8,785,724	7,433,853	9,217,148	8,395,696	12,477,559
Investment corporation bonds	-	-	-	-	-	1,500,000

[Notes on Securities]

9th fiscal period (as of October 31, 2017)

Not applicable.

10th fiscal period (as of April 30, 2018)

Securities

Other securities

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

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

9th fiscal period (as of October 31, 2017)

Not applicable.

10th fiscal period (as of April 30, 2018)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

9th fiscal period (as of October 31, 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	15,700,000	15,700,000	(Note)	–

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

10th fiscal period (as of April 30, 2018)

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

(Unit: thousands of yen)

Method of hedge accounting	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of the fair value
				Of which, due after 1 year		
Special accounting for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	19,100,000	16,600,000	(Note)	–

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

[Notes on Related-Party Transactions]

- Parent company, major corporate unitholder, etc.
9th fiscal period (from May 1, 2017 to October 31, 2017)
Not applicable.

10th fiscal period (from November 1, 2017 to April 30, 2018)
Not applicable.
- Affiliated company, etc.
9th fiscal period (from May 1, 2017 to October 31, 2017)
Not applicable.

10th fiscal period (from November 1, 2017 to April 30, 2018)
Not applicable.
- Fellow subsidiary, etc.
9th fiscal period (from May 1, 2017 to October 31, 2017)
Not applicable.

10th fiscal period (from November 1, 2017 to April 30, 2018)
Not applicable.
- Director, major individual unitholder, etc.
9th fiscal period (from May 1, 2017 to October 31, 2017)
Not applicable.

10th fiscal period (from November 1, 2017 to April 30, 2018)

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)	
	9th fiscal period As of Oct. 31, 2017	10th fiscal period As of Apr. 30, 2018
Deferred tax assets		
Enterprise tax payable excluded from deductible expenses	13	13
Total deferred tax assets	13	13
Net deferred tax assets	13	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: %)	
	9th fiscal period As of Oct. 31, 2017	10th fiscal period As of Apr. 30, 2018
Statutory tax rate	31.74	31.74
[Adjustments]		
Distributions deductible for tax purpose	(31.73)	(31.73)
Other	0.03	0.02
Effective income tax rate after application of tax-effect accounting	0.04	0.03

[Notes on Investment and Rental Properties]

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

	(Unit: thousands of yen)	
	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Book value (Note 2)		
Balance at beginning of period	112,560,480	116,621,246
Amount of increase (decrease) during period	(Note 3) 4,060,766	(Note 4) 34,035,498
Balance at end of period	116,621,246	150,656,745
Fair value at end of period (Note 5)	132,989,000	168,297,000

(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 two properties including HOSHINOYA Fuji (4,597,608 thousand yen in total), while the amount of decrease is mainly attributable to depreciation (941,821 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 seven properties including HOSHINOYA Taketomi Island (33,783,877 thousand yen in total), while the amount of decrease is mainly attributable to depreciation (1,066,709 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

9th fiscal period (from May 1, 2017 to October 31, 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.	654,367	Real estate leasing business
K.K. Horizon Hotels	1,919,106	Real estate leasing business
SHR Roadside Inn Co., Ltd.	722,522	Real estate leasing business

10th fiscal period (from November 1, 2017 to April 30, 2018)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, 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.	666,302	Real estate leasing business
K.K. Horizon Hotels	1,966,326	Real estate leasing business
SHR Roadside Inn Co., Ltd.	734,795	Real estate leasing business

[Notes on Per Unit Information]

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Net assets per unit	460,974 yen	473,607 yen
Profit per unit	11,959 yen	12,354 yen

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

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

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

	9th fiscal period From: May 1, 2017 To: Oct. 31, 2017	10th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018
Profit (thousands of yen)	2,064,450	2,624,739
Amount not attributable to common unitholders (thousands of yen)	-	-
Profit attributable to common investment units (thousands of yen)	2,064,450	2,624,739
Average number of investment units during period (units)	172,617	212,453

[Notes on Significant Subsequent Events]

(1) Issuance of New Investment Units

HRR resolved at meetings of the Board of Directors held on April 6, 2018 and April 17, 2018 on the following issuance of new investment units, and payment was completed on May 1, 2018 for the investment units through primary offering and on May 22, 2018 for the new investment units through third-party allotment.

(Issuance of new investment units through primary offering)

Number of new investment units issued:	8,690 units
Offer price:	523,342 yen per unit
Total offer price:	4,547,841,980 yen
Paid-in amount:	505,092 yen per unit
Total paid-in amount:	4,389,249,480 yen
Payment due date:	May 1, 2018

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

Number of new investment units issued:	434 units
Paid-in amount:	505,092 yen per unit
Total paid-in amount:	219,209,928 yen
Payment due date:	May 22, 2018
Allottee:	Nomura Securities Co., Ltd.

(Use of funds)

The funds procured from the primary offering were allocated to part of the funds for repayment of loans stated in (2) below. 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.

(2) Repayment of Loans

As of May 10, 2018, HRR has made early loan repayment as follows.

Floating/ Fixed	Lender	Loan amount	Interest rate	Borrowing date	Maturity date (Note 2)	Repayment method
Floating	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. Mizuho Bank, Ltd.	4.4 billion yen	Base rate 1-month Japanese Yen TIBOR +0.300% (Note 1)	April 2, 2018	March 29, 2019	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) 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 conducted a capital increase through public offering (38,160 units) and a capital increase through third-party allotment (1,908 units) in November 2017, procuring funds totaling 20,597,476 thousand yen. 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, 2018.

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)
May 1, 2017	Capital increase through public offering	4,705,163	77,296,787	8,720	172,234	(Note 13)
May 23, 2017	Capital increase through third-party allotment	235,258	77,532,045	436	172,670	(Note 14)
November 1, 2017	Capital increase through public offering	19,616,644	97,148,689	38,160	210,830	(Note 15)
November 28, 2017	Capital increase through third-party allotment	980,832	98,129,521	1,908	212,738	(Note 16)

(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.
- (Note 13) For allocation to the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 559,080 yen (paid-in amount of 539,583 yen) per unit.
- (Note 14) For allocation to part of the funds for acquisition of specified assets or part of the funds for repayment of borrowed money, new investment units were issued through third-party allotment with paid-in amount of 539,583 yen per unit.
- (Note 15) For allocation to part of the funds for acquisition of specified assets, new investment units were issued through public offering at an offer price of 531,508 yen (paid-in amount of 514,063 yen) per unit.
- (Note 16) For allocation to part of the funds for acquisition of specified assets or part of the funds for repayment of borrowed money, new investment units were issued through third-party allotment with paid-in amount of 514,063 yen per unit.

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	April 1987	K.K. World Tokyo Head Office Accounting Division	0
		April 1991	Tokyo Head Office Finance Division	
		November 1992	K.K. NHV Hotels International Head of Finance Section, Accounting Division	
		May 1996	The Windsor Hotels International Co., Ltd. Audit & Supervisory Board Member	
		April 1997	The Windsor Hotels International Co., Ltd. Toya General Manager of Accounting Division	
		May 1998	Ichibanya Co., Ltd. Accounting Division	
		December 1998	Hoshino Resorts Inc. Director of Finance & Accounting Unit	
		June 2009	Head of Corporate Planning Office	
		September 2010	Head of Financial Strategy Office	
		December 2012	Hoshino Resort Asset Management Co., Ltd. President & CEO (current position)	
		March 2013	Hoshino Resorts REIT, Inc. Executive Director (current position)	
Supervisory Director	Hiroshi Shinagawa	October 2002	Registered as attorney	0
		October 2002	Hamada & Matsumoto	
		September 2008	Intern at Alston & Bird LLP	
		September 2009	Seconded to Morgan Stanley Japan Securities Co., Ltd. Investment Banking Department	
		October 2010	Mori Hamada & Matsumoto	
		January 2012	Kinkadori Law Office (current position)	
		March 2013	Hoshino Resorts REIT, Inc. Supervisory Director (current position)	
		June 2015	Mirai Works Inc. Outside Audit & Supervisory Board Member (current position)	
		March 2016	Advanced Cell Technology and Engineering Ltd. Outside Audit & Supervisory Board Member (current position)	
		July 2017	infcursion group, Inc. Outside Audit & Supervisory Board Member (current position)	
		December 2017	ESR Japan REIT Inc. Supervisory Director (current position)	

Title	Name	Career summary		Number of investment units held (units)
Supervisory Director	Yukiko Fujikawa	October 1988	Chuo Shinko Audit Corporation	0
		March 1992	Registered as Certified Public Accountant	
		June 1998	Financial Supervisory Agency	
		July 2000	Financial Securities Inspector, Inspection Department	
		July 2000	Opened Yukiko Fujikawa CPA Office (current position)	
		December 2004	Registered as Certified Public Tax Accountant	
		December 2004	Opened Yukiko Fujikawa Certified Public Tax Accountant Office	
		July 2008	New City Residence Investment Corporation	
		July 2008	Supervisory Director	
		January 2012	Established Kaikei Jissen Kenkyujyo (tax accountancy corporation)	
		January 2012	Representative Member (current position)	
		March 2013	Hoshino Resorts REIT, Inc.	
		March 2013	Supervisory Director (current position)	
		April 2014	Japan Organization of Occupational Health and Safety (independent administrative agency)	
		April 2014	Auditor (current position)	
		June 2014	Toyo Securities Co., Ltd.	
		June 2014	Outside Director (current position)	
		October 2015	Japan Arts Council (independent administrative agency)	
		October 2015	Auditor (current position)	
		March 2016	Kaetsu Gakuen (incorporated educational institution)	
		March 2016	Auditor (current position)	
		January 2017	Organization for Technical Intern Training	
		January 2017	Auditor (current position)	

(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	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	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	Director & CFO, and General Manager of Corporate Planning Department	
		February 2017	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 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, 2018 (end of the 10th fiscal period).

Asset type	Asset use	Prefectural location	Name of property	10th fiscal period (as of Apr. 30, 2018)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Ryokan	Nagano	HOSHINOYA Karuizawa	7,416	4.5
	Ryokan	Kyoto	HOSHINOYA Kyoto	3,304	2.0
	Hotel	Yamanashi	HOSHINOYA Fuji	4,148	2.5
	Hotel	Okinawa	HOSHINOYA Taketomi Island	4,960	3.0
	Hotel	Yamanashi	RISONARE Yatsugatake	5,836	3.6
	Hotel	Shizuoka	RISONARE Atami	4,438	2.7
	Ryokan	Nagano	KAI Matsumoto	631	0.4
	Ryokan	Shimane	KAI Izumo	724	0.4
	Ryokan	Shizuoka	KAI Ito	702	0.4
	Ryokan	Kanagawa	KAI Hakone	1,155	0.7
	Ryokan	Oita	KAI Aso	617	0.4
	Ryokan	Tochigi	KAI Kawaji	1,028	0.6
	Ryokan	Tochigi	KAI Kinugawa	3,049	1.9
	Ryokan	Ishikawa	KAI Kaga	3,137	1.9
	Hotel	Hokkaido	OMO7 Asahikawa (Note 3)	5,074	3.1
	Hotel	Hiroshima	ANA Crowne Plaza Hiroshima	17,881	11.0
	Hotel	Fukuoka	ANA Crowne Plaza Fukuoka	7,656	4.7
	Hotel	Ishikawa	ANA Crowne Plaza Kanazawa	6,787	4.2
	Hotel	Toyama	ANA Crowne Plaza Toyama	3,977	2.4
	Hotel	Osaka	Hyatt Regency Osaka	16,495	10.1
	Hotel	Tokyo	the b akasaka	4,895	3.0
	Hotel	Tokyo	the b sangenjaya	4,445	2.7
	Hotel	Aichi	the b nagoya	4,537	2.8
	Hotel	Hyogo	the b kobe	7,064	4.3
	Hotel	Osaka	Quintessa Hotel Osaka Shinsaibashi	3,417	2.1
	Hotel	Osaka	hotel androoms Osaka Hommachi	4,378	2.7
	Hotel	Nagano	Chisun Inn Shiojiri Kita IC	675	0.4
	Hotel	Tochigi	Chisun Inn Sano Fujioka IC	737	0.5
	Hotel	Nagano	Chisun Inn Suwa IC	658	0.4
	Hotel	Aichi	Chisun Inn Toyokawa IC	602	0.4
	Hotel	Saga	Chisun Inn Tosu	501	0.3
	Hotel	Chiba	Chisun Inn Chiba Hamano R16	788	0.5
	Hotel	Kumamoto	Chisun Inn Kumamoto Miyukifueda	604	0.4
Hotel	Tochigi	Chisun Inn Utsunomiya Kanuma	710	0.4	
Hotel	Fukui	Chisun Inn Fukui	641	0.4	
Hotel	Fukushima	Chisun Inn Fukushima Nishi IC	664	0.4	
Hotel	Niigata	Chisun Inn Niigata Chuo IC	617	0.4	

Asset type	Asset use	Prefectural location	Name of property	10th fiscal period (as of Apr. 30, 2018)	
				Total amount held (millions of yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Hotel	Nagasaki	Chisun Inn Nagasaki Airport	619	0.4
	Hotel	Ibaraki	Chisun Inn Hitachinaka	719	0.4
	Hotel	Ibaraki	Chisun Inn Tsuchiura Ami	748	0.5
	Hotel	Yamanashi	Chisun Inn Kofu Isawa	646	0.4
	Hotel	Kagawa	Chisun Inn Marugame Zentsuji	583	0.4
	Hotel	Fukuoka	Chisun Inn Munakata	486	0.3
	Hotel	Iwate	Chisun Inn Iwate Ichinoseki IC	681	0.4
	Hotel	Nagano	Chisun Inn Karuizawa	780	0.5
	Hotel	Hyogo	Chisun Inn Himeji Yumesakibashi	600	0.4
	Hotel	Okayama	Chisun Inn Kurashiki Mizushima	702	0.4
	Hotel	Aichi	Candeo Hotels Handa	611	0.4
	Hotel	Nagano	Candeo Hotels Chino	774	0.5
	Hotel	Hiroshima	Candeo Hotels Fukuyama	1,041	0.6
	Hotel	Tochigi	Candeo Hotels Sano	1,232	0.8
	Hotel	Mie	Candeo Hotels Kameyama	474	0.3
	Hotel	Hokkaido	Comfort Hotel Hakodate	929	0.6
	Hotel	Hokkaido	Comfort Hotel Tomakomai	955	0.6
	Hotel	Hiroshima	Comfort Hotel Kure	1,115	0.7
	Hotel	Kagoshima	Chisun Inn Kagoshima Taniyama	1,983	1.2
Real estate subtotal				150,656	92.3
Investment securities				168	0.1
Deposits and other assets				12,369	7.6
Total assets (Note 4)				163,194	100.0
Total liabilities (Note 4)				62,440	38.3
Total net assets (Note 4)				100,754	61.7

(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) Effective April 28, 2018, the name of this property has been changed to "Hoshino Resorts OMO7 Asahikawa," (hereinafter "OMO7 Asahikawa") from "Asahikawa Grand Hotel" previously.

(Note 4) "Total assets," "Total liabilities" and "Total net assets" amounts are the book value.

(2) Investment Assets

① Major Issues of Investment Securities

The following is a summary of investment securities held by HRR as of April 30, 2018 (end of the 10th fiscal period).

Name of securities	No. of shares (shares)	Acquisition price (thousands of yen)		Appraisal value (thousands of yen) (Note)		Loss (gain) on valuation of investment securities (thousands of yen)	Remarks
		Unit Price	Amount	Unit Price	Amount		
Yomitan Hotel Management Co., Ltd. No. 1 Class B preferred shares	332	507	168,530	507	168,530	-	-

(Note) The "Appraisal value" states the acquisition price because the securities are unlisted securities.

With respect to the No. 2 Class B preferred shares and the No. 3 Class B preferred shares (hereinafter collectively referred to as the "shares to be underwritten"), as of March 16, 2018, HRR has concluded an underwriting agreement pertaining to the shares to be underwritten (hereinafter, the "underwriting agreement"), with Yomitan Hotel Management Co., Ltd., the issuer of the shares to be underwritten. HRR treats the underwriting agreement as an agreement that falls under a forward commitment, etc. specified in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.," which has been established by the Financial Services Agency. (This commitment is defined as a postdated sales and purchase agreement under which the settlement and delivery of the property shall be made one month or more from the conclusion of the agreement, or any other agreement similar thereto. The same applies hereinafter.) For the underwriting agreement, each party shall compensate the counterparty for any damage, etc. thereto caused by or related to breach of duty under the underwriting agreement, but no provision for penalties has been stipulated. HRR is planning to allocate cash on hand upon underwriting the shares to be underwritten in accordance with the underwriting agreement.

Furthermore, the type, name of securities, number of shares to be underwritten, planned paid-in amount, total planned paid-in amount and planned payment date of the shares to be underwritten are as follows.

[List of shares to be underwritten]

Asset type	Name of securities	No. of shares to be underwritten (shares)	Planned paid-in amount (Note 1)	Total planned paid-in amount (thousand yen)	Planned payment date (Note 2)
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 2 Class B preferred shares	333	500,000 yen per share	166,500	October 30, 2018
Preferred shares	Yomitan Hotel Management Co., Ltd. No. 3 Class B preferred shares	334	500,000 yen per share	167,000	May 30, 2019

(Note 1) "Planned paid-in amount" indicates the paid-in amount indicated in the underwriting agreement (excluding expenses such as commissions). The said paid-in amount is the planned amount as of the date of this document and may be changed in accordance with the provision of the underwriting agreement or based on agreement between HRR and Yomitan Hotel Management Co., Ltd.

(Note 2) "Planned payment date" indicates the payment date indicated in the underwriting agreement. The said payment date is the planned date as of the date of this document and may be changed in accordance with the provision of the underwriting agreement or based on agreement between HRR and Yomitan Hotel Management Co., Ltd.

② Investment Real Estate Properties

The following is a summary of real estate, etc. held by HRR as of April 30, 2018 (end of the 10th fiscal period).

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

Investment category	Property no. (Note 1)	Name of property	Acquisition price (millions of yen)	Book value (millions of yen) (Note 2)	Estimated value at end of period (millions of yen) (Note 3)	Share of investment (%) (Note 4)	Appraisal company (Note 5)	
Properties operated by the Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	7,600	7,416	11,600	5.2	NV
		H-2	HOSHINOYA Kyoto	2,878	3,304	4,260	2.0	NV
		H-3	HOSHINOYA Fuji	4,160	4,148	4,320	2.8	NV
		H-4	HOSHINOYA Taketomi Island	4,955	4,960	5,250	3.4	NV
		Subtotal		19,593	19,830	25,430	13.3	–
	RISONARE	R-1	RISONARE Yatsugatake	4,500	5,836	6,770	3.1	NV
		R-2	RISONARE Atami	3,750	4,438	4,240	2.6	NV
		Subtotal		8,250	10,274	11,010	5.6	–
	KAI	K-1	KAI Matsumoto	600	631	799	0.4	JMK
		K-2	KAI Izumo	680	724	862	0.5	JMK
		K-3	KAI Ito	670	702	971	0.5	JMK
		K-4	KAI Hakone	950	1,155	1,270	0.6	JMK
		K-5	KAI Aso	575	617	691	0.4	JMK
		K-6	KAI Kawaji	1,000	1,028	1,160	0.7	JMK
		K-7	KAI Kinugawa	3,080	3,049	3,280	2.1	JMK
		K-8	KAI Kaga	3,160	3,137	3,380	2.2	JMK
		Subtotal		10,715	11,048	12,413	7.3	–
	Other	O-35	OMO7 Asahikawa	4,619	5,074	4,780	3.1	RC
		Subtotal		4,619	5,074	4,780	3.1	–
	Properties operated by outside operators	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	17,784	17,881	20,000	12.1
O-32			ANA Crowne Plaza Fukuoka	7,599	7,656	8,790	5.2	RC
O-33			ANA Crowne Plaza Kanazawa	6,609	6,787	7,180	4.5	RC
O-34			ANA Crowne Plaza Toyama	4,008	3,977	4,450	2.7	RC
O-36			Hyatt Regency Osaka	16,000	16,495	16,700	10.9	NV
O-37			the b akasaka	4,860	4,895	5,130	3.3	RC
O-38			the b sangenjaya	4,420	4,445	4,670	3.0	RC
O-39			the b nagoya	4,500	4,537	4,680	3.1	RC
O-40			the b kobe	7,020	7,064	7,320	4.8	RC
O-41			Quintessa Hotel Osaka Shinsaibashi	3,339	3,417	3,670	2.3	NV
O-42			hotel androoms Osaka Hommachi	4,238	4,378	4,450	2.9	RC
			Subtotal		80,377	81,536	87,040	54.8

Investment category	Property no. (Note 1)	Name of property	Acquisition price (millions of yen)	Book value (millions of yen) (Note 2)	Estimated value at end of period (millions of yen) (Note 3)	Share of investment (%) (Note 4)	Appraisal company (Note 5)	
Properties operated by outside operators	Other	O-1	Chisun Inn Shiojiri Kita IC	672	675	821	0.5	NV
		O-2	Chisun Inn Sano Fujioka IC	742	737	911	0.5	JMK
		O-3	Chisun Inn Suwa IC	658	658	829	0.4	NV
		O-4	Chisun Inn Toyokawa IC	602	602	733	0.4	NV
		O-5	Chisun Inn Tosu	504	501	649	0.3	NV
		O-6	Chisun Inn Chiba Hamano R16	798	788	1,020	0.5	JMK
		O-7	Chisun Inn Kumamoto Miyukifueda	616	604	740	0.4	NV
		O-8	Chisun Inn Utsunomiya Kanuma	714	710	847	0.5	JMK
		O-9	Chisun Inn Fukui	644	641	771	0.4	NV
		O-10	Chisun Inn Fukushima Nishi IC	672	664	786	0.5	JMK
		O-11	Chisun Inn Niigata Chuo IC	630	617	776	0.4	NV
		O-12	Chisun Inn Nagasaki Airport	630	619	757	0.4	NV
		O-13	Chisun Inn Hitachinaka	742	719	920	0.5	JMK
		O-14	Chisun Inn Tsuchiura Ami	770	748	921	0.5	JMK
		O-15	Chisun Inn Kofu Isawa	658	646	788	0.4	NV
		O-16	Chisun Inn Marugame Zentsuji	588	583	730	0.4	NV
		O-17	Chisun Inn Munakata	504	486	627	0.3	NV
		O-18	Chisun Inn Iwate Ichinoseki IC	700	681	777	0.5	JMK
		O-19	Chisun Inn Karuizawa	812	780	1,090	0.6	NV
		O-20	Chisun Inn Himeji Yumesakibashi	616	600	735	0.4	NV
		O-21	Chisun Inn Kurashiki Mizushima	728	702	866	0.5	NV
		O-22	Candeo Hotels Handa	620	611	693	0.4	RC
		O-23	Candeo Hotels Chino	793	774	914	0.5	RC
		O-24	Candeo Hotels Fukuyama	1,075	1,041	1,240	0.7	RC
		O-25	Candeo Hotels Sano	1,260	1,232	1,460	0.9	RC
		O-26	Candeo Hotels Kameyama	470	474	533	0.3	RC
		O-27	Comfort Hotel Hakodate	937	929	1,050	0.6	NV
		O-28	Comfort Hotel Tomakomai	963	955	1,080	0.7	NV
		O-29	Comfort Hotel Kure	1,100	1,115	1,230	0.7	NV
		O-30	Chisun Inn Kagoshima Taniyama	1,995	1,983	2,330	1.4	RC
				Subtotal	23,213	22,891	27,624	15.8
		Total	146,767	150,656	168,297	100.0	–	

- (Note 1) "Property no." is that assigned by classifying according to the brands of assets invested by HRR (four brand groups: "HOSHINOYA," "RISONARE," "KAI" and "Other") and numbering brand group by brand group. The same shall apply hereinafter.
- (Note 2) "Book value" is including machinery and equipment, structures, and leasehold right but excluding tools, furniture and fixtures, software, and construction in progress.
- (Note 3) Appraisal of the property is entrusted to Japan Valuers Co., Ltd., JLL Morii Valuation & Advisory K.K. or Rich Appraisal Institute Co., Ltd. "Estimated value at end of period" is the appraisal value stated in the real estate appraisal report with April 30, 2018 as the date of value.
- (Note 4) "Share of investment" is acquisition price of the property expressed as a percentage of the sum total of acquisition price, rounded to one decimal place.
- (Note 5) "Appraisal company" is shown in initials in the table above. The initials used for each appraisal company are as follows:
NV: Nihon Valuers K.K. (Japan Valuers Co., Ltd.)
JMK: JLL Morii Valuation & Advisory K.K.
RC: K.K. Richi Hyouka Kenkyujo (Rich Appraisal Institute Co., Ltd.)

(b) Location, Area, Size, Etc.

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)	
Properties operated by the Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	Karuizawa-machi, Kitasakugun, Nagano (Chubu region)	78,888.26 (Note 4)	11,723.61	February 2002 (Tombo-no-yu; Sonmin Shokudo) / April 2005 (HOSHINOYA) / June 2009 (Harunire Terrace) / July 2016 (Ice Skating Rink in the Forest)	630	11,723.61	11,723.61	1(14)	77
		H-2	HOSHINOYA Kyoto	Kyoto-shi, Kyoto (Kinki region)	10,456.38	3,075.70	Unknown (main wing; new construction) (Note 5) / October 2009 (main wing; renovation) / June 2017 (annex)	203	3,097.69	3,097.69	1(0)	25
		H-3	HOSHINOYA Fuji	Fujikawaguchikomachi, Minamitsurugun, Yamanashi (Chubu region)	74,772.03 (Note 6)	2,103.55	August 2015	284	2,103.55	2,103.55	1(0)	40
		H-4	HOSHINOYA Taketomi Island (Note 7)	Taketomi-cho, Yaeyama-gun, Okinawa (Kyushu-Okinawa region)	115,982.04	4,249.87	March 2012 (main wing) / March 2009 (annex)	336	4,249.87	4,249.87	1(0)	48
	Subtotal				280,098.71	21,152.73	–	1,455	21,174.72	21,174.72	4(14)	190
	RISONARE	R-1	RISONARE Yatsugatake	Hokuto-shi, Yamanashi (Chubu region)	75,831.81 (Note 8)	33,853.45	June 1992 (hotel; pool) / April 2004 (chapel; machine room)	525	33,853.45	33,853.45	1(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)
	KAI	K-1	KAI Matsumoto	Matsumoto-shi, Nagano (Chubu region)	3,340.67	4,056.12	November 1999	75	4,056.12	4,056.12	1(0)	26
		K-2	KAI Izumo	Matsue-shi, Shimane (Chugoku-Shikoku region)	11,321.56 (Note 9)	3,909.02	Unknown (old wing) (Note 5) / July 1997 (new wing)	75	3,909.02	3,909.02	1(0)	24
		K-3	KAI Ito	Ito-shi, Shizuoka (Chubu region)	4,899.97	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, Ashigarashimogun, Kanagawa (Kanto region)	9,723.04	4,649.67	July 1987	95	4,649.67	4,649.67	1(0)	32
		K-5	KAI Aso	Kokonoe-machi, Kusu-gun, Oita (Kyushu-Okinawa region)	26,673.00	1,543.53	April 2006	42	1,543.53	1,543.53	1(0)	12
		K-6	KAI Kawaji	Nikko-shi, Tochigi (Kanto region)	8,671.47 (Note 10)	8,190.38	September 1994	99	8,190.38	8,190.38	1(0)	54
		K-7	KAI Kinugawa	Nikko-shi, Tochigi (Kanto region)	35,187.55	4,066.60	August 2015	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 (new wing) / March 1967; partly unknown (old wing) (Note 11)	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)

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)		
Properties operated by the Hoshino Resorts Group	Other	O-35	OMO7 Asahikawa	Asahikawa-shi, Hokkaido (Hokkaido-Tohoku region)	4,278.02	25,715.20	March 1994	364	25,715.20	25,715.20	1(6)	237	
		Subtotal			4,278.02	25,715.20	–	364	25,715.20	25,715.20	1(6)	237	
Properties operated by outside operators	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima (Chugoku-Shikoku region)	5,126.00 (Note 12)	42,727.85 (Note 13)	August 1983	606	32,332.00	32,332.00	1(7)	409	
		O-32	ANA Crowne Plaza Fukuoka	Fukuoka-shi, Fukuoka (Kyushu-Okinawa region)	3,411.67	27,372.74	November 1976 (hotel building) / February 1999 (chapel)	288	27,372.74	27,372.74	1(5)	320	
		O-33	ANA Crowne Plaza Kanazawa	Kanazawa-shi, Ishikawa (Hokuriku region)	8,312.42 (Note 14)	61,448.41 (Note 15)	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 16)	26,209.92 (Note 17)	June 1999	240	21,600.11	21,600.11	1(7)	251	
		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))	754	80,197.60	80,197.60	1(8)	480	
		O-37	the b akasaka	Minato-ku, Tokyo (Kanto region)	1,311.55	4,027.00	March 1973	211	4,027.00	4,027.00	1(1)	162	
		O-38	the b sangerjaya	Setagaya-ku, Tokyo (Kanto region)	545.58	2,672.20	February 1984	228	2,672.20	2,672.20	1(1)	118	
		O-39	the b nagoya	Nagoya-shi, Aichi (Chubu region)	2,079.87 (Note 18)	8,058.64	April 1981 (Note 19)	227	8,058.64	8,058.64	1(5)	219	
		O-40	the b kobe	Kobe-shi, Hyogo (Kinki region)	1,616.89	9,647.11	October 1981	374	9,647.11	9,647.11	1(13)	168	
		O-41	Quintessa Hotel Osaka Shinsaibashi	Osaka-shi, Osaka (Kinki region)	791.15	2,964.69	August 2017	164	2,997.46	2,997.46	1(0)	132	
		O-42	hotel androoms Osaka Hommachi	Osaka-shi, Osaka (Kinki region)	594.88	3,191.32	August 1998	220	3,191.32	3,191.32	1(0)	103	
		Subtotal				57,996.65	268,517.48	–	3,861	215,931.18	215,931.18	11(52)	2,611
		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		

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

Investment category	Property no.	Name of property	Location	Land area (m ²)	Building area (m ²)	Construction completion	Annual rent (millions of yen) (Note 1)	Leased area (m ²) (Note 2)	Leasable area (m ²) (Note 2)	Number of tenants (subleasing) (Note 3)	Total number of guest rooms (rooms)	
Properties operated by outside operators	Other	O-23	Candeo Hotels Chino	Chino-shi, Nagano (Chubu region)	2,399.15 (Note 23)	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 24)	2,828.71	March 2008	91	2,828.71	2,828.71	1(0)	124
		O-26	Candeo Hotels Kameyama	Kameyama-shi, Mie (Chubu region)	6,599.00	3,912.03	April 2008	41	3,912.03	3,912.03	1(0)	170
		O-27	Comfort Hotel Hakodate	Hakodate-shi, Hokkaido (Hokkaido-Tohoku region)	491.82	2,927.44	September 2007	65	2,927.44	2,927.44	1(0)	139
		O-28	Comfort Hotel Tomakomai	Tomakomai-shi, Hokkaido (Hokkaido-Tohoku region)	1,344.24	2,721.08	September 2007	66	2,721.08	2,721.08	1(0)	123
		O-29	Comfort Hotel Kure	Kure-shi, Hiroshima (Chugoku-Shikoku region)	793.11	3,121.02	March 2009	75	3,121.02	3,121.02	1(0)	149
		O-30	Chisun Inn Kagoshima Taniyama	Kagoshima-shi, Kagoshima (Kyushu-Okinawa region)	3,521.52	8,066.36	May 2009	96	8,066.36	8,066.36	1(1)	217
				Subtotal		84,661.42	76,208.80	–	1,633	76,208.80	76,208.80	30(3)
		Total		669,642.12	487,881.53	–	9,029	435,317.22	435,317.22	56(93)	6,884	

(Note 1) Based on lease agreements valid as of April 30, 2018. In principle, rent comprises fixed rent and floating rent in the lease agreements concluded for each property above (however, in the case of the 5 Candeo properties, the 3 Greens properties and Quintessa Hotel Osaka Shinsaibashi, 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, OMO7 Asahikawa to have a premium for a limited period from March 31, 2016 to October 31, 2019, HOSHINOYA Fuji to have a premium for a limited period from May 1, 2017 to April 30, 2020, HOSHINOYA Taketomi Island to have a premium for a limited period from November 1, 2017 to October 31, 2020, the 4 the b properties to have a premium for a limited period from November 1, 2017 to April 30, 2018, and hotel androoms Osaka Hommachi to have a premium for a limited period from April 2, 2018 to October 31, 2018, 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, 2018. 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), OMO7 Asahikawa is November 1, 2019 (14th fiscal period), HOSHINOYA Fuji is May 1, 2020 (15th fiscal period), HOSHINOYA Taketomi Island is November 1, 2020 (16th fiscal period), the 4 the b properties is May 1, 2018 (11th fiscal period) and hotel androoms Osaka Hommachi is November 1, 2018 (12th 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 floating rent as of April 30, 2018 calculated in accordance with the lease agreement on the building is annualized by multiplying by 12. The same shall apply hereinafter.

(Note 2) Based on lease agreements valid as of April 30, 2018. 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, 2018 with the number of parties subleasing from the parties leasing the property from HRR shown in parentheses. For Chisun Inn Iwate Ichinoseki IC's number of tenants (excluding the number in parentheses), there is a tenant based on a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements; but the number of tenants is 1 because the tenant leasing under the lease agreement on the building is the same as the tenant leasing under the lease agreement on the land.

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

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

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

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

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

(Note 8) HRR owns a portion (20,557.00m²) of the land only and leases the other portion (55,274.81m²) from the owner.

(Note 9) HRR leases a portion (2,966.21m²) of the land from the owner.

(Note 10) HRR leases a portion (696.95m²) of the land from the owner.

- (Note 11) Used as storage space for bedding and not for lodging as of April 30, 2018.
- (Note 12) 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 13) 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 14) 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 15) 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 16) HRR owns the building only and does not own the land. The land is leased from the owner.
- (Note 17) The building is a building under sectional ownership, of which the building under HRR's ownership is sectional ownership of all of the exclusive elements for hotel use and co-ownership interest (870,472/1,000,000 of the co-ownership) of the corresponding common elements, but the entry under "Building area" is the area of the entire building.
- (Note 18) The land under HRR's ownership is co-ownership interest (4,840/10,000 of the co-ownership) of the land, but the entry under "Land area" is the area of the entire land.
- (Note 19) The date stated for "Construction completion" is the date of issuance of the certificate proving completion of the inspection provided in the written opinion of Assets Research and Development Inc., as obtained from the previous owner because HRR has not received the original certificate of inspection from the previous owner.
- (Note 20) For Chisun Inn Iwate Ichinoseki IC, there is a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements as of April 30, 2018. The rent of the lease agreement on the building (hereinafter referred to as the "building rent" in this note) comprises fixed rent and floating rent, while the rent of the lease agreement on the land (hereinafter referred to as the "land rent" in this note) comprises fixed rent. However, an agreement has been reached in these lease agreements to the effect that, in the event of payment of the land rent, the same amount shall be deducted from the building rent, meaning that in no circumstances would the amount of the property's fixed rent exceed the amount of the fixed rent provided in the lease agreement on the building. Accordingly, Chisun Inn Iwate Ichinoseki IC's annual fixed rent amount is the amount arrived at when the fixed rent (monthly amount) provided in the lease agreement on the building is annualized by multiplying by 12. The same shall apply hereinafter.
- (Note 21) For Chisun Inn Iwate Ichinoseki IC, there is a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements as of April 30, 2018, but the entries under "Leased area" and "Leasable area" are the leased area and leasable area of the building.
- (Note 22) HRR leases a portion (991.72m²) of the land from the owner.
- (Note 23) HRR owns the building only and does not own the land. The land is leased from the owner.
- (Note 24) HRR leases a portion (740.62m²) of the land from the owner.

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

The following is a summary of the real estate appraisal report, etc. with April 30, 2018 as the date of value.

Investment category	Property no.	Assets under management (Name of property)	Appraisal company (Note 1)	Appraisal value (millions of yen) (Note 2)	Income approach					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)		
					Indicated value by direct capitalization method (millions of yen)	Capitalization rate (%)	Indicated value by DCF method (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)				
Properties operated by the Hoshino Resorts Group	HOSHINOYA	H-1	HOSHINOYA Karuizawa	NV	11,600	11,600	5.2	11,600	5.2	5.7	620	8.2	
		H-2	HOSHINOYA Kyoto	NV	4,260	4,210	5.8	4,310	5.4	6.2	246	8.6	
		H-3	HOSHINOYA Fuji	NV	4,320	4,350	6.1	4,290	5.8	6.3	268	6.4	
		H-4	HOSHINOYA Taketomi Island	NV	5,250	5,280	5.9	5,210	5.6	6.1	324	6.5	
		Subtotal				25,430	25,440	-	25,410	-	-	1,458	7.4
	RISONARE	R-1	RISONARE Yatsugatake	NV	6,770	6,500	5.5	7,040	5.5	6.0	473	10.5	
		R-2	RISONARE Atami	NV	4,240	4,210	5.3	4,260	5.0	5.5	281	7.5	
		Subtotal				11,010	10,710	-	11,300	-	-	754	9.1
	KAI	K-1	KAI Matsumoto	JMK	799	806	5.8	792	5.6	6.0	63	10.5	
		K-2	KAI Izumo	JMK	862	867	6.0	857	5.8	6.2	62	9.1	
		K-3	KAI Ito	JMK	971	978	5.8	963	5.6	6.0	73	11.0	
		K-4	KAI Hakone	JMK	1,270	1,280	5.7	1,260	5.5	5.9	87	9.2	
		K-5	KAI Aso	JMK	691	696	6.1	686	5.9	6.3	46	8.0	
		K-6	KAI Kawaji	JMK	1,160	1,170	5.8	1,140	5.6	6.0	85	8.5	
		K-7	KAI Kinugawa	JMK	3,280	3,320	5.5	3,240	5.3	5.7	183	6.0	
		K-8	KAI Kaga	JMK	3,380	3,420	5.5	3,340	5.3	5.7	191	6.0	
		Subtotal				12,413	12,537	-	12,278	-	-	791	7.4
	Other	O-35	OMO7 Asahikawa	RC	4,780	4,700	4.8	4,820	4.6	5.0	340	7.4	
		Subtotal				4,780	4,700	-	4,820	-	-	340	7.4
	Properties operated by outside operators	Urban tourism	O-31	ANA Crowne Plaza Hiroshima	RC	20,000	20,200	4.4	19,900	4.2	4.6	1,043	5.9
			O-32	ANA Crowne Plaza Fukuoka	RC	8,790	8,810	4.3	8,780	4.1	4.5	489	6.4
			O-33	ANA Crowne Plaza Kanazawa	RC	7,180	7,240	4.6	7,160	4.4	4.8	427	6.5
			O-34	ANA Crowne Plaza Toyama	RC	4,450	4,380	4.7	4,480	4.5	4.9	304	7.6
			O-36	Hyatt Regency Osaka	NV	16,700	16,700	4.5	16,600	4.2	4.7	992	6.2
O-37			the b akasaka	RC	5,130	5,250	4.0	5,080	3.8	4.2	237	4.9	
O-38			the b sangenjaya	RC	4,670	4,770	4.2	4,630	4.0	4.4	220	5.0	
O-39			the b nagoya	RC	4,680	4,750	4.2	4,650	4.0	4.4	233	5.2	
O-40			the b kobe	RC	7,320	7,450	4.3	7,260	4.1	4.5	370	5.3	
O-41			Quintessa Hotel Osaka Shinsaibashi	NV	3,670	3,680	4.7	3,650	4.4	4.8	174	5.2	
O-42			hotel androoms Osaka Hommachi	RC	4,450	4,500	4.5	4,430	4.3	4.7	215	5.1	
Subtotal				87,040	87,730	-	86,620	-	-	4,704	5.9		

Investment category	Property no.	Assets under management (Name of property)	Appraisal company (Note 1)	Appraisal value (millions of yen) (Note 2)	Income approach					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)	
					Indicated value by direct capitalization method (millions of yen)	Capitalization rate (%)	Indicated value by DCF method (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
Properties operated by outside operators	Other	O-1	Chisun Inn Shiojiri Kita IC	NV	821	816	5.9	825	5.7	6.1	50	7.5
		O-2	Chisun Inn Sano Fujioka IC	JMK	911	920	5.8	901	5.6	6.0	56	7.5
		O-3	Chisun Inn Suwa IC	NV	829	811	6.0	829	5.8	6.2	51	7.7
		O-4	Chisun Inn Toyokawa IC	NV	733	729	5.9	737	5.7	6.1	45	7.5
		O-5	Chisun Inn Tosu	NV	649	645	6.0	653	5.8	6.3	41	8.1
		O-6	Chisun Inn Chiba Hamano R16	JMK	1,020	1,030	5.5	1,010	5.3	5.7	59	7.4
		O-7	Chisun Inn Kumamoto Miyukifueda	NV	740	732	6.2	748	6.0	6.5	47	7.7
		O-8	Chisun Inn Utsunomiya Kanuma	JMK	847	854	6.0	839	5.8	6.2	54	7.5
		O-9	Chisun Inn Fukui	NV	771	763	6.2	778	6.0	6.4	50	7.7
		O-10	Chisun Inn Fukushima Nishi IC	JMK	786	793	6.1	779	5.9	6.3	51	7.6
		O-11	Chisun Inn Niigata Chuo IC	NV	776	773	6.0	779	5.8	6.2	49	7.7
		O-12	Chisun Inn Nagasaki Airport	NV	757	752	6.0	761	5.8	6.2	47	7.5
		O-13	Chisun Inn Hitachinaka	JMK	920	930	5.7	909	5.5	5.9	55	7.5
		O-14	Chisun Inn Tsuchiura Ami	JMK	921	932	5.7	909	5.5	5.9	55	7.2
		O-15	Chisun Inn Kofu Isawa	NV	788	790	6.1	785	5.9	6.3	50	7.6
		O-16	Chisun Inn Marugame Zentsuji	NV	730	723	6.2	737	6.0	6.4	47	8.0
		O-17	Chisun Inn Munakata	NV	627	623	6.1	631	5.9	6.4	40	8.0
		O-18	Chisun Inn Iwate Ichinoseki IC	JMK	777	785	6.0	768	5.8	6.2	50	7.1
		O-19	Chisun Inn Karuizawa	NV	1,090	1,080	6.0	1,100	5.8	6.2	67	8.2
		O-20	Chisun Inn Himeji Yumesakibashi	NV	735	734	6.2	736	6.0	6.4	48	7.7

Investment category	Property no.	Assets under management (Name of property)	Appraisal company (Note 1)	Appraisal value (millions of yen) (Note 2)	Income approach					Appraisal NOI (millions of yen) (Note 3)	Appraisal NOI yield (%) (Note 4)	
					Indicated value by direct capitalization method (millions of yen)	Capitalization rate (%)	Indicated value by DCF method (millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
Properties operated by outside operators	Other	O-21	Chisun Inn Kurashiki Mizushima	NV	866	862	6.0	869	5.8	6.2	54	7.4
		O-22	Candeo Hotels Handa	RC	693	692	5.4	694	5.2	5.6	41	6.6
		O-23	Candeo Hotels Chino	RC	914	916	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	6.6
		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	533	530	5.5	534	5.3	5.7	33	7.1
		O-27	Comfort Hotel Hakodate	NV	1,050	1,050	5.2	1,040	5.0	5.4	59	6.3
		O-28	Comfort Hotel Tomakomai	NV	1,080	1,080	5.3	1,070	5.1	5.5	61	6.3
		O-29	Comfort Hotel Kure	NV	1,230	1,240	5.1	1,220	4.9	5.3	68	6.1
		O-30	Chisun Inn Kagoshima Taniyama	RC	2,330	2,350	5.5	2,320	5.3	5.7	138	6.9
		Subtotal				27,624	27,645	-	27,564	-	-	1,668
Total				168,297	168,762	-	167,992	-	-	9,714	6.6	

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

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

JMK: JLL Morii Valuation & Advisory K.K.

RC: K.K. Richi Hyouka 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, 2018 as the date of value. Furthermore, "Appraisal value" is rounded down to the nearest million yen. Accordingly, the appraisal value of each property may not add up to the portfolio total.

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

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

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

(d) Status of Leasing to Major Tenants

Tenant name	Business type	Name of property	Contract expiration date	Annual rent		Leased area	
				(millions of yen)	Share (%) (Note 1)	(m ²) (Note 2)	Share (%) (Note 3)
K.K. Horizon Hotels	Hotel	RISONARE Yatsugatake	July 15, 2033	525	5.8	33,853.45	7.8
		RISONARE Atami	November 1, 2035	313	3.5	23,385.18	5.4
		ANA Crowne Plaza Hiroshima	November 1, 2035	606	6.7	32,332.00	7.4
		ANA Crowne Plaza Fukuoka	November 1, 2035	288	3.2	27,372.74	6.3
		ANA Crowne Plaza Kanazawa	November 1, 2035	546	6.0	23,835.00	5.5
		ANA Crowne Plaza Toyama	November 1, 2035	240	2.7	21,600.11	5.0
		Total		2,518	27.9	162,378.48	37.3
HRO Inc.	Hotel	Hyatt Regency Osaka	October 31, 2036	754	8.4	80,197.60	18.4
		Total		754	8.4	80,197.60	18.4
SHR Roadside Inn Co., Ltd.	Hotel	Chisun Inn Shiojiri Kita IC	May 1, 2024	48	0.5	2,100.47	0.5
		Chisun Inn Sano Fujioka IC	May 1, 2024	52	0.6	1,968.91	0.5
		Chisun Inn Suwa IC	May 1, 2024	46	0.5	1,944.94	0.4
		Chisun Inn Toyokawa IC	May 1, 2024	42	0.5	2,040.09	0.5
		Chisun Inn Tosu	May 1, 2024	36	0.4	1,968.02	0.5
		Chisun Inn Chiba Hamano R16	May 1, 2024	57	0.6	2,023.29	0.5
		Chisun Inn Kumamoto Miyukifueda	May 1, 2024	43	0.5	2,094.77	0.5
		Chisun Inn Utsunomiya Kanuma	May 1, 2024	51	0.6	2,094.16	0.5
		Chisun Inn Fukui	May 1, 2024	45	0.5	2,094.01	0.5
		Chisun Inn Fukushima Nishi IC	May 1, 2024	48	0.5	2,094.01	0.5
		Chisun Inn Niigata Chuo IC	May 1, 2024	45	0.5	2,094.16	0.5
		Chisun Inn Nagasaki Airport	May 1, 2024	45	0.5	1,968.02	0.5
		Chisun Inn Hitachinaka	May 1, 2024	52	0.6	1,968.30	0.5
		Chisun Inn Tsuchiura Ami	May 1, 2024	54	0.6	1,968.03	0.5
		Chisun Inn Kofu Isawa	May 1, 2024	46	0.5	1,968.47	0.5
		Chisun Inn Marugame Zentsuji	May 1, 2024	42	0.5	2,094.16	0.5
		Chisun Inn Munakata	May 1, 2024	36	0.4	2,094.16	0.5
		Chisun Inn Iwate Ichinoseki IC	May 1, 2024 (Note 4)	49	0.6	1,968.02	0.5
		Chisun Inn Karuizawa	May 1, 2024	57	0.6	1,917.10	0.4
		Chisun Inn Himeji Yumesakibashi	May 1, 2024	43	0.5	2,406.95	0.6
		Chisun Inn Kurashiki Mizushima	May 1, 2024	51	0.6	2,094.16	0.5
Chisun Inn Kagoshima Taniyama	May 2, 2024	96	1.1	8,066.36	1.9		
Total		1,095	12.1	51,030.56	11.7		

(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, 2018.

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

(Note 4) For Chisun Inn Iwate Ichinoseki IC, there is a lease agreement on the property's building and a lease agreement on a portion of the property's land to total two lease agreements as of April 30, 2018. The contract expiration date of the lease agreement on the building is May 1, 2024, while the contract expiration date of the lease agreement on the land is June 30, 2025. However, an agreement has been reached in the lease agreement on the land to the effect that, in the event of termination of the lease agreement on the building, the lease agreement on the land shall also terminate at the same time, meaning that in no circumstances would the property's contract expiration date go beyond the contract expiration date provided in the lease agreement on the building. Accordingly, Chisun Inn Iwate Ichinoseki IC's contract expiration date is the contract expiration date provided in the lease agreement on the building.

(e) Portfolio Overview

a. By investment category

Investment category		Number of properties	Acquisition price (millions of yen)	Share (%)
Properties operated by the Hoshino Resorts Group	HOSHINOYA	4	19,593	13.3
	RISONARE	2	8,250	5.6
	KAI	8	10,715	7.3
	Other	1	4,619	3.1
	Subtotal	15	43,177	29.4
Properties operated by outside operators	Urban tourism	11	80,377	54.8
	Other	30	23,213	15.8
	Subtotal	41	103,590	70.6
Total		56	146,767	100.0

b. By regional location

Regional location	Number of properties	Acquisition price (millions of yen)	Share (%)
Hokkaido-Tohoku region	5	7,891	5.4
Kanto region	11	19,336	13.2
Hokuriku region	4	14,421	9.8
Chubu region	16	31,695	21.6
Kinki region	6	34,091	23.2
Chugoku-Shikoku region	6	21,955	15.0
Kyushu-Okinawa region	8	17,378	11.8
Total	56	146,767	100.0

c. By lease period

Lease period	Contract duration		Remaining duration (Note)	
	Acquisition price (millions of yen)	Share (%)	Acquisition price (millions of yen)	Share (%)
Entire portfolio	146,767	100.0	146,767	100.0
More than 10 years	130,772	89.1	128,872	87.8
10 years or less	15,995	10.9	17,895	12.2

(Note) "Remaining duration" as stated is based on the remaining number of years of the lease agreements pertaining to the assets held by HRR as of April 30, 2018.

d. By contract type

Contract type	Acquisition price (millions of yen)	Share (%)
Entire portfolio	146,767	100.0
Fixed-term lease contract	146,767	100.0
Normal lease contract	-	-

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

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

(Unit: thousands of yen)

Property no.		H-1	H-2	H-3	H-4	R-1	R-2
Name of property	Portfolio total	HOSHINOYA Karuizawa	HOSHINOYA Kyoto	HOSHINOYA Fuji	HOSHINOYA Taketomi Island	RISONARE Yatsugatake	RISONARE Atami
① Total real estate operating revenue	5,540,061	421,952	149,871	142,350	168,360	300,823	156,600
Fixed rent	4,045,028	315,000	101,898	142,350	168,360	262,500	156,600
Floating rent	1,483,051	106,952	47,963	-	-	38,323	-
Other rent	10,800	-	-	-	-	-	-
Other revenue	1,181	-	10	-	-	-	-
② Total real estate operating expenses	782,245	36,564	10,666	14,250	16,646	58,358	36,355
Maintenance expenses	62,431	2,165	1,577	369	2,845	14,465	3,280
Taxes and dues	406,864	4,854	2,575	2,852	-	23,807	26,498
Insurance expenses	19,707	766	216	296	226	2,055	878
Land rent	59,387	6,360	-	6,911	6,302	3,937	-
Repair expenses	79,177	22,418	6,296	3,821	7,272	14,091	5,697
Other expenses	154,677	-	-	-	-	-	-
③ NOI [①-②]	4,757,815	385,387	139,204	128,099	151,713	242,465	120,244
④ Depreciation and amortization	1,141,661	102,663	27,884	34,957	45,110	70,927	42,216
⑤ Loss on retirement of non-current assets	203	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	3,615,951	282,723	111,320	93,142	106,603	171,537	78,027

(Unit: thousands of yen)

Property no.	K-1	K-2	K-3	K-4	K-5	K-6	K-7
Name of property	KAI Matsumoto	KAI Izumo	KAI Ito	KAI Hakone	KAI Aso	KAI Kawaji	KAI Kinugawa
① Total real estate operating revenue	45,655	54,491	58,006	56,748	24,384	61,315	102,000
Fixed rent	37,500	37,500	40,000	47,500	21,000	49,800	102,000
Floating rent	8,155	16,991	18,006	9,248	3,364	11,492	-
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	20	22	-
② Total real estate operating expenses	8,139	9,687	8,004	12,975	4,238	14,527	11,038
Maintenance expenses	1,078	482	1,369	1,801	310	2,244	1,309
Taxes and dues	4,233	4,079	5,153	5,370	1,074	8,120	8,732
Insurance expenses	298	156	392	236	72	423	166
Land rent	-	2,280	-	-	-	300	-
Repair expenses	2,529	2,689	1,090	5,567	2,781	3,438	830
Other expenses	-	-	-	-	-	-	-
③ NOI [①-②]	37,515	44,803	50,001	43,772	20,145	46,787	90,961
④ Depreciation and amortization	6,295	5,009	6,584	12,068	6,963	14,410	17,032
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	31,220	39,794	43,417	31,704	13,181	32,377	73,928

(Unit: thousands of yen)

Property no.	K-8	O-35	O-31	O-32	O-33	O-34	O-36
Name of property	KAI Kaga	OMO7 Asahikawa	ANA Crowne Plaza Hiroshima	ANA Crowne Plaza Fukuoka	ANA Crowne Plaza Kanazawa	ANA Crowne Plaza Toyama	Hyatt Regency Osaka
① Total real estate operating revenue	103,185	182,511	600,453	302,106	409,418	197,924	377,293
Fixed rent	103,185	182,400	303,000	144,000	273,000	120,000	-
Floating rent	-	-	296,453	158,106	136,418	77,924	377,275
Other rent	-	-	-	-	-	-	-
Other revenue	-	111	1,000	-	-	-	18
② Total real estate operating expenses	8,147	23,846	47,240	31,950	180,085	33,088	102,587
Maintenance expenses	1,167	-	10,762	-	9,685	-	-
Taxes and dues	6,043	22,901	35,137	31,042	14,812	17,772	86,478
Insurance expenses	283	944	1,340	908	985	956	4,108
Land rent	-	-	-	-	-	14,359	12,000
Repair expenses	653	-	-	-	-	-	-
Other expenses	-	-	-	-	154,602	-	-
③ NOI [①-②]	95,037	158,664	553,213	270,155	229,332	164,835	274,705
④ Depreciation and amortization	27,124	69,671	95,612	43,129	47,638	57,324	115,602
⑤ Loss on retirement of non-current assets	-	203	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	67,913	88,790	457,601	227,025	181,694	107,511	159,103

(Unit: thousands of yen)

Property no.	O-37	O-38	O-39	O-40	O-41	O-42	O-1
Name of property	the b akasaka	the b sangenjaya	the b nagoya	the b kobe	Quintessa Hotel Osaka Shinsaibashi	hotel androoms Osaka Hommachi	Chisun Inn Shiojiri Kita IC
① Total real estate operating revenue	105,540	114,360	113,640	187,440	82,050	17,767	30,705
Fixed rent	105,540	114,360	113,640	187,440	82,050	17,767	24,000
Floating rent	-	-	-	-	-	-	6,705
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	181	125	5,562	7,532	4,305	89	3,218
Maintenance expenses	-	-	-	-	-	-	486
Taxes and dues	-	-	5,217	7,128	4,175	-	2,662
Insurance expenses	181	125	345	404	129	21	69
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	67	-
③ NOI [①-②]	105,358	114,234	108,077	179,907	77,744	17,678	27,487
④ Depreciation and amortization	16,176	12,512	17,798	24,307	10,266	1,980	4,971
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	89,182	101,721	90,278	155,599	67,477	15,697	22,516

(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	32,400	31,981	27,206	25,139	33,953	39,110	31,609
Fixed rent	26,460	23,460	21,480	18,000	28,500	21,960	25,500
Floating rent	5,940	8,521	5,726	7,139	5,453	17,150	6,109
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,507	2,494	2,746	947	2,927	2,696	2,748
Maintenance expenses	318	332	311	328	461	279	259
Taxes and dues	2,117	2,097	2,364	554	2,391	2,347	2,410
Insurance expenses	72	65	70	64	74	70	78
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
③ NOI [①-②]	29,892	29,486	24,460	24,192	31,025	36,413	28,861
④ Depreciation and amortization	6,891	6,436	5,196	4,772	7,161	4,905	5,859
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	23,000	23,050	19,263	19,419	23,864	31,508	23,002

(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	31,463	32,814	30,043	29,560	31,527	29,121	29,009
Fixed rent	22,980	24,000	22,500	22,500	26,460	27,480	23,460
Floating rent	8,483	8,814	7,543	7,060	5,067	1,641	5,549
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,557	2,722	2,814	2,873	2,248	2,433	2,241
Maintenance expenses	298	294	289	469	285	287	303
Taxes and dues	2,186	2,347	2,454	2,338	1,891	2,074	1,871
Insurance expenses	72	77	71	66	72	71	66
Land rent	-	-	-	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	2	-	-	-	-	-
③ NOI [①-②]	28,906	30,091	27,228	26,686	29,278	26,687	26,767
④ Depreciation and amortization	5,166	5,614	5,289	5,890	7,409	7,764	5,936
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	23,739	24,477	21,939	20,796	21,869	18,923	20,831

(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	29,912	24,918	26,195	42,486	28,598	33,603	26,460
Fixed rent	21,000	18,000	24,960	28,980	21,960	25,980	26,460
Floating rent	8,912	6,918	1,235	13,506	6,638	7,623	-
Other rent	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
② Total real estate operating expenses	2,334	2,491	2,494	1,177	3,412	2,915	5,985
Maintenance expenses	320	279	423	294	322	295	-
Taxes and dues	1,942	2,141	1,993	799	3,005	2,548	2,988
Insurance expenses	71	70	74	84	80	72	117
Land rent	-	-	-	-	-	-	2,880
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	2	-	2	-	-
③ NOI [①-②]	27,577	22,427	23,701	41,308	25,186	30,687	20,474
④ Depreciation and amortization	5,404	4,770	5,342	7,528	5,430	6,651	6,403
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	22,172	17,657	18,358	33,779	19,756	24,035	14,071

(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	45,756	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	-	-	-	-	-	-	-
② Total real estate operating expenses	6,075	4,050	4,497	4,035	3,733	2,995	3,968
Maintenance expenses	-	-	-	-	-	-	-
Taxes and dues	3,159	3,893	3,130	3,877	3,614	2,891	3,850
Insurance expenses	112	156	114	158	118	104	117
Land rent	2,804	-	1,252	-	-	-	-
Repair expenses	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
③ NOI [①-②]	26,768	35,319	41,258	16,874	29,189	30,235	33,555
④ Depreciation and amortization	7,857	10,696	10,834	4,029	9,950	9,517	8,325
⑤ Loss on retirement of non-current assets	-	-	-	-	-	-	-
⑥ Operating profit (loss) from real estate leasing [③-④-⑤]	18,910	24,623	30,423	12,845	19,238	20,717	25,230

(Unit: thousands of yen)

Property no.	O-30
Name of property	Chisun Inn Kagoshima Taniyama
① Total real estate operating revenue	83,432
Fixed rent	48,000
Floating rent	24,632
Other rent	10,800
Other revenue	-
② Total real estate operating expenses	7,700
Maintenance expenses	577
Taxes and dues	6,853
Insurance expenses	268
Land rent	-
Repair expenses	-
Other expenses	-
③ NOI [①－②]	75,732
④ Depreciation and amortization	18,381
⑤ Loss on retirement of non-current assets	-
⑥ Operating profit (loss) from real estate leasing [③－④－⑤]	57,350

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

H-1 HOSHINOYA Karuizawa

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	81.3%	83.6%	94.8%	98.7%	91.7%	90.4%	89.3%	79.8%	84.0%	75.5%	71.7%	83.4%	85.5%
ADR (yen)	78,658	72,194	86,429	101,270	88,928	84,248	70,996	70,573	67,294	64,478	66,975	71,959	78,264
RevPAR (yen)	63,928	60,349	81,939	99,997	81,575	76,130	63,374	56,305	56,544	48,688	48,008	59,997	66,890
Sales (millions of yen)	297	260	361	453	343	334	299	250	178	205	224	259	3,470

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

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

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

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

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

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

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

H-2 HOSHINOYA Kyoto

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	89.3%	81.7%	83.1%	79.7%	90.9%	94.9%	97.2%	95.9%	85.5%	88.7%	90.1%	95.1%	89.4%
ADR (yen)	91,586	78,756	87,367	100,039	85,828	99,088	119,646	98,086	70,743	75,013	94,142	108,598	93,321
RevPAR (yen)	81,778	64,370	72,612	79,773	78,046	94,031	116,296	94,036	60,497	66,511	84,788	103,240	83,423
Sales (millions of yen)	100	80	77	94	92	103	145	113	71	65	101	114	1,160

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

H-3 HOSHINOYA Fuji

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	81.4%	72.4%	85.2%	95.1%	96.5%	93.9%	93.0%	82.9%	73.9%	78.8%	77.0%	95.9%	85.8%
ADR (yen)	65,113	51,746	70,764	87,910	66,318	63,061	63,197	63,180	65,322	63,820	64,207	70,126	66,747
RevPAR (yen)	52,983	37,473	60,264	83,585	63,997	59,196	58,773	52,378	48,281	50,258	49,449	67,262	57,245
Sales (millions of yen)	102	73	113	151	118	113	116	101	68	84	97	124	1,265

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

H-4 HOSHINOYA Taketomi Island

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	64.5%	70.7%	92.2%	91.7%	79.7%	77.9%	68.3%	66.8%	56.1%	65.8%	70.7%	64.7%	72.8%
ADR (yen)	70,156	63,737	77,504	89,168	73,428	70,949	63,518	59,185	60,519	55,432	58,070	63,876	68,453
RevPAR (yen)	45,262	45,059	71,462	81,737	58,539	55,262	43,404	39,536	33,941	36,501	41,054	41,297	49,814
Sales (millions of yen)	110	107	157	179	126	123	116	98	65	83	99	95	1,363

(Note 1) Results for the past year are shown, but November 1, 2017 is when HRR acquired the concerned property.

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

R-1 RISONARE Yatsugatake

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	71.5%	72.0%	90.8%	98.6%	86.6%	83.6%	83.5%	69.9%	67.7%	57.7%	77.2%	58.4%	76.9%
ADR (yen)	31,814	23,203	43,729	62,213	39,681	34,410	28,671	38,648	42,600	26,247	31,519	32,805	37,298
RevPAR (yen)	22,745	16,696	39,685	61,314	34,367	28,763	23,940	27,022	28,854	15,145	24,337	19,174	28,675
Sales (millions of yen)	449	343	553	737	483	473	397	347	215	191	316	281	4,790

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

R-2 RISONARE Atami

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	82.0%	87.2%	91.2%	95.6%	86.7%	81.5%	84.7%	86.8%	96.8%	96.8%	97.5%	86.5%	88.5%
ADR (yen)	48,758	37,825	57,954	87,515	49,985	47,677	44,996	56,031	56,543	44,034	51,855	43,540	53,199
RevPAR (yen)	39,974	32,969	52,856	83,665	43,321	38,849	38,120	48,629	54,736	42,627	50,544	37,647	47,107
Sales (millions of yen)	144	108	182	267	147	139	140	157	126	81	88	123	1,708

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

K-1 KAI Matsumoto

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	72.8%	66.5%	81.6%	89.5%	83.1%	81.6%	79.5%	68.6%	69.2%	71.2%	70.7%	65.1%	75.3%
ADR (yen)	48,245	36,443	44,365	62,597	47,117	46,403	43,806	42,444	44,437	30,914	36,261	42,652	44,522
RevPAR (yen)	35,136	24,243	36,219	55,995	39,143	37,883	34,820	29,103	30,764	21,996	25,644	27,778	33,514
Sales (millions of yen)	51	35	54	75	54	55	52	40	31	35	42	40	570

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

K-2 KAI Izumo

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.3%	82.3%	80.4%	89.7%	91.0%	93.1%	98.3%	88.6%	80.7%	90.1%	96.1%	92.0%	88.9%
ADR (yen)	50,291	42,712	46,970	59,332	50,043	50,474	51,976	48,481	44,916	36,138	41,207	43,799	47,448
RevPAR (yen)	42,382	35,164	37,744	53,191	45,525	47,014	51,109	42,942	36,269	32,547	39,600	40,284	42,204
Sales (millions of yen)	57	47	46	68	58	62	71	65	52	46	60	50	687

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

K-3 KAI Ito

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	75.5%	66.1%	84.7%	97.8%	86.8%	78.5%	81.4%	82.1%	85.8%	93.0%	91.1%	78.7%	83.5%
ADR (yen)	35,093	28,184	31,020	45,641	28,879	28,655	27,891	38,991	32,243	31,534	36,263	29,630	33,187
RevPAR (yen)	26,489	18,633	26,284	44,659	25,060	22,496	22,716	32,000	27,666	29,319	33,026	23,316	27,711
Sales (millions of yen)	56	43	58	84	58	51	57	59	61	59	70	49	710

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

K-4 KAI Hakone

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	86.0%	89.2%	89.6%	96.9%	96.0%	92.8%	97.9%	96.0%	91.0%	96.4%	96.5%	92.1%	93.4%
ADR (yen)	44,947	38,049	45,145	53,290	42,278	44,256	47,880	48,207	41,719	41,076	39,372	43,634	44,252
RevPAR (yen)	38,649	33,930	40,457	51,625	40,605	41,075	46,883	46,285	37,976	39,609	37,983	40,203	41,313
Sales (millions of yen)	73	62	76	91	76	77	87	80	73	69	77	71	918

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

K-5 KAI Aso

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.1%	64.6%	68.7%	84.2%	73.1%	93.0%	94.2%	87.4%	80.8%	91.4%	93.5%	79.0%	83.0%
ADR (yen)	70,541	57,423	65,851	77,372	61,288	66,336	67,023	66,169	62,899	58,068	56,690	71,804	65,183
RevPAR (yen)	58,594	37,086	45,225	65,144	44,774	61,700	63,113	57,809	50,803	53,056	53,032	56,734	54,072
Sales (millions of yen)	33	20	25	34	26	37	36	33	25	29	32	28	364

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

K-6 KAI Kawaji

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	66.4%	64.6%	73.5%	84.6%	72.3%	69.2%	78.9%	73.0%	89.4%	78.4%	80.6%	64.6%	73.6%
ADR (yen)	28,632	21,352	25,512	38,942	25,898	34,330	31,067	29,210	43,014	24,821	23,181	22,577	28,631
RevPAR (yen)	19,019	13,798	18,740	32,964	18,736	23,768	24,508	21,323	38,434	19,466	18,688	14,591	21,061
Sales (millions of yen)	63	50	58	99	63	74	80	72	29	45	68	54	759

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

K-7 KAI Kinugawa

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	59.5%	54.0%	60.4%	77.4%	72.6%	78.2%	76.3%	72.2%	69.9%	70.8%	72.5%	66.2%	69.2%
ADR (yen)	43,628	35,032	36,739	45,348	35,667	39,730	39,389	38,663	34,219	30,948	31,607	33,615	37,209
RevPAR (yen)	25,948	18,900	22,196	35,108	25,883	31,053	30,034	27,923	23,917	21,898	22,915	22,265	25,746
Sales (millions of yen)	68	53	66	95	75	88	85	77	71	62	69	63	878

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

K-8 KAI Kaga

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	67.9%	44.5%	62.3%	81.9%	74.7%	75.4%	84.5%	71.7%	62.9%	63.8%	81.0%	60.9%	69.4%
ADR (yen)	39,512	27,852	36,246	44,275	37,015	36,246	39,730	44,816	45,582	40,504	33,546	37,035	38,860
RevPAR (yen)	26,846	12,398	22,580	36,241	27,658	27,341	33,577	32,118	28,672	25,827	27,166	22,561	26,952
Sales (millions of yen)	77	41	67	99	79	76	104	92	84	74	90	62	951

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

O-35 Hoshino Resorts OMO7 Asahikawa

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.4%	93.8%	97.3%	94.1%	92.2%	82.3%	60.6%	62.5%	62.0%	79.1%	71.2%	34.6%	76.3%
ADR (yen)	9,412	11,237	17,501	16,923	11,452	8,541	6,761	7,599	7,442	9,361	6,746	7,581	10,840
RevPAR (yen)	7,568	10,535	17,019	15,919	10,559	7,033	4,099	4,747	4,614	7,400	4,803	2,624	8,276
Sales (millions of yen)	194	230	288	284	217	190	144	200	171	160	129	113	2,326

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

O-31 ANA Crowne Plaza Hiroshima

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	75.0%	76.9%	75.7%	84.7%	88.1%	89.5%	93.7%	77.8%	63.2%	81.8%	85.9%	89.4%	81.8%
ADR (yen)	14,773	12,561	11,953	15,045	12,133	14,280	14,130	10,726	9,853	10,204	11,215	14,672	12,737
RevPAR (yen)	11,072	9,658	9,052	12,750	10,695	12,782	13,237	8,341	6,227	8,345	9,633	13,116	10,412
Sales (millions of yen)	445	417	383	417	390	438	501	536	339	358	460	435	5,124

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

O-32 ANA Crowne Plaza Fukuoka

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	87.2%	88.6%	85.5%	89.5%	87.7%	90.6%	91.4%	87.8%	74.8%	90.1%	90.4%	88.4%	87.6%
ADR (yen)	14,256	12,692	14,307	14,476	14,471	15,767	16,084	15,580	13,834	16,359	15,646	15,169	14,902
RevPAR (yen)	12,438	11,242	12,236	12,953	12,697	14,290	14,696	13,684	10,348	14,747	14,137	13,412	13,060
Sales (millions of yen)	293	264	260	243	265	319	337	320	269	285	313	279	3,452

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

O-33 ANA Crowne Plaza Kanazawa

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.5%	75.1%	66.1%	90.4%	92.6%	91.5%	93.1%	80.9%	63.8%	71.8%	82.5%	92.0%	82.0%
ADR (yen)	19,013	14,880	16,014	17,819	15,723	18,991	18,936	14,990	13,027	13,506	15,786	18,404	16,637
RevPAR (yen)	16,069	11,173	10,589	16,113	14,552	17,382	17,628	12,123	8,310	9,703	13,019	16,936	13,650
Sales (millions of yen)	322	288	301	297	321	346	362	324	234	208	296	295	3,601

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

O-34 ANA Crowne Plaza Toyama

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	79.0%	87.5%	76.2%	87.6%	84.0%	85.3%	87.6%	62.7%	56.2%	72.1%	81.5%	92.0%	79.3%
ADR (yen)	14,171	9,901	9,772	11,328	11,911	12,668	10,324	9,404	8,555	8,757	7,698	12,802	10,742
RevPAR (yen)	11,198	8,664	7,448	9,923	10,000	10,810	9,048	5,895	4,807	6,312	6,276	11,773	8,516
Sales (millions of yen)	255	266	218	217	230	288	261	225	177	163	206	260	2,769

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

O-36 Hyatt Regency Osaka

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	77.0%	72.5%	78.3%	86.8%	76.5%	84.5%	82.7%	71.9%	55.9%	78.5%	77.0%	87.9%	77.4%
ADR (yen)	15,544	14,059	15,145	17,423	14,629	15,681	16,401	15,837	14,507	15,698	15,726	15,786	15,597
RevPAR (yen)	11,971	10,196	11,857	15,125	11,192	13,258	13,559	11,387	8,113	12,325	12,104	13,875	12,077
Sales (millions of yen)	375	338	374	414	401	427	429	412	265	335	376	379	4,530

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

O-37 the b akasaka

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	82.6%	88.1%	87.7%	94.0%	93.3%	91.3%	95.7%	81.0%	73.4%	91.7%	91.2%	94.8%	88.7%
ADR (yen)	9,602	9,167	10,072	9,421	9,197	10,663	10,312	10,240	9,206	10,289	10,511	11,023	9,991
RevPAR (yen)	7,929	8,080	8,833	8,854	8,580	9,739	9,872	8,294	6,755	9,436	9,582	10,445	8,858
Sales (millions of yen)	41	41	46	46	46	52	52	44	37	46	52	55	564

(Note 1) Results for the past year are shown, but November 1, 2017 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee KK Ishin MinatoAkasaka Operations.

O-38 the b sangenjaya

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	91.3%	85.1%	91.4%	89.2%	86.3%	91.6%	91.3%	86.4%	82.3%	91.3%	93.3%	97.9%	89.8%
ADR (yen)	10,367	10,236	11,122	11,004	10,879	11,349	11,570	11,174	10,924	12,155	11,604	11,086	11,125
RevPAR (yen)	9,466	8,712	10,164	9,813	9,392	10,393	10,563	9,653	8,989	11,103	10,827	10,848	9,986
Sales (millions of yen)	35	31	38	37	34	40	39	37	34	38	41	40	450

(Note 1) Results for the past year are shown, but November 1, 2017 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee KK Ishin Sangenjaya Operations.

O-39 the b nagoya

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	79.6%	85.6%	93.4%	96.2%	93.0%	92.3%	89.6%	84.2%	86.0%	96.1%	95.9%	95.7%	90.6%
ADR (yen)	7,698	7,108	7,178	7,614	7,155	7,625	7,468	7,496	6,176	6,829	6,991	6,992	7,194
RevPAR (yen)	6,125	6,081	6,704	7,323	6,650	7,041	6,695	6,310	5,311	6,562	6,707	6,689	6,516
Sales (millions of yen)	45	44	49	54	49	54	50	48	42	46	52	50	588

(Note 1) Results for the past year are shown, but November 1, 2017 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee KK Ishin NagoyaSakae Operations.

O-40 the b kobe

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	89.8%	92.0%	93.4%	95.7%	92.3%	91.7%	92.9%	94.7%	84.1%	92.5%	95.5%	92.9%	92.3%
ADR (yen)	10,679	9,449	10,455	11,612	9,784	10,505	10,831	10,984	8,739	9,371	10,548	9,963	10,271
RevPAR (yen)	9,594	8,695	9,764	11,108	9,027	9,631	10,057	10,404	7,353	8,666	10,074	9,251	9,478
Sales (millions of yen)	59	53	60	67	57	62	62	66	50	52	65	59	720

(Note 1) Results for the past year are shown, but November 1, 2017 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee KK Ishin KobeSannomiya Operations.

O-42 hotel androoms Osaka Hommachi

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	76.4%	92.1%	90.4%	92.1%	83.3%	91.2%	91.1%	95.4%	91.5%	94.3%	92.6%	87.5%	89.8%
ADR (yen)	12,031	10,825	13,612	14,805	13,267	13,474	14,226	13,263	11,431	13,517	13,910	15,332	13,316
RevPAR (yen)	9,186	9,970	12,308	13,641	11,056	12,292	12,956	12,648	10,457	12,753	12,886	13,411	11,958
Sales (millions of yen)	31	33	41	46	36	41	42	42	35	39	43	44	479

(Note 1) Results for the past year are shown, but April 2, 2018 is when HRR acquired the concerned property.

(Note 2) Monthly key indicators are based on figures provided by the lessee Osaka Hotel Management LLC.

O-1 Chisun Inn Shiojiri Kita IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	82.5%	83.4%	86.9%	90.7%	87.9%	85.3%	86.0%	79.0%	80.6%	79.2%	80.2%	80.5%	83.5%
ADR (yen)	5,958	5,616	5,950	7,577	6,340	6,023	5,736	5,354	5,143	5,371	5,411	5,808	5,884
RevPAR (yen)	4,916	4,682	5,169	6,870	5,573	5,138	4,932	4,227	4,147	4,253	4,339	4,673	4,915
Sales (millions of yen)	15	14	16	21	16	16	14	13	12	12	13	14	180

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

O-2 Chisun Inn Sano Fujioka IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	83.4%	87.2%	75.1%	83.8%	78.2%	85.3%	84.9%	86.2%	82.3%	85.9%	82.8%	86.2%	83.4%
ADR (yen)	6,456	5,586	6,131	6,559	5,977	5,978	6,097	6,284	6,039	5,718	5,882	6,085	6,068
RevPAR (yen)	5,383	4,872	4,607	5,499	4,671	5,098	5,173	5,414	4,967	4,912	4,869	5,245	5,061
Sales (millions of yen)	15	14	13	16	13	15	14	16	14	13	14	15	178

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

O-3 Chisun Inn Suwa IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	85.2%	88.9%	86.5%	94.0%	85.9%	82.3%	83.8%	83.3%	75.8%	80.4%	80.4%	83.6%	84.2%
ADR (yen)	6,037	5,656	5,953	7,714	6,568	5,952	5,834	5,414	5,218	5,296	5,333	5,697	5,922
RevPAR (yen)	5,144	5,027	5,147	7,249	5,640	4,898	4,887	4,508	3,953	4,259	4,289	4,762	4,985
Sales (millions of yen)	15	14	15	21	16	14	14	13	11	11	12	13	176

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

O-4 Chisun Inn Toyokawa IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.9%	77.6%	87.1%	90.1%	81.7%	84.5%	87.0%	84.0%	79.6%	83.2%	83.1%	77.0%	83.0%
ADR (yen)	5,340	4,706	5,073	5,824	4,953	4,948	4,936	5,031	5,081	4,872	5,447	5,436	5,145
RevPAR (yen)	4,319	3,653	4,417	5,246	4,045	4,178	4,292	4,225	4,043	4,052	4,526	4,187	4,269
Sales (millions of yen)	13	11	13	16	12	13	12	13	12	11	14	12	157

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

O-5 Chisun Inn Tosu

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	72.8%	65.0%	78.0%	81.8%	66.1%	72.8%	75.7%	69.7%	68.5%	77.3%	74.8%	88.6%	74.2%
ADR (yen)	5,892	5,011	5,486	6,469	5,365	5,293	5,471	5,797	5,341	5,290	5,691	5,552	5,573
RevPAR (yen)	4,291	3,255	4,280	5,289	3,544	3,851	4,139	4,043	3,659	4,091	4,256	4,920	4,137
Sales (millions of yen)	12	9	13	16	10	11	12	12	11	11	12	14	147

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

O-6 Chisun Inn Chiba Hamano R16

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	88.2%	80.1%	84.0%	85.5%	82.0%	91.3%	88.1%	89.4%	75.9%	86.9%	92.8%	90.7%	86.3%
ADR (yen)	6,212	6,097	5,806	6,663	5,916	5,738	5,769	6,427	5,813	6,064	6,225	6,268	6,088
RevPAR (yen)	5,481	4,884	4,879	5,698	4,852	5,238	5,082	5,748	4,415	5,269	5,777	5,683	5,252
Sales (millions of yen)	16	14	15	17	14	16	15	17	13	14	17	17	189

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

O-7 Chisun Inn Kumamoto Miyukifueda

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	80.4%	86.8%	87.9%	85.2%	83.3%	85.9%	87.3%	81.7%	78.6%	80.5%	86.1%	85.9%	84.1%
ADR (yen)	6,639	6,498	6,456	6,830	6,412	6,485	6,589	6,488	6,507	6,644	6,638	6,856	6,587
RevPAR (yen)	5,341	5,638	5,672	5,820	5,339	5,574	5,755	5,301	5,117	5,348	5,716	5,886	5,543
Sales (millions of yen)	17	17	18	18	16	18	17	17	16	15	18	18	211

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

O-8 Chisun Inn Utsunomiya Kanuma

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	82.5%	77.7%	83.7%	88.4%	85.4%	84.9%	88.9%	81.3%	74.1%	81.5%	84.0%	79.7%	82.7%
ADR (yen)	6,023	5,395	5,563	6,215	5,587	6,014	6,116	5,516	5,485	5,684	5,791	5,771	5,774
RevPAR (yen)	4,970	4,190	4,658	5,492	4,770	5,108	5,437	4,483	4,064	4,632	4,865	4,597	4,774
Sales (millions of yen)	15	12	14	17	14	16	16	14	13	13	15	14	179

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

O-9 Chisun Inn Fukui

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	79.6%	73.9%	85.3%	93.4%	86.6%	84.8%	86.6%	79.9%	70.2%	80.0%	87.3%	86.5%	83.0%
ADR (yen)	6,306	5,436	5,762	6,873	5,997	5,942	5,910	5,378	5,202	5,443	5,804	5,657	5,836
RevPAR (yen)	5,019	4,016	4,916	6,416	5,193	5,040	5,118	4,294	3,652	4,354	5,065	4,893	4,842
Sales (millions of yen)	14	10	15	20	16	16	15	13	11	12	16	15	179

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

O-10 Chisun Inn Fukushima Nishi IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	89.4%	91.4%	82.9%	82.1%	79.4%	84.7%	84.4%	65.9%	62.8%	82.6%	75.7%	77.2%	79.8%
ADR (yen)	5,734	5,306	6,231	6,568	5,474	5,446	5,364	5,108	4,924	5,247	5,359	5,681	5,560
RevPAR (yen)	5,126	4,850	5,169	5,394	4,347	4,614	4,525	3,366	3,090	4,335	4,056	4,388	4,438
Sales (millions of yen)	16	14	16	17	13	14	14	11	10	12	13	13	168

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

O-11 Chisun Inn Niigata Chuo IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	86.7%	76.7%	78.5%	92.7%	84.8%	85.0%	78.2%	66.4%	63.2%	72.7%	78.9%	72.9%	78.1%
ADR (yen)	5,829	5,432	5,877	7,150	5,577	5,390	5,399	5,250	4,918	5,323	5,581	5,554	5,653
RevPAR (yen)	5,055	4,166	4,613	6,630	4,729	4,580	4,221	3,483	3,110	3,872	4,401	4,046	4,415
Sales (millions of yen)	16	13	15	21	14	14	13	11	10	11	14	12	169

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

O-12 Chisun Inn Nagasaki Airport

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	74.1%	74.3%	77.5%	83.9%	76.3%	82.1%	85.4%	87.6%	75.8%	84.4%	84.2%	76.7%	80.1%
ADR (yen)	5,958	5,301	5,796	6,970	5,590	5,765	5,937	6,191	5,697	5,765	5,945	5,894	5,911
RevPAR (yen)	4,416	3,939	4,491	5,851	4,263	4,734	5,072	5,426	4,318	4,868	5,005	4,523	4,732
Sales (millions of yen)	13	11	13	17	12	14	14	13	13	13	15	13	165

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

O-13 Chisun Inn Hitachinaka

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	84.3%	86.4%	86.9%	92.4%	86.4%	88.0%	83.0%	80.9%	77.7%	79.7%	83.8%	84.7%	84.6%
ADR (yen)	6,041	5,439	5,676	6,262	5,395	5,662	5,596	5,462	5,612	5,517	5,625	5,852	5,691
RevPAR (yen)	5,090	4,702	4,929	5,788	4,660	4,981	4,647	4,418	4,358	4,399	4,714	4,959	4,815
Sales (millions of yen)	15	13	14	17	13	14	13	10	13	11	14	14	167

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

O-14 Chisun Inn Tsuchiura Ami

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	77.4%	81.7%	84.6%	81.8%	77.7%	80.5%	88.1%	71.7%	75.6%	83.3%	84.4%	78.7%	80.5%
ADR (yen)	5,522	5,136	5,624	6,110	5,467	5,488	5,561	5,285	5,462	5,447	5,601	5,809	5,549
RevPAR (yen)	4,273	4,194	4,756	4,996	4,250	4,418	4,900	3,788	4,131	4,540	4,729	4,569	4,465
Sales (millions of yen)	12	12	14	14	9	13	14	11	12	12	14	13	155

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

O-15 Chisun Inn Kofu Isawa

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	76.8%	81.4%	82.3%	94.4%	77.5%	83.7%	85.1%	77.6%	67.9%	74.7%	79.6%	77.9%	80.2%
ADR (yen)	5,936	5,353	5,786	6,722	5,767	5,460	5,538	5,501	5,464	5,182	5,457	5,761	5,688
RevPAR (yen)	4,560	4,356	4,762	6,342	4,472	4,570	4,714	4,268	3,710	3,872	4,341	4,488	4,560
Sales (millions of yen)	13	12	14	19	13	13	13	12	9	10	13	13	158

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

O-16 Chisun Inn Marugame Zentsuji

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	73.8%	69.0%	69.1%	80.4%	70.2%	77.1%	76.8%	60.3%	58.1%	81.3%	80.7%	75.3%	72.4%
ADR (yen)	6,257	5,639	5,917	7,259	5,767	6,443	6,266	6,076	5,673	5,833	6,426	5,911	6,155
RevPAR (yen)	4,620	3,894	4,086	5,837	4,047	4,969	4,814	3,666	3,294	4,744	5,186	4,451	4,459
Sales (millions of yen)	14	12	12	18	12	15	14	11	10	11	15	13	163

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

O-17 Chisun Inn Munakata

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	67.9%	64.3%	72.9%	75.0%	71.2%	79.9%	78.3%	71.7%	77.9%	81.8%	80.8%	79.4%	75.0%
ADR (yen)	5,445	4,970	5,140	5,672	5,390	5,068	5,159	5,592	5,094	5,083	5,099	4,994	5,223
RevPAR (yen)	3,696	3,196	3,748	4,251	3,835	4,047	4,038	4,007	3,969	4,157	4,122	3,966	3,919
Sales (millions of yen)	11	9	12	13	11	12	12	12	12	12	13	12	148

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

O-18 Chisun Inn Iwate Ichinoseki IC

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	69.2%	66.4%	70.2%	88.4%	82.0%	83.0%	80.9%	69.1%	66.7%	59.2%	65.7%	66.9%	72.4%
ADR (yen)	6,331	5,334	5,817	6,598	5,758	5,768	5,699	5,484	5,231	5,394	5,285	5,820	5,742
RevPAR (yen)	4,382	3,544	4,081	5,830	4,719	4,785	4,612	3,790	3,490	3,193	3,474	3,895	4,157
Sales (millions of yen)	13	10	12	17	13	14	13	11	10	8	10	11	149

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

O-19 Chisun Inn Karuizawa

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	85.9%	89.8%	89.0%	87.1%	88.1%	92.6%	88.3%	68.0%	53.4%	75.7%	76.9%	78.3%	81.1%
ADR (yen)	8,774	6,618	9,925	15,241	8,889	7,474	7,193	7,864	7,452	6,764	6,308	7,200	8,411
RevPAR (yen)	7,535	5,942	8,833	13,274	7,833	6,922	6,354	5,349	3,977	5,121	4,850	5,634	6,820
Sales (millions of yen)	22	17	25	38	22	20	18	15	11	13	14	16	236

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

O-20 Chisun Inn Himeji Yumesakibashi

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	71.7%	76.2%	75.7%	81.6%	78.1%	76.6%	81.4%	75.8%	74.2%	78.1%	79.7%	82.6%	77.6%
ADR (yen)	5,719	5,082	5,245	6,085	5,015	5,319	5,624	5,543	5,345	5,171	5,503	5,445	5,431
RevPAR (yen)	4,100	3,872	3,970	4,965	3,915	4,074	4,577	4,202	3,968	4,038	4,386	4,498	4,215
Sales (millions of yen)	13	12	12	15	12	13	14	13	12	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

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	88.5%	90.7%	83.4%	87.6%	85.5%	86.9%	88.5%	81.6%	73.3%	80.6%	83.4%	79.3%	84.1%
ADR (yen)	5,940	5,454	5,627	6,272	5,719	5,931	5,786	5,543	5,333	5,546	6,267	6,099	5,801
RevPAR (yen)	5,255	4,945	4,692	5,493	4,888	5,154	5,119	4,521	3,911	4,473	5,230	4,834	4,879
Sales (millions of yen)	16	15	15	17	15	16	15	14	12	12	16	14	183

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

O-30 Chisun Inn Kagoshima Taniyama

	2017								2018				Accumulated total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Guest room occupancy rate	78.2%	78.5%	85.3%	80.9%	83.1%	90.0%	93.0%	81.0%	82.3%	94.5%	87.6%	81.1%	84.5%
ADR (yen)	5,402	5,106	5,291	5,522	5,258	5,522	5,714	5,637	5,621	5,811	5,878	5,679	5,543
RevPAR (yen)	4,226	4,006	4,511	4,466	4,370	4,967	5,314	4,566	4,627	5,493	5,148	4,607	4,686
Sales (millions of yen)	31	29	33	33	31	36	37	33	34	36	37	32	406

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

(h) Status of Capital Expenditures

a. Schedule of Capital Expenditures

Of capital expenditures associated with renovation work, etc. in the fiscal period ending October 2018 currently planned for assets held by HRR as of April 30, 2018, 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 Yatsugatake	Hokuto-shi, Yamanashi	Renovation of pool	From: January 2018 To: June 2018	137	49	50
ANA Crowne Plaza Hiroshima	Hiroshima-shi, Hiroshima	Upgrading of private branch exchange (PBX)	From: May 2018 To: September 2018	49	-	-
Hyatt Regency Osaka	Osaka-shi, Osaka	Renovation of club lounge	From: May 2018 To: July 2018	46	1	1

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, 2018, the following are the major amounts. The fiscal period under review's capital expenditures amounted to 1,421 million yen and repair expenses separately charged to expenses amounted to 79 million yen for a combined total of 1,501 million yen of construction work implemented.

Name of real estate, etc.	Location	Purpose	Period	Construction costs (millions of yen)
OMO7 Asahikawa	Asahikawa-shi, Hokkaido	Renovation of guest rooms and common-use areas	From: September 2017 To: April 2018	382
RISONARE Atami	Atami-shi, Shizuoka	Renovation of restaurant and plumbing fixtures in guest rooms	From: January 2018 To: April 2018	258
ANA Crowne Plaza Kanazawa	Kanazawa-shi, Ishikawa	Renovation of guest rooms	From: January 2018 To: March 2018	34
KAI Kawaji	Nikko-shi, Tochigi	Renovation of cool and hot water system for central air conditioning	From: January 2018 To: February 2018	30