



Japan Hotel REIT Investment Corporation (TSE:8985)

Midterm Financial Results

FY12/2025 (26th Period)

Japan Hotel REIT Investment Corporation
Japan Hotel REIT Advisors Co., Ltd.
<https://www.jhrth.co.jp/en/>

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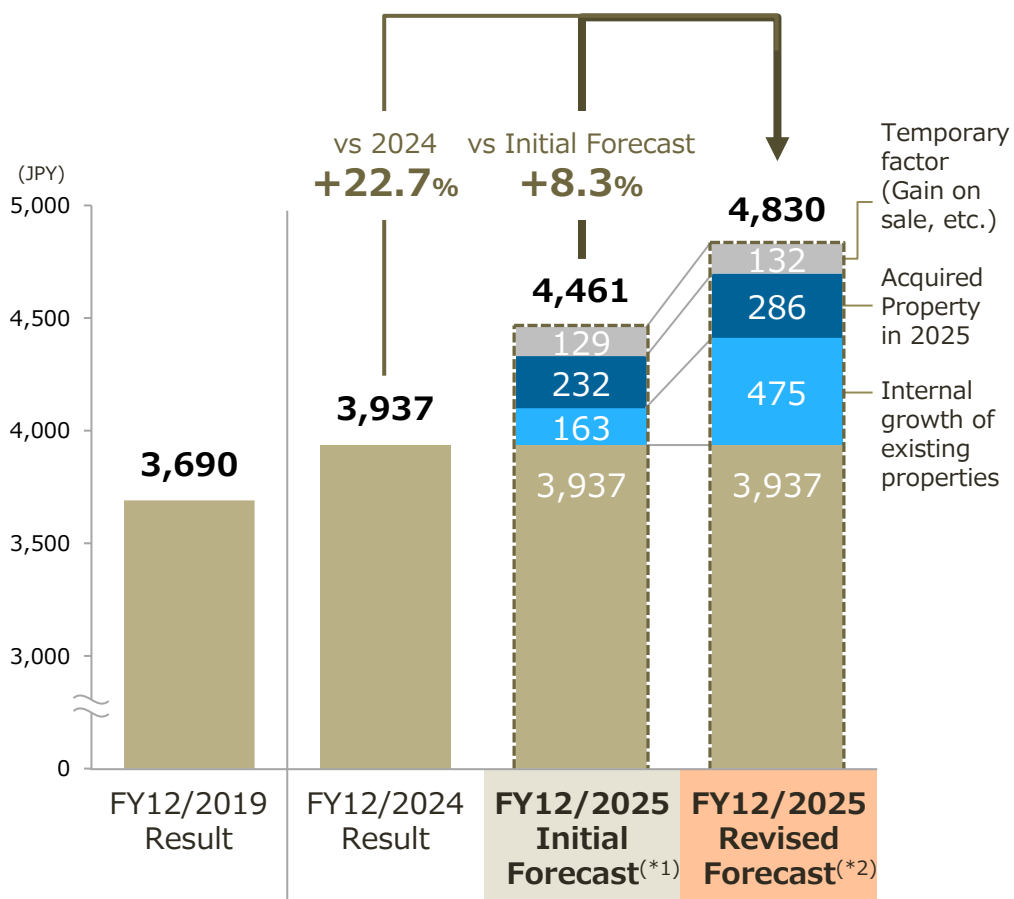
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I . Midterm Highlights

1. Midterm Highlights

Stronger DPU Outlook Driven by Internal Growth

Changes in DPU



Hotel Performance (28 Hotels with Variable Rent, etc.^(*3))

	First Half (Result)	vs Initial Forecast	vs 2024	Full Year (Forecast)	vs Initial Forecast	vs 2024
OCC	85.2%	+0.7pt	+4.1pt	86.3%	(0.1pt)	+3.2pt
ADR (JPY)	20,062	+6.5%	+11.4%	21,205	+3.7%	+8.6%
RevPAR (JPY)	17,087	+7.4%	+17.0%	18,297	+3.6%	+12.8%
Total Revenue (JPY MM)	36,187	+7.2%	+15.3%	77,113	+3.6%	+10.6%
Rooms Dept.	23,914	+7.4%	+16.5%	51,637	+3.6%	+12.6%
F&B Dept.	10,964	+7.2%	+13.4%	22,782	+3.7%	+7.2%
GOP (JPY MM)	12,922	+13.1%	+18.0%	28,907	+6.1%	+14.1%

Internal Growth Key Drivers

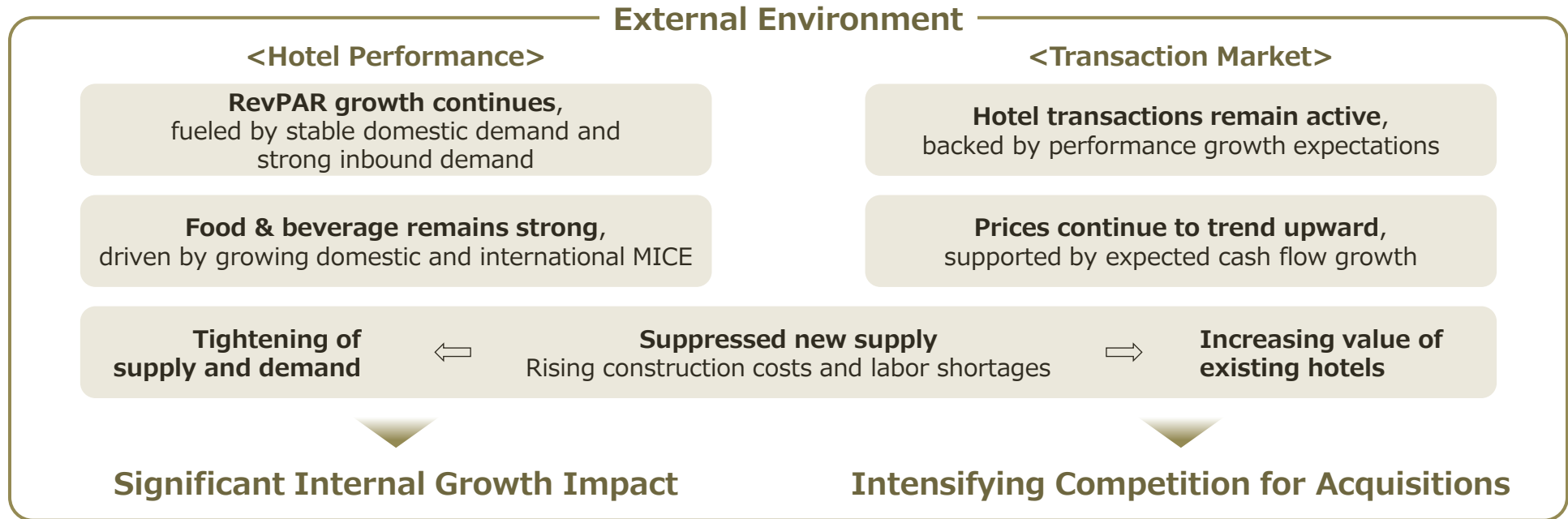


(*1) Initial Forecast refers to the figures based on the forecast announced in the Financial Report for FY12/2025 dated February 25, 2025. The same shall apply hereinafter.

(*2) Revised Forecast refers to the figures based on the revised forecast announced in the Midterm Financial Report for FY12/2025 dated August 25, 2025. The same shall apply hereinafter.

(*3) For the definition of the 28 Hotels with Variable Rent, etc., please refer to the note on page 14.

II. Operational Policy and Capital Policy



Maximizing DPU through Both Internal and External Growth

Internal Growth



External Growth

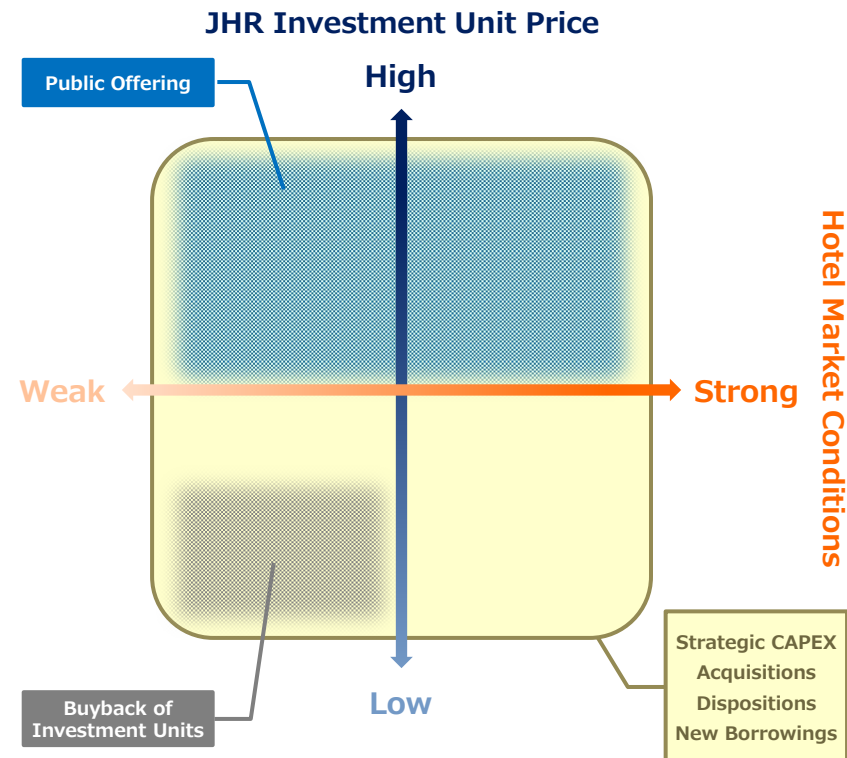
(*) HMJ stands for Hotel Management Japan Co., Ltd. (hereinafter called "HMJ"), which is a group company of the Asset Management Company, JHRA. HMJ and its subsidiaries are collectively called "HMJ Group." The same shall apply hereinafter.

2. Capital Policy

Each Initiative **under Current Environment**

Use of Funds	Strategic CAPEX	7-year payback on NOI post depreciation
	Acquisitions	Focus on DPU-accretive assets
	Buyback of Investment Units	Evaluate under low unit price conditions
Financing	Public Offering	At around 1.0x P/NAV as a principle
	New Borrowings	In principle, appraisal-based LTV capped at 40%
	Dispositions	Capital recycling purpose

<Capital Policy Matrix>



Estimated impact of each initiative on DPU

(In case of utilizing JPY5Bn in cash on hand)

Assumptions:

- CAPEX Investment: 7-year payback on NOI post depr.
- Buyback of Investment Unit: Target at 0.8x P/NAV
- Borrowing Cost: 1.5% (all-in cost)

Strategic CAPEX	Buyback of Investment Units	Repayment of Borrowings
+JPY140 (+2.9%)	+JPY67 (+1.4%)	+JPY15 (+0.3%)

III. Operating Forecast for Full Fiscal Year and Summary of Midterm Settlement of Accounts

1. Operating Forecast for FY12/2025

		FY12/2024 (25th Period)	FY12/2025 (26th Period)		(1) Difference from Previous Year		(2) Difference from Initial Forecast	
(JPY MM)		Result (A)	Initial Forecast (B)	Revised Forecast (C)	(C)-(A)	%	(C)-(B)	%
Proper ties	No. of Properties	51	51	51	–		–	
	Acquisition Price	453,171	515,391	515,391	62,220	13.7%	–	–
Profit and Loss	Operating Revenue	33,481	42,732	44,669	11,188	33.4%	1,937	4.5%
	Real Estate Operating Revenue	33,481	40,383	42,323	8,842	26.4%	1,939	4.8%
	Fixed Rent	49.8% 16,134	48.9% 19,246	46.7% 19,282	3,147	19.5%	36	0.2%
	Variable Rent	50.2% 16,254	51.1% 20,140	53.3% 21,981	5,726	35.2%	1,841	9.1%
	Other Revenue	1,091	996	1,059	(31)	(2.9%)	62	6.3%
	Gain on Sales of Properties	–	2,348	2,346	2,346	–	(2)	(0.1%)
	NOI ^{(*)2}	29,014	35,751	37,666	8,651	29.8%	1,914	5.4%
	Depreciation	5,617	6,747	6,602	984		(144)	
	Loss on Retirement of Noncurrent Assets, etc.	238	101	111	(126)		10	
	NOI after Depreciation ^{(*)2}	23,158	28,903	30,952	7,794	33.7%	2,049	7.1%
	SG&A	2,378	3,046	3,077	698		30	
	Operating Income	20,779	28,205	30,221	9,441	45.4%	2,016	7.1%
Dividend	Ordinary Income	18,273	23,806	25,666	7,393	40.5%	1,860	7.8%
	Net Income	18,272	24,195	26,063	7,791	42.6%	1,867	7.7%
	Use of Negative Goodwill	1,795	362	372	(1,422)	(79.2%)	10	2.8%
	Amount of Reserve for Tax Purpose Reduction Entry	–	(1,818)	(1,818)	(1,818)	–	–	–
	Total Dividends	20,066	22,737	24,618	4,551	22.7%	1,880	8.3%
Dividend	Number of Units Issued (Unit)	5,097,006	5,097,006	5,097,006	–	–	–	–
	Dividend per Unit (JPY)	3,937	4,461	4,830	893	22.7%	369	8.3%

(1) Main Factors of Difference vs 2024

Fixed Rent

- 28 Hotels with Variable Rent, etc.^{(*)3} +JPY76MM
- Others +JPY1,191MM
- Acquisition in 2024^{(*)4} +JPY1,347MM
- Sale in 2025^{(*)5} -JPY221MM
- Acquisition in 2025^{(*)6} +JPY1,879MM

(Total) +JPY3,147MM

Variable Rent

- 28 Hotels with Variable Rent, etc. +JPY3,199MM
- Others +JPY636MM
- Acquisition in 2024 +JPY325MM
- Acquisition in 2025 +JPY1,890MM

(Total) +JPY5,726MM

(2) Main Factors of Difference vs Initial Forecast

Fixed Rent

- Others +JPY36MM
- Acquisition in 2024 +JPY24MM

(Total) +JPY36MM

Variable Rent

- 28 Hotels with Variable Rent, etc. +JPY1,538MM
- Others +JPY194MM
- Acquisition in 2024 +JPY5MM
- Acquisition in 2025 +JPY108MM

(Total) +JPY1,841MM

(*)1 For details, please refer to the Midterm Financial Report for FY12/2025 dated August 25, 2025.

(*)2 Each is calculated using the following formula:
NOI (Net Operating Income) = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses.
NOI after depreciation = Real estate operating revenue – Real estate operating costs
The same shall apply hereinafter.

(*)3 For the definition of "28 Hotels with Variable Rent, etc.," please refer to the note on page 14.

(*)4 The figure shown is the impact amount due to the following properties acquired in 2024 (including tenants): MIMARU Tokyo Shinjuku West, HOTEL AMANEK Shinjuku-Kabukicho, OKINAWA HARBORVIEW HOTEL and Southern Beach Hotel & Resort OKINAWA. The same shall apply hereinafter.

(*)5 The figure shown is the impact amount due to the sale of Washington Hotel Plaza Hakata, Nakasu sold in 2025. The same shall apply hereinafter.

(*)6 The figure shown is the impact amount due to the acquisition of Hilton Fukuoka Sea Hawk acquired in 2025 (including tenants) The same shall apply hereinafter.

2. Midterm Results for FY12/2025

		FY12/2024 (25th Period)	FY12/2025 (26th Period)	Difference from Previous Year	
(JPY MM)		Midterm Result (A)	Midterm Result (B)	(B)–(A)	%
Proper ties	No. of Properties	47	51	4	
	Acquisition Price	396,918	515,391	118,472	29.8%
Profit and Loss	Operating Revenue	14,362	21,481	7,118	49.6%
	Real Estate Operating Revenue	14,362	19,135	4,772	33.2%
	Fixed Rent	54.7% 7,572	50.9% 9,459	1,887	24.9%
	Variable Rent	45.3% 6,270	49.1% 9,126	2,855	45.5%
	Other Revenue	519	549	29	5.7%
	Gain on Sales of Properties	–	2,346	2,346	–
	NOI	12,256	16,859	4,602	37.6%
	Depreciation	2,628	3,157	529	
	Loss on Retirement of Noncurrent Assets, etc.	43	110	67	
	NOI after Depreciation	9,584	13,590	4,005	41.8%
	SG&A	1,086	1,479	393	
	Operating Income	8,498	14,457	5,958	70.1%
	Ordinary Income	7,434	12,367	4,932	66.4%
	Net Income	7,433	12,764	5,330	71.7%

Main Factors of Difference

Fixed Rent

- 28 Hotels with Variable Rent, etc. +JPY65MM
- Others +JPY1,040MM
 - Acquisition in 2024 +JPY1,101MM
 - Sale in 2025 -JPY101MM
- Acquisition in 2025 +JPY781MM

(Total) +JPY1,887MM

Variable Rent

- 28 Hotels with Variable Rent, etc. +JPY1,565MM
- Others +JPY607MM
 - Acquisition in 2024 +JPY307MM
 - Acquisition in 2025 +JPY682MM

(Total) +JPY2,855MM

(*) For details, please refer to the Midterm Financial Report for FY12/2025 dated August 25, 2025.

IV. External Growth

1. Trend of Asset Size

◆ Through continued external growth, total asset size exceeded JPY500 billion

External Growth (FY2023 to FY2025)

FY2023

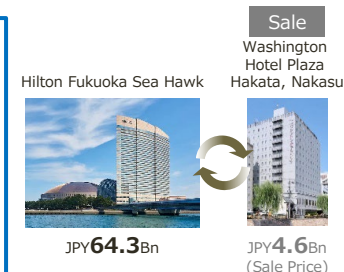
*Figures represent acquisition prices.



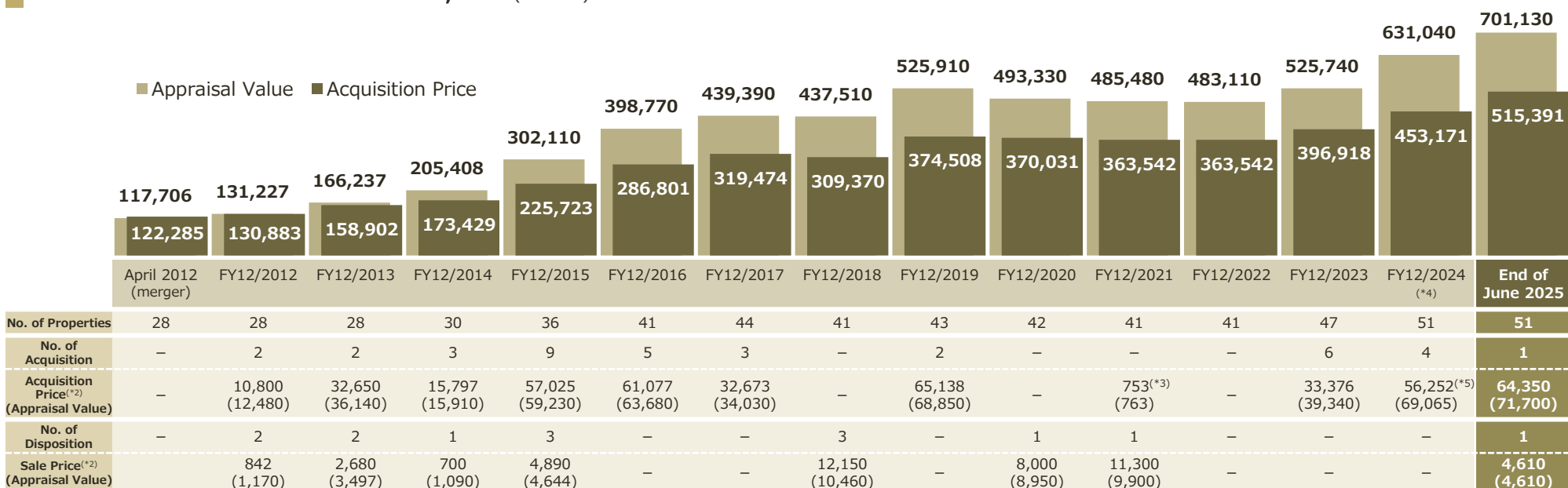
FY2024



FY2025



Trend of JHR's Total Asset Size^(*1), etc. (JPY MM)



(*1) The asset size refers to the sum of acquisition price or the sum of appraisal value at the end of each fiscal period. The same shall apply hereinafter.

(*2) The total acquisition price of properties acquired during each period (with the total appraisal value at time of acquisition shown in parentheses below) or the total sale price of properties sold (with the total appraisal value at time of sale shown in parentheses below) is indicated.

(*3) JHR acquired the land that is part of the site of Oriental Hotel Universal City for JPY753 million on July 30, 2021.

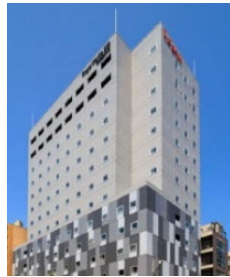
(*4) The appraisal value of Washington Hotel Plaza Hakata, Nakasu (transferred on January 30, 2025) is based on the transfer price.

(*5) The figure shown includes the acquisition price of JPY62 million (appraisal value of JPY65 million) for the land adjacent to OKINAWA HARBORVIEW HOTEL, acquired on October 4, 2024.

2. Improvement in Profitability and Asset Value After Acquisition

◆ Post-acquisition performance significantly exceeded initial levels

La'gent Stay Sapporo Odori



Acquisition Price
JPY10,020MM

Acquisition Date
Sep. 2023

NOI yield	
At acquisition (Result) ^{(*)1}	FY12/2025 (Forecast) ^{(*)2}
4.7%	6.0%
Appraisal value	
At acquisition	As of end of June 2025
JPY10,800MM	JPY11,800MM

Oriental Hotel Kyoto Rokujo

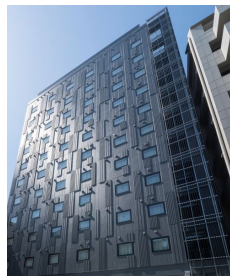


Acquisition Price
JPY4,446MM

Acquisition Date
Sep. 2023

NOI yield	
At acquisition (Result) ^{(*)1}	FY12/2025 (Forecast) ^{(*)2}
5.3%	8.4%
Appraisal value	
At acquisition	As of end of June 2025
JPY5,920MM	JPY6,650MM

Hotel Oriental Express Fukuoka Nakasukawabata



Acquisition Price
JPY4,460MM

Acquisition Date
Sep. 2023

NOI yield	
At acquisition (Result) ^{(*)1}	FY12/2025 (Forecast) ^{(*)2}
5.2%	10.1%
Appraisal value	
At acquisition	As of end of June 2025
JPY6,070MM	JPY6,280MM

MIMARU Tokyo Shinjuku West



Acquisition Price
JPY9,645MM

Acquisition Date
Jul. 2024

NOI yield	
At acquisition (Result) ^{(*)1}	FY12/2025 (Forecast) ^{(*)2}
4.4%	5.7%
Appraisal value	
At acquisition	As of end of June 2025
JPY11,700MM	JPY14,200MM

HOTEL AMANEK Shinjuku-Kabukicho.

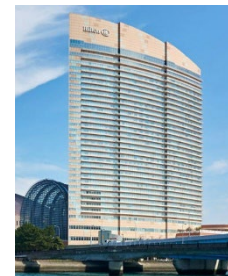


Acquisition Price
JPY8,845MM

Acquisition Date
Jul. 2024

NOI yield	
At acquisition (Result) ^{(*)1}	FY12/2025 (Forecast) ^{(*)2}
5.5%	6.0%
Appraisal value	
At acquisition	As of end of June 2025
JPY12,800MM	JPY12,900MM

Hilton Fukuoka Sea Hawk



Acquisition Price
JPY64,350MM

Acquisition Date
Feb. 2025

NOI yield	
At acquisition (Forecast) ^{(*)3}	FY12/2025 (Forecast) ^{(*)2}
5.7%	5.9%
Appraisal value	
At acquisition	As of end of June 2025
JPY71,700MM	JPY71,700MM

(*)1 The figures are calculated based on the annualized actual NOI for the year of acquisition for each property, divided by the acquisition price.

(*)2 Based on the forecasts disclosed in the Midterm Financial Report for FY12/2025 dated August 25, 2025, the figures are calculated by dividing the NOI (forecast) for FY12/2025 for each property, by the respective acquisition price. For Hilton Fukuoka Sea Hawk, the annualized NOI is used.

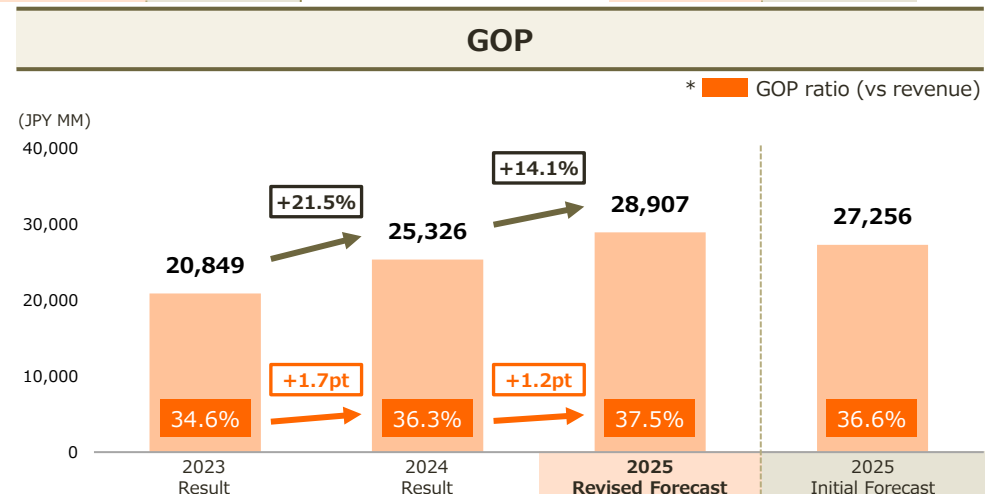
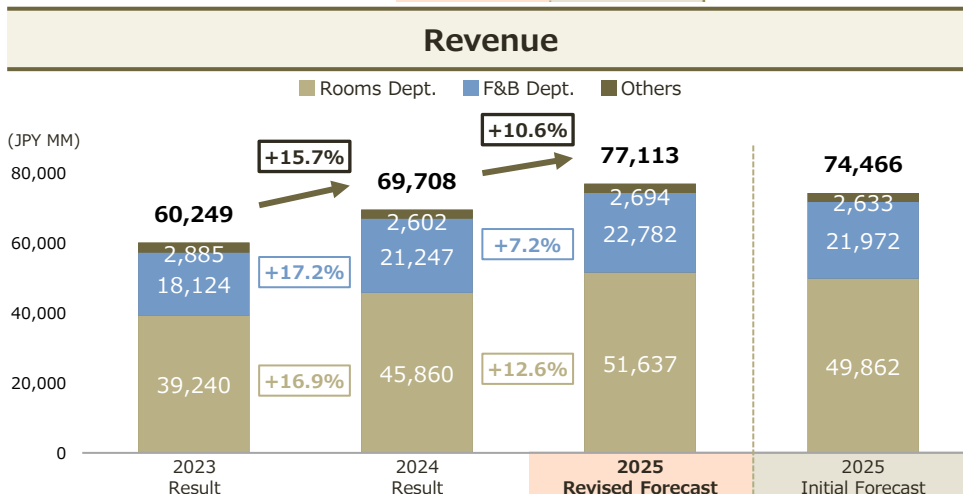
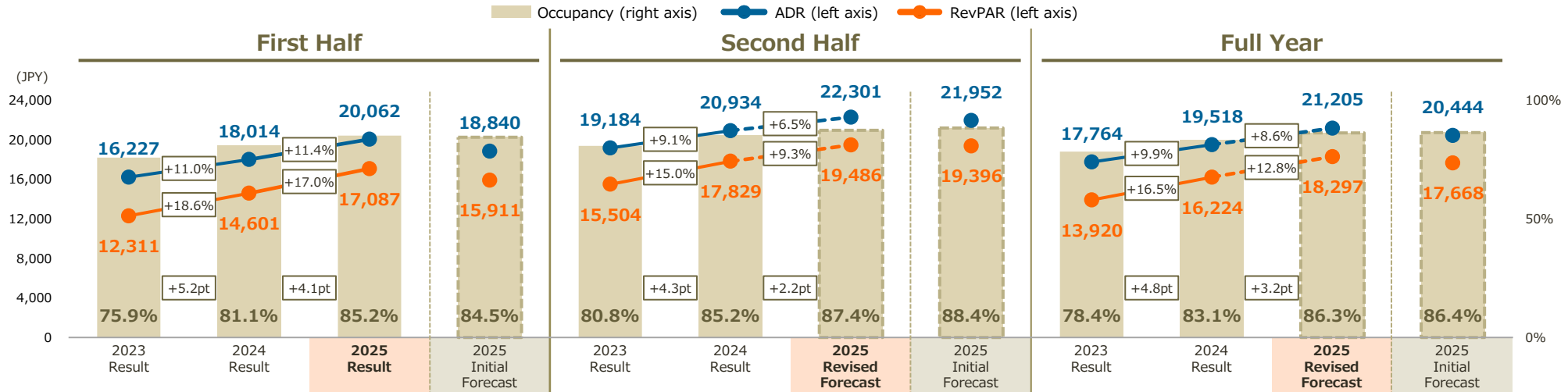
(*)3 The figure represents the annualized forecast NOI yield for Hilton Fukuoka Sea Hawk, based on the supplementary materials disclosed dated January 24, 2025.

V . Internal Growth

1. Hotel Performance Forecasts for FY2025

- ◆ Full-year RevPAR +12.8% YoY, driven by strong inbound demand. F&B revenue growth driven by banquet and restaurant sales
- ◆ GOP ratio to improve through revenue growth and cost management

Result and Forecast of Key Performance Indicators (Rooms Dept.) (28 Hotels with Variable Rent, etc. (*))

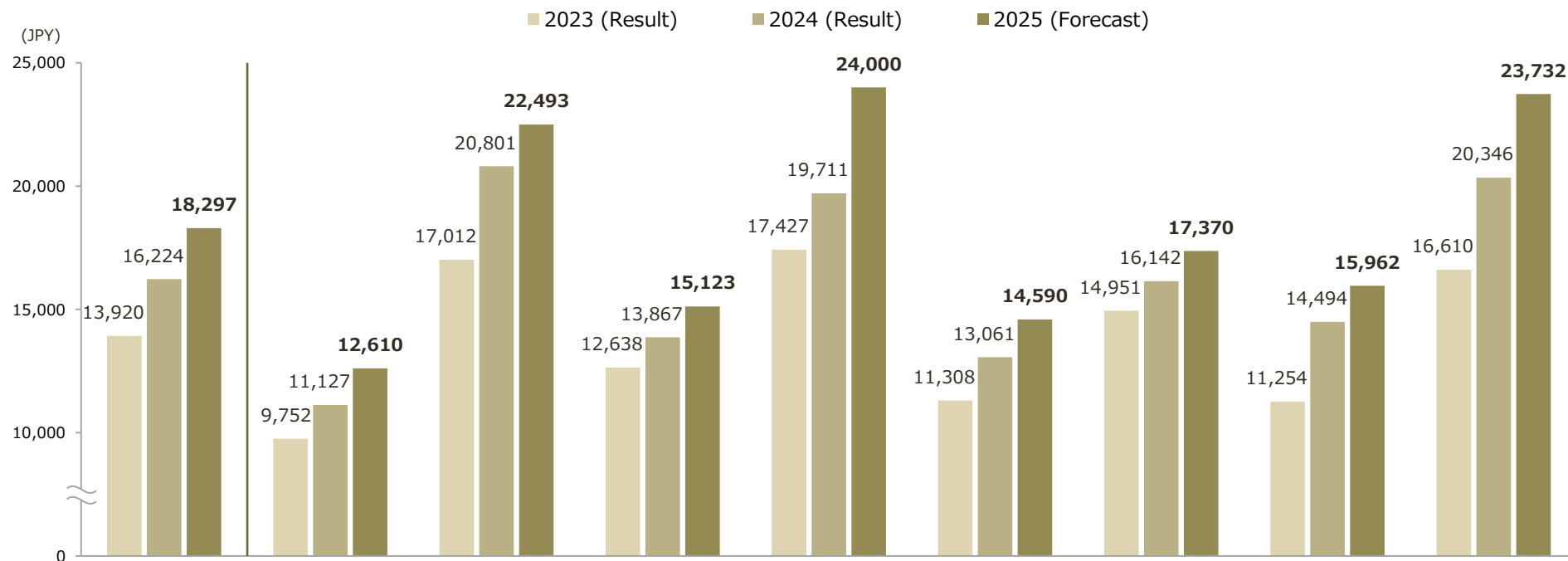


(*) The 28 Hotels with Variable Rent, etc. refer to the following 28 hotels: Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila, Oriental Hotel Hiroshima, Oriental Hotel Universal City, Oriental Hotel Okinawa Resort & Spa, Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER CITY HIROSHIMA), Oriental Hotel Fukuoka Hakata Station, Holiday Inn Osaka Namba, Hotel Oriental Express Fukuoka Tenjin, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi, Hilton Tokyo Odaiba, Oriental Hotel Kyoto Rokujo, Hotel Oriental Express Fukuoka Nakasukawabata, Hotel JAL City Kannai Yokohama, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka, the b suidobashi, the b ikebukuro, the b hachioji and the b hakata

2. RevPAR by Area

◆ RevPAR growth across all areas

Changes in RevPAR by Area (28 Hotels with Variable Rent, etc.)



Area		All areas		Hokkaido		Tokyo		Kanto (ex. Tokyo)		Osaka		Kansai (ex. Osaka)		Chugoku		Kyushu (ex. Okinawa)		Okinawa	
2024 vs 2023	2025 vs 2024	+16.5%	+12.8%	+14.1%	+13.3%	+22.3%	+8.1%	+9.7%	+9.1%	+13.1%	+21.8%	+15.5%	+11.7%	+8.0%	+7.6%	+28.8%	+10.1%	+22.5%	+16.6%
2025 vs 2023		+31.4%		+29.3%		+32.2%		+19.7%		+37.7%		+29.0%		+16.2%		+41.8%		+42.9%	
No. of Properties		28		2		4		5		4		4		2		4		3	
Property Name				<ul style="list-style-type: none"> • Mercure Sapporo • ibis Styles Sapporo 		<ul style="list-style-type: none"> • Hilton Tokyo Odaiba • the b suidobashi • the b ikebukuro • the b hachioji 		<ul style="list-style-type: none"> • Oriental Hotel Tokyo Bay • Hilton Tokyo Narita Airport • International Garden Hotel Narita • Hotel JAL City Kannai Yokohama • Mercure Yokosuka 		<ul style="list-style-type: none"> • Namba Oriental Hotel • Holiday Inn Osaka Namba • Hotel Oriental Express Osaka Shinsaibashi • Oriental Hotel Universal City 		<ul style="list-style-type: none"> • Kobe Meriken Park Oriental Hotel • Oriental Hotel Kyoto Rokujo • ibis Styles Kyoto Station • Hotel Nikko Nara 		<ul style="list-style-type: none"> • Oriental Hotel Hiroshima • Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER CITY HIROSHIMA) 		<ul style="list-style-type: none"> • Oriental Hotel Fukuoka Hakata Station • Hotel Oriental Express Fukuoka Tenjin • Hotel Oriental Express Fukuoka Nakasukawabata • the b hakata 		<ul style="list-style-type: none"> • Hotel Nikko Alivila • Oriental Hotel Okinawa Resort & Spa • Mercure Okinawa Naha 	

3. Renovation Case Studies

◆ Value-add CAPEX boosts unit price

Guest Room				
Name	Namba Oriental Hotel	La'gent Stay Sapporo Odori	Kobe Meriken Park Oriental Hotel	Oriental Hotel Tokyo Bay
Overview of Renovation	 <ul style="list-style-type: none"> 9 new rooms (47–52m²) for mid-to-long stays, accommodating up to 6 guests, fully equipped with kitchen, washer-dryer and microwave 	 <ul style="list-style-type: none"> Renovated 19 large residential-type guest rooms (39–49m²), adding extra beds to increase capacity from 2 to 3 to a maximum of 5 guests, aiming to achieve high unit price sales through increased DOR^(*4) 	 <ul style="list-style-type: none"> Established guest rooms with lounge access along with the renovation, aiming to sell at a higher unit price 	 <ul style="list-style-type: none"> Improved merchantability by separating the toilet, wash basin and bathtub in prefabricated bathroom units Added beds by effectively utilizing the living room space, aiming to sell at a higher unit price by increasing DOR
Renovation Period	Aug. to Dec. 2024	Apr. 2024	May to Aug. 2023 Apr. to Aug. 2024	May to Jul. 2023 May to Nov. 2024
No. of Rooms subject to Renovation	9 rooms (newly established)	19/219 rooms	141/323 rooms	315/511 rooms
Total Renovation Cost	JPY780MM ^(*2)	JPY45MM	JPY601MM	JPY1,374MM
ADR after Renovation ^(*1) (1H 2025)	JPY60,238	JPY34,890	JPY23,429	JPY29,570
vs 2019	+223.8% ^(*3)	+90.5%	+35.2%	+45.1%

(*1) The results represent the actual ADR outcomes for the renovated guest rooms.

(*2) The total renovation cost includes the construction of new guest rooms, the establishment of welcome and laundry lounges, and the renovation of the tenant area.

(*3) As the guest rooms were newly established, the ADR is compared to that of all guest rooms in the hotel in 2019.

(*4) DOR represents Double Occupancy Ratio, which is calculated by dividing the number of guests by the number of rooms sold, representing the average number of guests per room. The same shall apply hereinafter.

Restaurant	
Kobe Meriken Park Oriental Hotel (Grand Reopening: December 9, 2023)	
	
Overview of Renovation	Renovated into a high-quality space where you can enjoy the chef's signature dishes while taking in the spectacular view as if you were sailing on a cruise ship
Renovation Cost	JPY165MM
Per-customer Spending after Renovation (vs 2019)	+34.5% (1H 2025)
Oriental Hotel Tokyo Bay (Grand Reopening: November 1, 2023)	
	
Overview of Renovation	Renovated into an exciting space, featuring a new live kitchen, with a calm and gentle color scheme in its interior
Renovation Cost	JPY63MM
Per-customer Spending after Renovation (vs 2019)	+37.3% (1H 2025)

4. Rebranding Case Studies

◆ Significant revenue growth through rebranding and large-scale renovation utilizing HMJ's platform

Oriental Hotel Okinawa Resort & Spa (former Okinawa Marriott Resort & Spa)

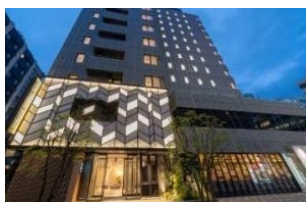


- Acquired in May 2015
- Reopened under a new brand in October 2021
- Renovation completed in April 2024 (lobby, pool and guest rooms)

- Brand changed to "Oriental Hotel" following franchise contract expiration
- Rent increased due to reduced franchise fees

	Occupancy	ADR (JPY)	RevPAR (JPY)	Hotel Revenue (JPY MM)	Rent (JPY MM)	NOI Yield(*)
Pre-rebranding (2019)	80.6%	21,805	17,577	3,693	937	5.6%
Post-rebranding (2025 Forecast)	83.0%	34,457	28,606	5,264	1,553	8.7%
Percentage Change	+2.4pt	+58.0%	+62.7%	+42.5%	+65.8%	+3.0pt

Hotel Oriental Express Fukuoka Tenjin (former HOTEL ASCENT FUKUOKA)



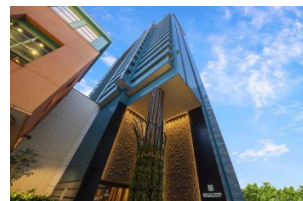
- Acquired in August 2016
- Completed full renovations in June 2021; reopened under a new brand

- Upgraded hotel grade from economy to mid-price
- Changed lessee to HMJ Group
- Rent increased due to lease scheme change

	Occupancy	ADR (JPY)	RevPAR (JPY)	Hotel Revenue (JPY MM)	Rent (JPY MM)	NOI Yield(*)
Pre-rebranding (2019)	86.1%	7,224	6,219	632	334	5.9%
Post-rebranding (2025 Forecast)	94.4%	15,096	14,251	1,481	909	15.0%
Percentage Change	+8.3pt	+109.0%	+129.2%	+134.5%	+171.8%	+9.1pt

(*) NOI yield figures are based on book value.

Oriental Hotel Universal City (former Hotel Keihan Universal City)

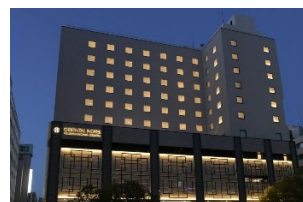


- Acquired in September 2012
- Reopened under a new brand in December 2021
- Completed full renovations in July 2022

- Upgraded hotel grade from mid-price to upper-middle
- Changed lessee to HMJ Group
- Rent increased due to lease scheme change

	Occupancy	ADR (JPY)	RevPAR (JPY)	Hotel Revenue (JPY MM)	Rent (JPY MM)	NOI Yield(*)
Pre-rebranding (2019)	95.7%	18,421	17,620	2,122	700	11.3%
Post-rebranding (2025 Forecast)	92.1%	32,386	29,839	4,038	1,967	26.7%
Percentage Change	(3.5pt)	+75.8%	+69.3%	+90.3%	+180.9%	+15.3pt

Oriental Hotel Fukuoka Hakata Station (former Hotel Centraza Hakata)



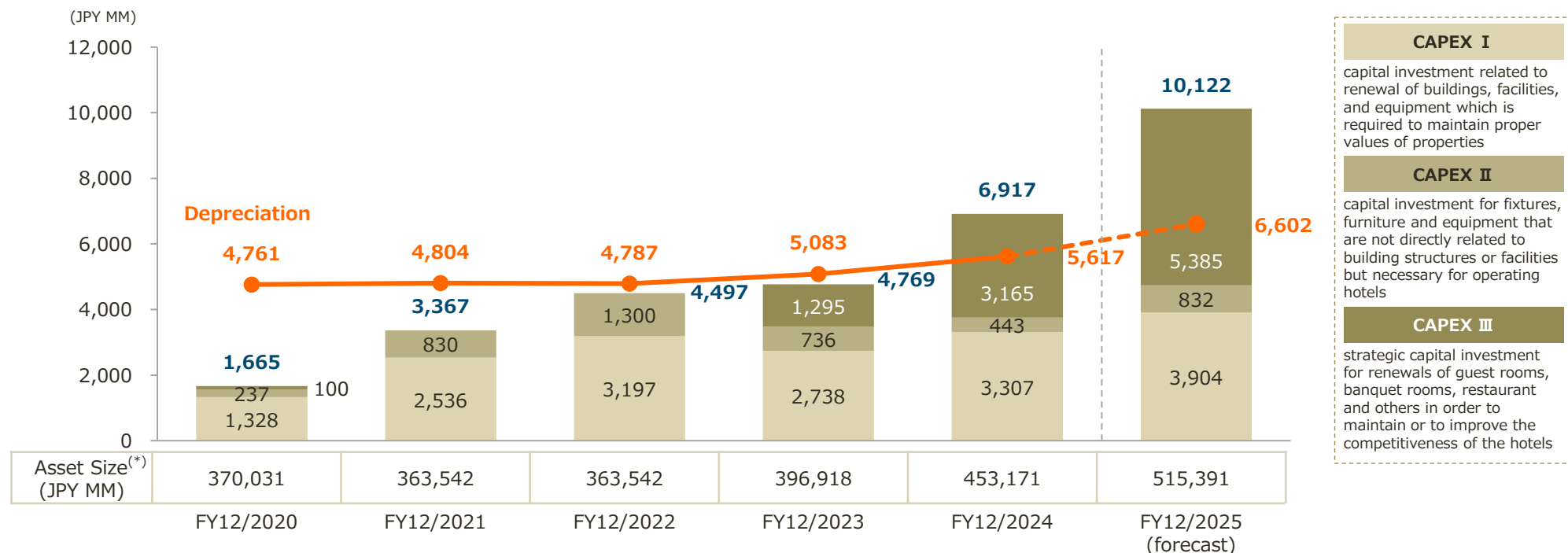
- Acquired in April 2016
- Reopened under a new brand in April 2019

- Upgraded hotel grade from mid-price to upper-middle
- Added 27 rooms, made all rooms accommodate 2 or more guests

	Occupancy	ADR (JPY)	RevPAR (JPY)	Hotel Revenue (JPY MM)	Rent (JPY MM)	NOI Yield(*)
Pre-rebranding (2017)	94.6%	11,707	11,071	2,464	865	8.4%
Post-rebranding (2025 Forecast)	95.0%	25,563	24,278	3,821	2,052	22.6%
Percentage Change	+0.4pt	+118.4%	+119.3%	+55.1%	+137.1%	+14.2pt

5. Capital Expenditure (CAPEX) and Depreciation

- ◆ In principle, CAPEX managed within depreciation
- ◆ CAPEX Ⅲ (Strategic CAPEX) is being actively implemented amid favorable market



CAPEX Ⅲ to be implemented in FY12/2025 (plan)

Name	Detail	Purpose	Areas to be Renovated	Amount (plan)	Period (plan)
OKINAWA HARBORVIEW HOTEL	Full-scale renovation	Repositioning through full-scale upgrade, including revamped garden pool and lounge	Entire building	JPY3,850MM	Jan. to Dec. 2025
Oriental Hotel Tokyo Bay	Guest room renovation	Boosting ADR through room functionality improvement and DOR expansion	196/511 rooms	JPY900MM	Completed in Jul. 2025
La'gent Stay Sapporo Odori	Guest room renovation	Boosting ADR through room functionality improvement and DOR expansion	200/219 rooms	JPY635MM	Completed in Jul. 2025
Total				JPY5,385MM	–

(*) The asset size refers to the sum of acquisition price at the end of each fiscal period.

6. Rent Revision since 2023

Contract Date	Hotel	Revision Details	Estimated Impact(*)	Effective Date
Feb. 2023	dormy inn Kumamoto	Introduced variable rent linked to GOP with fixed rent unchanged	+35.2%	Apr. 2023
Apr. 2024	Hotel Francs	Introduced variable rent linked to GOP with fixed rent unchanged	+58.6%	Oct. 2024
May	La'gent Stay Sapporo Odori	Changed the calculation formula	+0.4%	May 2024
Apr.	Mercure Okinawa Naha	Reduced hotel management fees for the Accor Group	+9.4%	Apr. 2024
Jun.	Mercure Yokosuka			Sep. 2024
	Mercure Sapporo			Oct. 2024
	ibis Styles Kyoto Station			Jan. 2025
	ibis Styles Sapporo			Jan. 2025
Jun.	the b ikebukuro	Increased the fixed rent ratio by raising fixed rents to near 2019 level	Virtually Same rent	Aug. 2024
	the b hachioji			
	the b hakata			
Apr. 2025	MIMARU Tokyo Shinjuku West	Increased fixed rent in accordance with contract provisions	+28.1%	Apr. 2025
Aug.	Southern Beach Hotel & Resort OKINAWA	Changed tenant to HMJ with revised rent terms	+6.4%	Dec. 2025
Aug.	Chisun Hotel Kamata	Raised variable rent rate (86%→88%)	+2.3%	Jan. 2026

Reference: 2026 Contract Renewal Schedule

Expiration of Contract	Hotel	Lease Type	Current Rent Structure
Mar. 2026	dormy inn Kumamoto	Fixed-lease	Fixed + Variable
Mar.	dormy inn EXPRESS Asakusa	Japanese lease	Fixed
Mar.	Washington Hotel Plaza Nara	Japanese lease	Fixed
Mar.	Smile Hotel Nihombashi Mitsukoshimae	Japanese lease	Fixed + Revenue sharing
Mar.	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Fixed-lease	Fixed + Revenue sharing
Jun.	The Beach Tower Okinawa	Fixed-lease	Fixed
Oct.	Hakone Setsugetsuka	Fixed-lease	Fixed
Dec.	Chisun Inn Keikyu Kamata	Fixed-lease	Variable
Dec.	the b suidobashi	Fixed-lease	Fixed + Variable
Dec.	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Fixed-lease	Fixed + Variable

(*) The estimated impact represents the rent increase rate after the revision, calculated by comparing the annual rent before and after the revision, based on the 2025 revenue forecast for each hotel under the respective contract terms.

VI. Financial Conditions

1. Financial Conditions (1)

Basic Policy

In principle, appraisal-based LTV capped at 40%

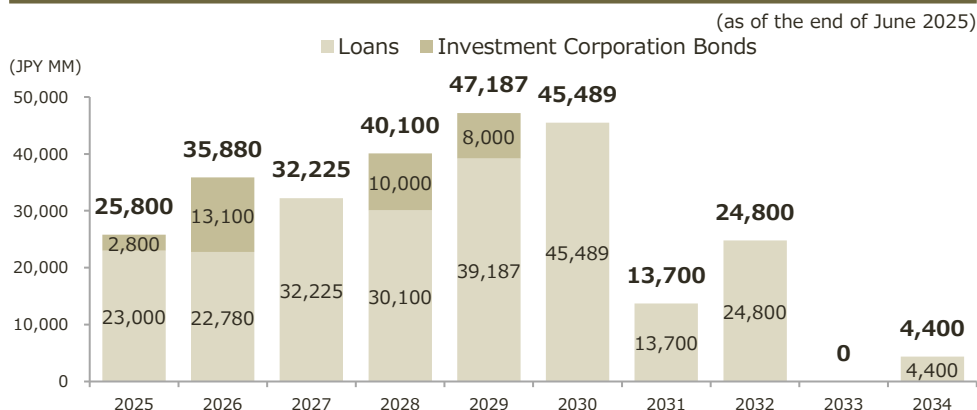
Leveling out maturity ladder

Longer duration with cost consideration

Main Financial Indicators

	End of FY12/2024	End of June 2025
Total interest-bearing debt	JPY 205.2 Bn	JPY 269.5 Bn
Appraisal-based LTV	30.2%	36.3%
Fixed interest rate ratio	73.2%	76.8%
Average life of interest-bearing debt ^(*1)	3.3 year	3.5 year
Cost for interest-bearing debt ^(*2)	1.3%	1.5%
Free cash ^(*3)	JPY 11.7 Bn	JPY 11.9 Bn ^(*4)

Repayment Schedule of Interest-bearing Debt



(*1) Average maturity of interest-bearing debt as of the end of each period. The same shall apply hereinafter.

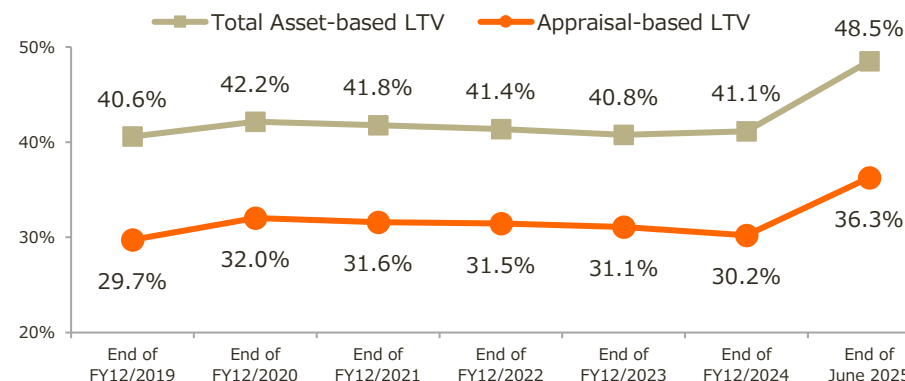
(*2) Weighted-average costs for interest-bearing debt (including up-front fee, etc.) as of the end of each period. Rounded off to one decimal place. The same shall apply hereinafter.

(*3) The figures represent the balance of cash and deposits, excluding various reserves in trust, etc.

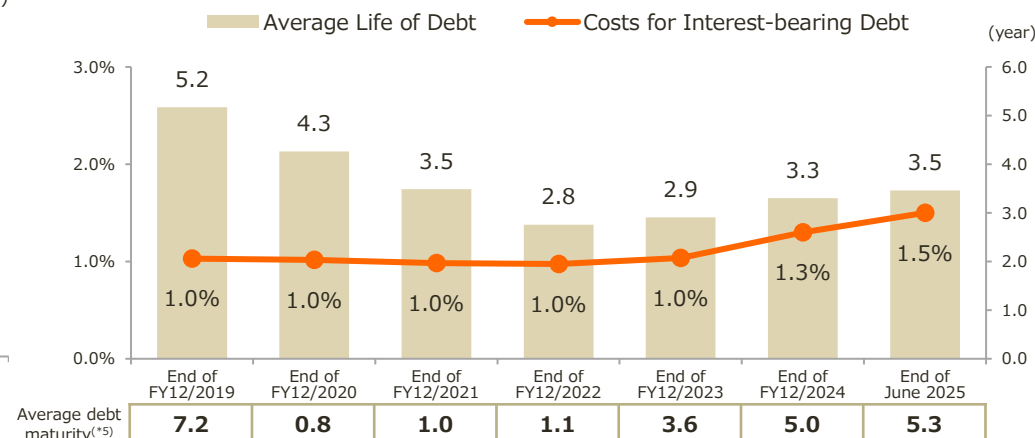
(*4) The figure represents the forecast as of the end of December 2025.

(*5) The figure represents the weighted average of interest-bearing debt for each fiscal period.

Changes in LTV



Changes in Costs for Interest-bearing Debt and Average Life of Interest-bearing Debt



Average debt maturity^(*5)

7.2 0.8 1.0 1.1 3.6 5.0 5.3

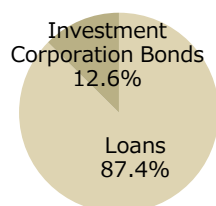
1. Financial Conditions (2)

Breakdown of Interest-bearing Debt

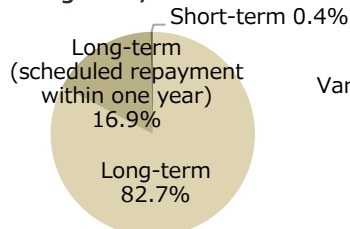
(JPY MM)

Lenders/Bond Name	Balance (as of the end of December 2024)		Balance (as of the end of June 2025)		Variance
	Balance	%	Balance	%	
Sumitomo Mitsui Banking Corporation	43,833	21.4%	61,833	22.9%	18,000
Mizuho Bank, Ltd.	29,446	14.3%	43,896	16.3%	14,450
Sumitomo Mitsui Trust Bank, Limited	18,535	9.0%	27,535	10.2%	9,000
SBI Shinsei Bank, Ltd.	19,858	9.7%	20,358	7.6%	500
Resona Bank, Limited	12,682	6.2%	17,182	6.4%	4,500
MUFG Bank, Ltd.	10,000	4.9%	16,300	6.0%	6,300
Development Bank of Japan Inc.	7,855	3.8%	10,755	4.0%	2,900
Aozora Bank, Ltd.	4,452	2.2%	5,952	2.2%	1,500
Fukuoka Bank, Ltd.	4,936	2.4%	4,936	1.8%	-
The Tokyo Star Bank, Limited	2,260	1.1%	4,060	1.5%	1,800
The Chiba Bank, Ltd.	3,032	1.5%	3,532	1.3%	500
The Nishi-Nippon City Bank, Ltd.	2,800	1.4%	3,400	1.3%	600
Kansai Mirai Bank, Limited	1,800	0.9%	2,600	1.0%	800
The Minato Bank, Ltd.	1,900	0.9%	2,400	0.9%	500
The Nomura Trust and Banking Co., Ltd.	2,000	1.0%	2,000	0.7%	-
Daiwa Next Bank, Ltd.	1,000	0.5%	2,000	0.7%	1,000
Hiroshima Bank, Ltd.	1,854	0.9%	1,854	0.7%	-
Sompo Japan Insurance Inc.	1,000	0.5%	1,000	0.4%	-
The Bank of Okinawa, Ltd.	500	0.2%	1,000	0.4%	500
Rakuten Bank, Ltd.	-	-	1,000	0.4%	1,000
The Shizuoka Bank, Ltd.	788	0.4%	788	0.3%	-
Bank of The Ryukyus, Limited	500	0.2%	500	0.2%	-
The Higo Bank, Ltd.	-	-	500	0.2%	500
The Hokuriku Bank, Ltd.	300	0.1%	300	0.1%	-
Total of Bank Loans	171,331	83.5%	235,681	87.4%	64,350
Total of Investment Corporation Bonds	33,900	16.5%	33,900	12.6%	-
Total of Interest-bearing Debt	205,231	100.0%	269,581	100.0%	64,350

<Bank Loans/ Interest-bearing Debt>

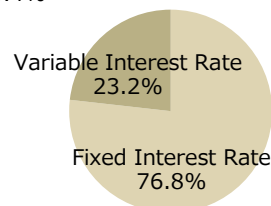


<Long-term/Short-term>(*1)



(as of the end of June 2025)

<Fixed/Variable>



(*1) Long-term represents debt with original maturity over one year, and short-term represents debt with original maturity within one year.

(*2) The Net Asset Value (NAV) per unit is calculated by the following formula: (net assets at end of the period + unrealized gains/losses at end of the period - total dividends) ÷ total investment units issued at end of the period.

(*3) The amount after deducting the amount appropriated to dividend payment from the balance at the end of the period.

Status of Credit Rating

Japan Credit Rating Agency, Ltd. (JCR)

A+

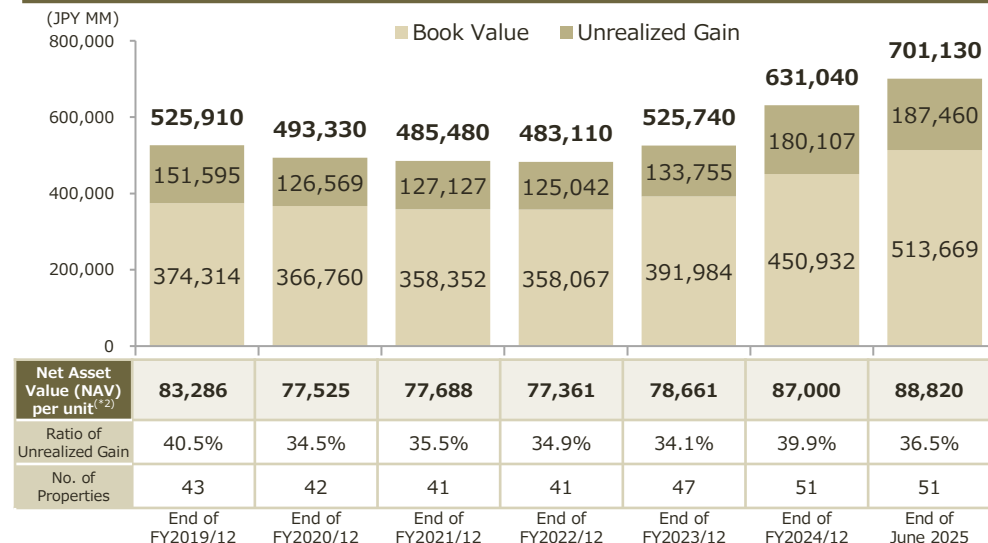
(Stable → **Positive**)
Changed on May 26, 2025

Rating and Investment Information, Inc. (R&I)

A

(Stable → **Positive**)
Changed on June 2, 2025

Changes in Appraisal Value (Unrealized Gain)



Negative Goodwill

Policy for Use of Negative Goodwill

In addition to JPY 262MM per period (50-year amortization of negative goodwill), the following items are added to dividends

- Loss on sales caused by property dispositions
- Loss on retirement of noncurrent assets
- Dilution of dividend per unit
- Inconsistency between tax and accounting treatments (Amortization of fixed-term leasehold of land, amortization of asset retirement obligations, etc.)
- Suspension of sales and such due to large-scale renovation works with significant impact on revenue

Amount planned to be used in FY12/2025

50-year amortization amount	:	JPY262MM
Loss on retirement of noncurrent assets	:	JPY110MM
Total amount	:	JPY372MM

Estimated Balance of after the end of December 2025^{(*)3}	JPY6,586MM
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1. ESG Initiatives (JHR)

GRESB(*1) Real Estate Assessment

Acquired **"Green Star"** for 7 consecutive years from 2018

- ▶ In 2024, JHR was selected for **"Sector Leader"** in **Listed Asia Hotel Sector** for 5 consecutive years

- ▶ Acquired **"4-star"** in GRESB Rating



Environmental Targets

- **30% reduction** of GHG emissions per floor area(*2) in our portfolio by 2050 (GHG emissions intensity) compared to FY2017(*3)

Green Finance

- March 2025: **Executed a JPY4.4 billion green loan** through refinancing
- January 2024: Established a Green Finance Framework to facilitate funding for environmentally conscious projects (Revised in August 2024)

Total Green Loan

JPY9.1Bn

- (*1) GRESB is an annual benchmarking program to evaluate ESG considerations of property companies and real estate funds. The GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of initiatives for sustainability of property companies, REITs and real estate funds, not of individual properties. GRESB rating is a relative evaluation based on comprehensive scores.
- (*2) Properties owned by JHR are managed by hotel lessees, etc. GHG emissions of JHR fall under Scope 3, Category 13, Leased Assets (Downstream).
- (*3) The GHG emissions (GHG emissions intensity) for FY2017 (Baseline fiscal year, April 2017–March 2018) is 0.135 (t-CO₂/m²).
- (*4) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for evaluating and rating the environmental performance of buildings. In addition to environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact, it comprehensively evaluates the quality of buildings, including consideration for interior comfort and landscaping.
- (*5) BELS (Building-Housing Energy-Efficiency Labeling System) is a display system of energy conservation performance of a building set by the Ministry of Land, Infrastructure, Transport and Tourism.
- (*6) DBJ Green Building Certification Program was launched by DBJ for the purpose of supporting the properties which give proper care to environment and society (Green Building).

DBJ Green Building Certification Program

CASBEE(*4) Certification for Buildings (3 properties)

HOTEL AMANEK Shinjuku-Kabukicho.



CASBEE for New Construction Rank A (Very Good)

Newly added

Hilton Tokyo Odaiba



CASBEE for Buildings (Existing Buildings) Rank B+ (Good)

Oriental Hotel Fukuoka Hakata Station



CASBEE for Buildings (Existing Buildings) Rank B+ (Good)

BELS(*5) Evaluation (3 properties)

Hotel Nikko Aliviva



Mercure Okinawa Naha

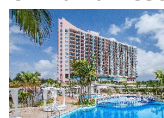


UAN kanazawa

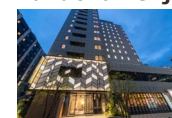


DBJ Green Building Certification Program(*6) (8 properties)

Oriental Hotel Okinawa Resort & Spa



Hotel Oriental Express Fukuoka Tenjin



MIMARU Tokyo Shinjuku West



Newly added

Kobe Meriken Park Oriental Hotel



Oriental Hotel Tokyo Bay



Hilton Tokyo Narita Airport



International Garden Hotel Narita



Hotel Nikko Nara



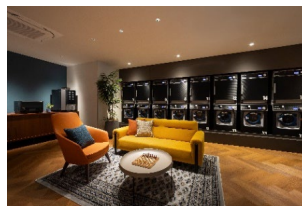
No. of Certified Properties	% of Total Floor Area
14 properties	38.1%

2. ESG Initiatives (Hotel)

Initiatives for Environment

■ Introduction of Eco-friendly Laundry Facilities

- Introduced the "wash+ Comfort," an eco-friendly washer-dryer that enables laundry without detergent, using only alkaline ionized water. As it does not require detergent, it is allergen-free and gentle on the skin. Additionally, the absence of rinsing process enhances water conservation and reduces wastewater pollution, contributing to lower environmental impact. (Oriental Hotel Tokyo Bay, Namba Oriental Hotel)



■ Plastic and Waste Reduction (HMJ group hotels)

- The HMJ group hotels are transitioning from disposable plastic amenities such as toothbrushes and hairbrushes to biomass-based alternatives made with discarded rice and other sustainable materials.
- Plastic straws and cutlery have been phased out in favor of wooden cutlery made from thinned wood and biomass straws.



■ Food Waste Reduction

- Launched "Ethical Box" service allowing guests to take home uneaten food from plates and buffet stations. (Hilton Tokyo Narita Airport)
- Introduced Winnow's AI-based "Food Waste Solution" to visualize food waste. (HMJ group hotels)



■ Biodiversity Conservation (Oriental Hotel Okinawa Resort & Spa)

- They actively engage in environmental conservation efforts. To help reduce microplastic pollution, the hotel provides canned mineral water, "WATER FROM OKINAWA," in guest rooms, with a portion of sales donated to coral reef conservation initiatives. Additionally, plastic straws in the hotel's restaurants have been replaced with paper alternatives to further support sustainability.



Initiatives for Society

■ Regional Co-creation Initiatives^(*)

- Collaborates with local Kobe businesses to develop and sell original hotel products. One such innovation is "Kobe Leather," a sustainable material made by repurposing unused Kobe beef hides that would have otherwise been discarded. (Kobe Meriken Park Oriental Hotel)

^(*) Regional co-creation refers to a strategic initiative led by HMJ, JHR's key operator, aimed at collaboratively creating valuable experiences in partnership with local communities.



■ Commitment to Local Production and Consumption (HMJ group hotels)

- Several hotels actively promote local production and consumption by incorporating locally sourced ingredients into their breakfast menus. By offering regional specialties, these hotels contribute to community revitalization and the expansion of local food consumption.



■ Engagement with Local Communities

- Involved in volunteer activities include educational support, donation of lunch containers, and free meal provision. Supports "Nago Children's Cafeteria" initiative in Nago City, Okinawa. (Oriental Hotel Okinawa Resort & Spa)
- The hotel actively participates in various regional events, including the Yomitan Festival, traditional Okinawan rowing competitions (Haarii), beach cleanups, and peace education initiatives, such as cleaning natural caves known as "Gama," which hold historical significance. (Hotel Nikko Aliviva)



ESG disclosure information on JHR website

<https://www.jhrth.co.jp/ja/esg/index.html>

ESG report is published annually at the end of March

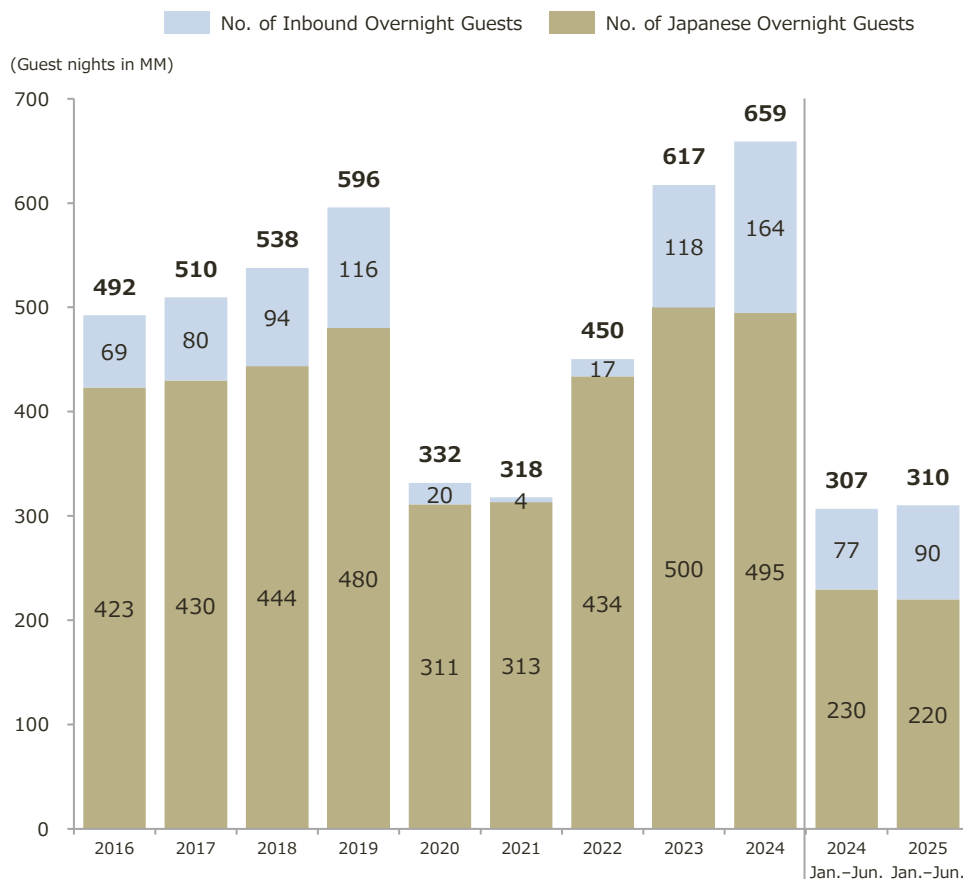


VIII. Market Environment

1. Status of Domestic Accommodation Demand

◆ Despite rising rooms rates, the number of Japanese guests has remained stable, with travel spending showing an upward trend

Changes in Number of Overnight Guests in Japan^(*)



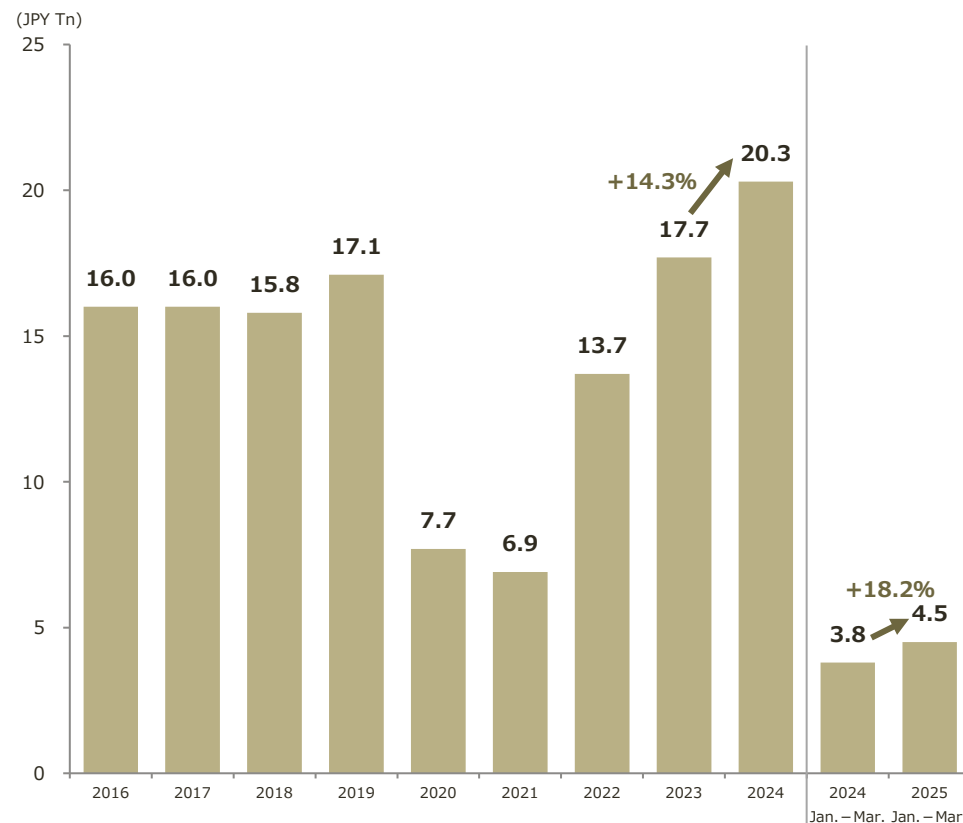
Ratio of overnight Japanese guests

86%	84%	82%	81%	94%	99%	96%	81%	75%	75%	71%
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Source: "Statistics of Overnight Travel" by Japan Tourism Agency

(*) No. of inbound overnight guests, No. of Japanese overnight guests and the total number of overnight guests are rounded off to the nearest million. The figures from 2016 to 2024 are final, those for January to May 2025 are second preliminary figures, and those for June 2025 are first preliminary figures.

Changes in Japanese Domestic Overnight Travel Spending^(*)



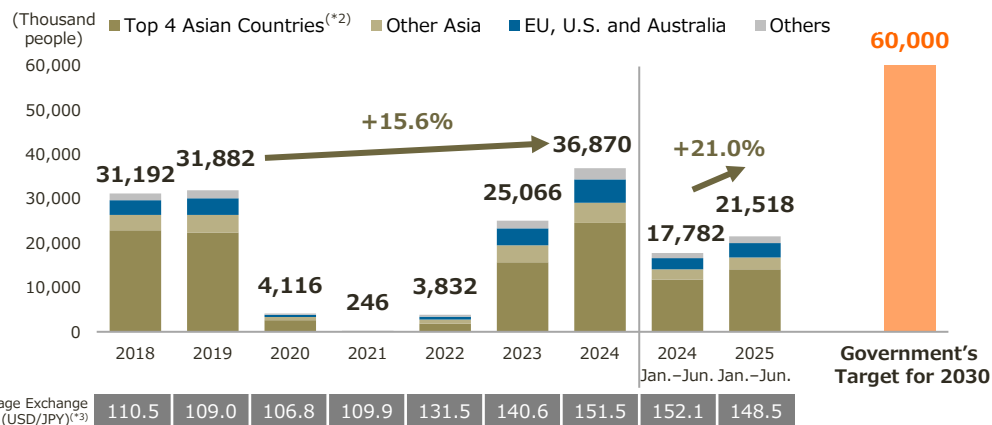
Source: "Travel and Tourism Consumption Trends Survey" by Japan Tourism Agency

(*) The figures from 2016 to 2024 are final, those for January to March 2025 are second preliminary figures.

2. Status of Inbound Visitors

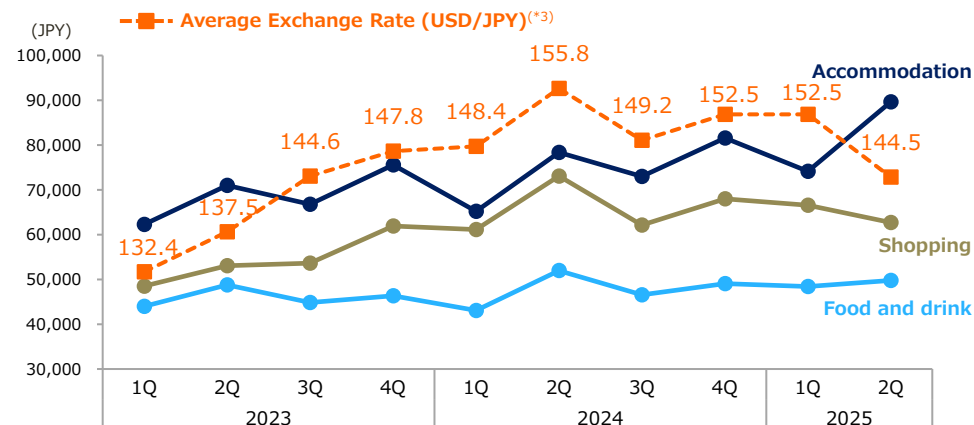
- ◆ Inbound growth driven by long-stay EU, U.S. and Australian visitors
- ◆ Rising per capita accommodation spending by inbound visitors

Changes in Number of Inbound Visitors^{(*)1}



Source: Japan National Tourism Organization (JNTO), Bloomberg

Changes in Per Capita Spending by Category^{(*)4}



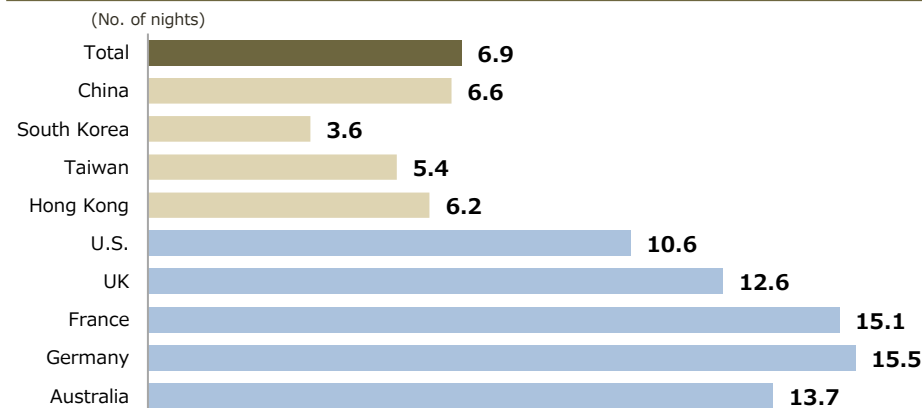
Source: "Inbound Consumption Trends Survey" by Japan Tourism Agency, Bloomberg

Changes in Number of Inbound Visitors vs 2019^{(*)1}

	First Half 2024	Second Half 2024	Full Year 2024	First Half 2025
Total	106.9%	125.2%	115.6%	129.4%
China	67.8%	77.2%	72.8%	104.1%
South Korea	115.0%	254.1%	157.9%	123.8%
Taiwan	120.1%	127.2%	123.6%	132.4%
Hong Kong	116.2%	118.0%	117.1%	115.8%
U.S.	153.5%	162.8%	158.1%	194.4%
EU	118.1%	117.3%	117.7%	154.9%
Australia	141.3%	155.4%	148.0%	173.5%

Source: Japan National Tourism Organization (JNTO)

Average Length of Stay by Country (2024)^{(*)4}



Source: "Inbound Consumption Trends Survey" by Japan Tourism Agency

(*)1 The number of inbound visitors is rounded off to the nearest thousand. The figures for 2018 through 2023 are final, those for January 2024 through April 2025 are provisional, and those for May and June 2025 are estimates.

(*)2 Top 4 Asian Countries represent 4 countries/areas: China, South Korea, Taiwan and Hong Kong

(*)3 The average USD/JPY exchange rate indicates the average rate of the US dollar against the Japanese yen during the relevant period.

(*)4 The data is based on travel for tourism and leisure purposes. The figures for 2023 and 2024 are final, those for January through March 2025 are second preliminary figures, and those for April through June 2025 are first preliminary figures.

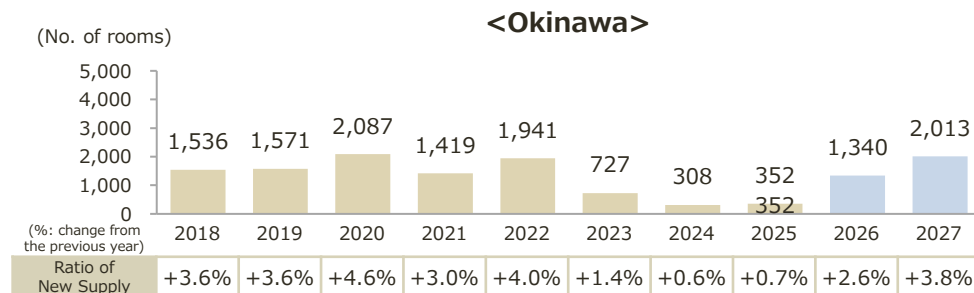
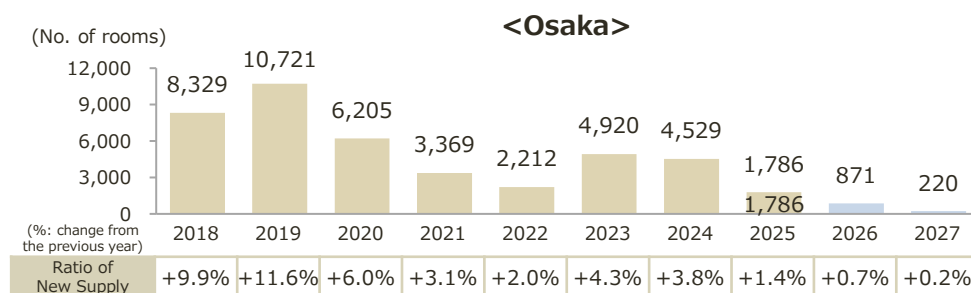
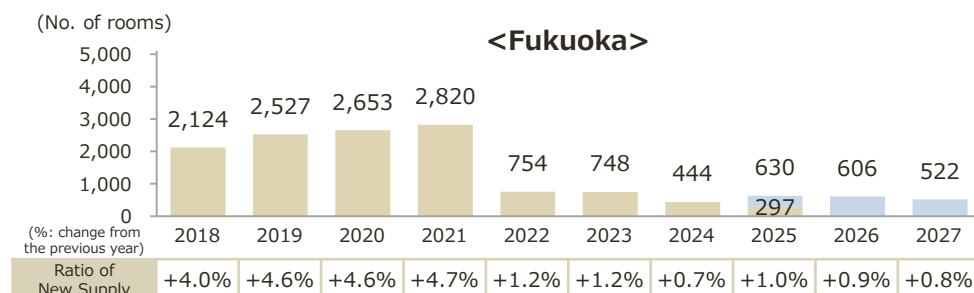
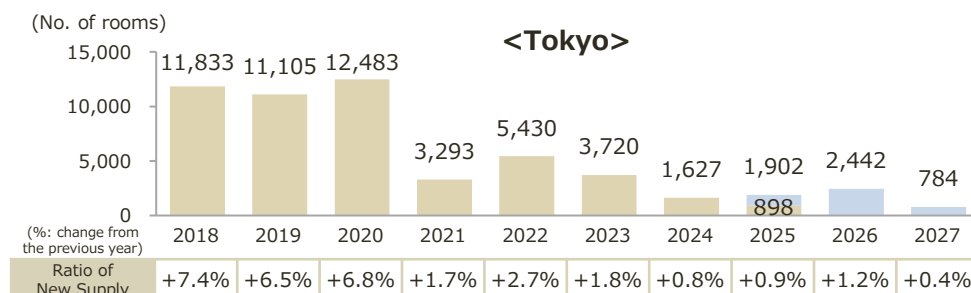
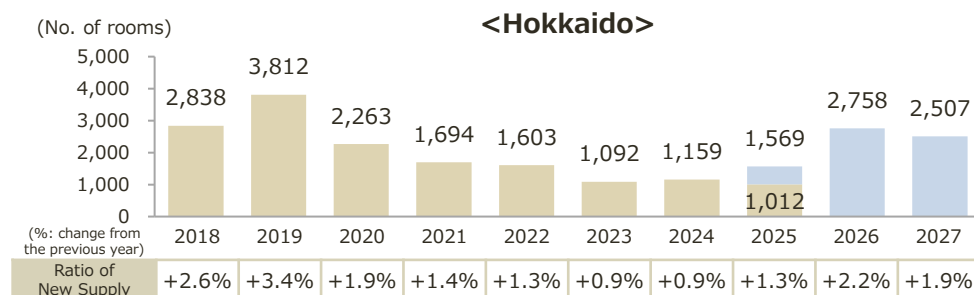
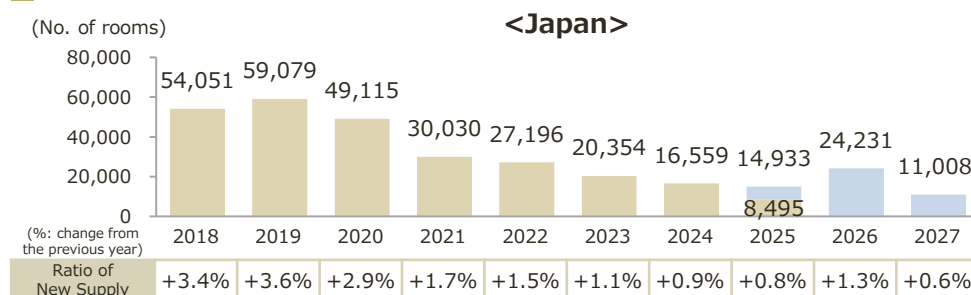
3. Status of New Supply of Hotels

- ◆ Limited new openings are expected, with supply levels projected to remain below past averages

Supply of Rooms in Hotels/Ryokans in Japan

As of the end of July 2025

Actual Supply Forecast



Source: Estimated by the Asset Management Company using data from "Public Health Administration Report" by Ministry of Health, Labour and Welfare (MHLW), a weekly hotel & restaurant magazine (HOTERES) and Nikkei Telecom.
 (*) Ratio of new supply is the ratio of new rooms to be supplied in a year to the stock of rooms (Hotels/Ryokans) at the beginning of the year. With regard to the above data, please note that in case the number of rooms are stated as "to be determined" by hotels, the asset management company has used 180, the average number of new supply of hotel rooms, for calculation.

FAQ

Highlights	Q. Is the forecast for the second half of the year conservative? A. We believe it reflects a reasonable estimate based on current conditions. While continued strength in inbound demand is expected, potential downside risks such as rumors of earthquakes, extreme heat, and natural disasters like typhoons have been factored in.
	Q. What are the main causes the revenue forecast for this midterm period exceeded the initial forecast? A. Inbound demand and the Expo effect beyond expectations.
Capital Policy	Q. What is your approach to funding strategic CAPEX? A. Our basic policy is to utilize cash on hand (over JPY10 billion). However, other options are considered as needed, such as bank borrowings or dispositions.
	Q. What types of properties are being considered for acquisition? A. Our acquisition policy focuses on hotels that capture leisure demand and assets with upside potential through active asset management.
	Q. What are the criteria for considering buyback of own investment units? A. In a prolonged period of depressed unit prices, buyback of our own investment units will be considered if deemed more effective in enhancing dividends than other measures such as strategic CAPEX.
	Q. Hilton Fukuoka Sea Hawk was acquired entirely through borrowings in February 2025. When conducting the next public offering, will you consider lowering the LTV? A. A public offering is not being considered for the purpose of lowering the LTV.

Capital Policy	Q. What is your policy on property dispositions? A. Property dispositions are, in principle, undertaken for the purpose of capital recycling, not solely for gains on sale. Properties for sales are carefully evaluated based on factors such as future growth potential.
	Q. Is there a sponsor pipeline? A. We do not have a sponsor pipeline, meaning there are no properties regularly supplied by the sponsor. Our strengths lies in achieving continuous external growth without relying on the sponsor.
External Growth	Q. How has Hilton Fukuoka Sea Hawk performed since its acquisition during this midterm period? A. Strong inbound demand from Asia increased room revenue, while MICE demand boosted banquet revenue, resulting in NOI yield exceeding acquisition assumptions.
	Q. Which areas are showing strong or weak demand? A. Performance has been strong across all areas, supported by robust inbound demand, particularly in Osaka benefiting from the Expo, as well as in Tokyo and Fukuoka where inbound demand remains high.
Internal Growth	Q. What is the proportion of room revenue from inbound visitors? A. 42% in 2019, 44% in 2024, and 52% in 1H2025, with the full-year estimate at around 52%.
	Q. What is the impact on GOP from rising costs such as labor and utilities at hotels? A. The FY2025 expected GOP ratio is 37.5%, up 1.2 points YoY, as revenue growth offsets higher costs.

Internal Growth

Q. Has the hotel operations been affected by labor shortages?

A. No hotels have limited operations due to labor shortages, and we see no operational impact. Initiatives aim to secure an adequate workforce, proper allocation across our group hotels, and new graduate recruitment, and overseas talent.

Q. What is the impact of the Osaka-Kansai Expo on the portfolio?

A. The Expo has a certain positive impact, which is expected to continue into next year and beyond, considering past examples of host countries for World Expos and the Olympics.

Q. What is the outlook for the F&B department?

A. The F&B is expected to remain strong, particularly in general banquets and restaurants. For the 28 hotels with variable rent, etc., the revenue is forecast to increase 7.2% YoY (restaurants +10.9%, general banquets +7.7%, weddings -2.6%).

Q. What is the booking status for the summer season?

A. For the 28 hotels with variable rent, etc., RevPAR rose +6.2% YoY in July, partly impacted by earthquake-related rumors. With bookings recovering in August, double-digit RevPAR growth YoY is expected.

Q. What is the estimated impact on DPU from the 2025 rent revisions for MIMARU Tokyo Shinjuku WEST, Southern Beach Hotel & Resort Okinawa and Chisun Hotel Kamata)

A. Based on the 2025 revenue forecast, the impact on DPU is +JPY19 for the year, +JPY35 on an annualized basis.

Finance

Q. Does the revised forecast reflect the impact of rising interest rates?

A. A 25-basis point increase in interest rates from July onward has been factored in.

Q. What is your policy regarding the fixed interest rate ratio and loan maturity going forward?

A. In the current rising interest rate environment, we maintain the fixed rate ratio. Our policy is to pursue medium- to long-term borrowings while leveling out the maturity ladder.

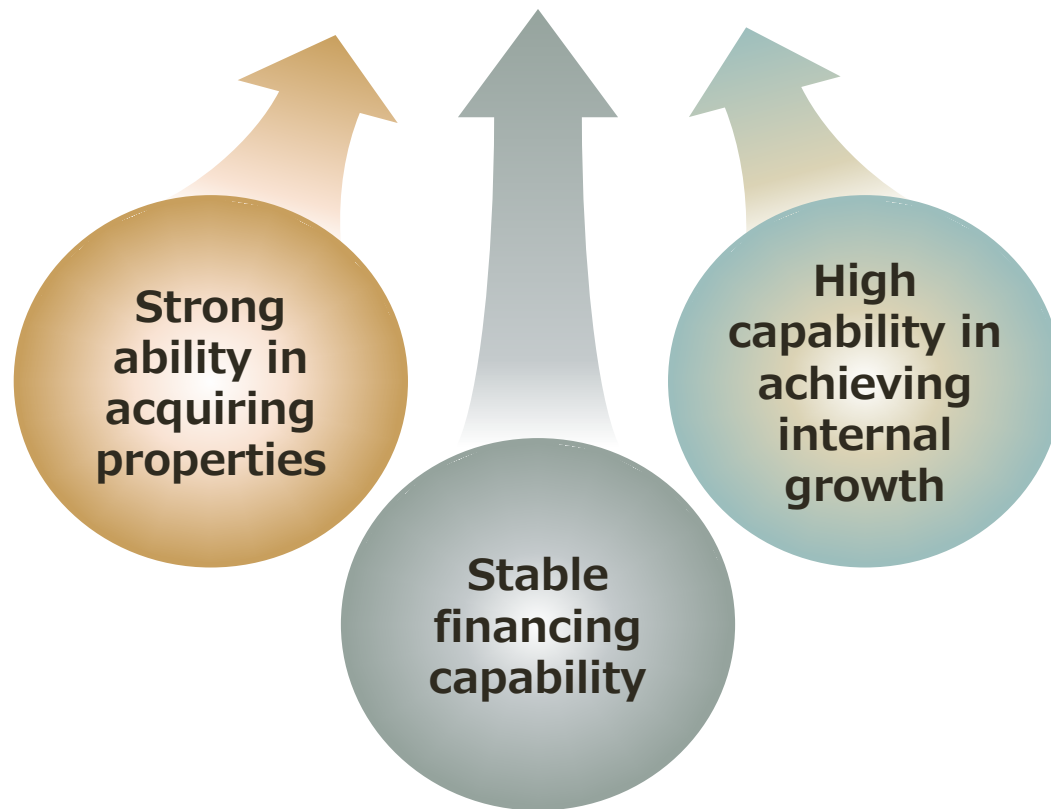
Q. Is there a possibility of raising the appraisal-based LTV to the basic policy upper limit of 40%? If so, what is the estimated borrowing capacity?

A. The current appraisal-based LTV level is being maintained. It may be raised to around 40% through borrowings for strategic CAPEX or acquisitions. Borrowing capacity under 40% appraisal-based LTV is circa JPY50 billion.

Appendix 1

JHR's Characteristics and Strategy

Aim to increase dividend for mid to long term



Strong ability in acquiring properties

- Highly recognized as Japan's largest J-REIT specializing in hotels
- High presence and credibility in the property market by continuously acquiring properties
- Capability to propose various acquisition schemes and to execute acquisitions

High capability in achieving internal growth

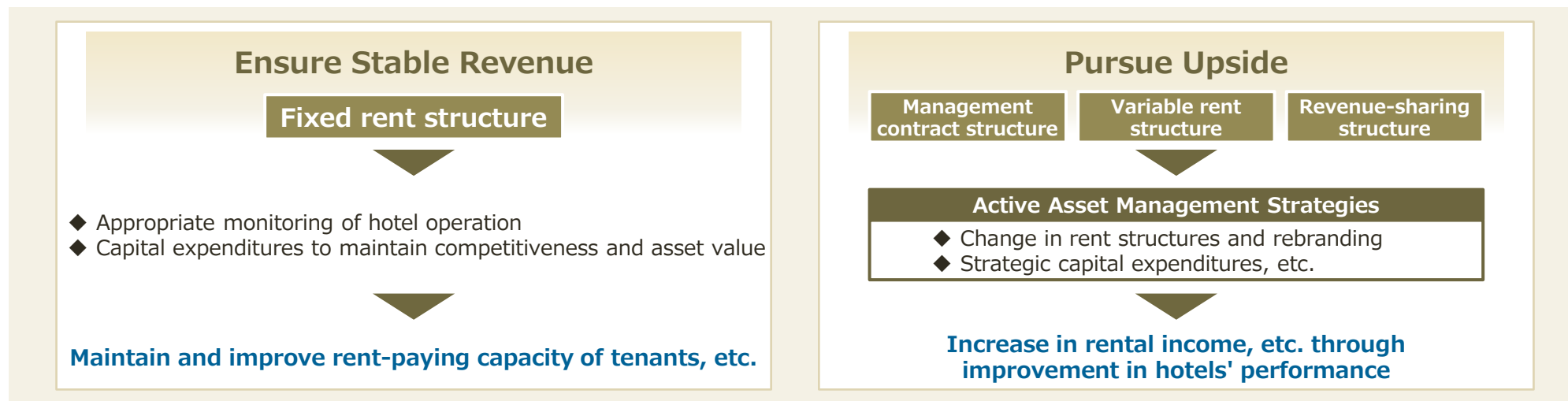
- Management approach through active asset management strategies that achieves a good balance between stability and upside potential
- Increase hotel revenue through collaboration with high-quality operators
- Attract inbound demand through enhanced international brand portfolio
- Strengthen and maintain competitiveness by investing in appropriate capital expenditures

Stable financing capability

- Secure sound and stable finance
- Diversify financing methods

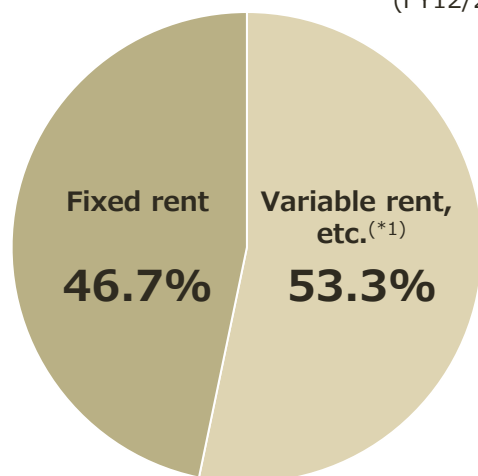
2. Simultaneous Pursuit of Stability and Upside Potential

- ◆ JHR pursues both stability and upside potential by steadily implementing growth strategies



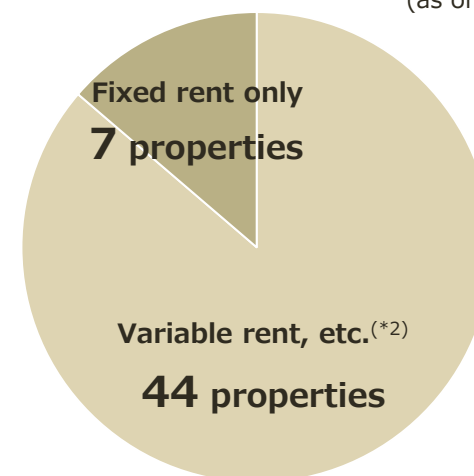
Proportion of Rental Income

(FY12/2025 forecast)



Proportion of Rent Structures

(as of August 25, 2025)



(*1) Variable rent, Rent from revenue-sharing rent and Income from management contracts.

(*2) Fixed rent + variable rent structure, Fixed rent + revenue-sharing rent structure, Variable rent structure and management contract structure.

(*3) The proportion of rental income is based on the Midterm Financial Report for FY12/2025 dated August 25, 2025.

External Environment

Trend of the Hotel Investment Market

- The hotel market in Japan continues to experience strong growth, driven by robust domestic demand for accommodation and expanding inbound demand.
- As for the hotel transaction market, not only foreign funds, but also domestic investors, including J-REITs, are increasingly considering hotel investments. This is driven by expectations for the further growth in the hotel market, and proactive lending stance of financial institutions toward hotel assets. Under these conditions, hotel transactions are likely to become even more active.
- For acquisition of hotels, it is important to differentiate each hotel since the competitiveness of hotels is becoming more evident in accordance with the hotel specifications, locations and the abilities of hotel operators.

Basic Policies

- Acquire highly competitive hotel real estate, etc. in areas that have potential to attract "demand by both domestic and inbound leisure customers" in the medium to long term
- Improve profitability, stability and quality of the overall portfolio



Key Measures

- Emphasize the superiority of buildings and facilities (infrastructure), operations (services), locations of hotel real estate, etc.
 - The prime investment targets are "full-service hotels" and "resort hotels" that have high barriers to entry due to operation and management know-how, capital outlay and locations
 - For "limited-service hotels," the creditworthiness of the hotel lessee, the age of the building, location, guest room composition and profitability are important
 - For limited-service hotels that specialize in selling single rooms, we will consider acquiring them individually, taking into account the specifications and upside potential of the hotel
 - In particular, we will actively consider purchasing hotels that can be expected to grow internally through an aggressive asset management strategy and hotels that can be expected to generate synergies with existing properties
- Strategic investment areas
 - Hokkaido area, Tokyo and Bay area^(*1), Osaka/Kyoto area^(*2), Fukuoka area and Okinawa area
- Investigate and plan the internal growth strategy in property acquisition
 - At the time of contract renewal, etc., investigate appropriate rent levels and structures as well as the potential for cost savings and building and facility improvement
 - Promote internal growth by collaborating with lessees and operators, especially when the hotel has variable rent structure, etc.
- Respond to various investment opportunities by utilizing HMJ's efficient hotel operation platform, know-how for operational improvement, etc.

(*1) Bay area includes the coastal area of Tokyo Bay in Kanagawa and Chiba prefectures. The same shall apply hereinafter.

(*2) Osaka/Kyoto Area refers to Osaka and Kyoto prefectures. The same shall apply hereinafter.

External Environment

Hotel Market Environment

- With more visitors from Asia, Europe and the U.S., inbound demand is expected to remain above pre-pandemic levels, and accommodation demand is anticipated to continue to be strong.
- The continued growth in inbound demand will support market expansion, with increased flight routes and eased visa requirements expected to further drive inbound tourism to Japan.
- While the market continues to experience strong growth, upward pressure on costs and expenses has occurred. We believe it is key to increase unit prices by appropriately passing on higher costs, conducting renovation, providing added value, implementing appropriate marketing strategies, etc.

Basic Policies

- Pursue both stability and upside potential by steadily implementing active asset management strategies



Key Measures

- Planning and execution of the active asset management in order to realize pursuit in upside revenue
 - Make strategic CAPEX which will improve profitability and strengthen competitiveness mainly at hotels with high growth potential
 - Raise rent and change to rent structures that can achieve upside revenue
 - Reduction of management contract fee of properties under management contract
 - Increase hotel revenue through collaboration with high-quality operators
 - Attract inbound demand through rebranding to international brands, etc.
 - Make proactive proposals to build effective hotel operating structures which aim to maximize GOP, from the perspective of both hotel revenue and expenses
 - Stimulate and capture domestic demand by creating products utilizing the characteristics of each hotel in line with the current market environment
- Planning and execution of strategic CAPEX which secure steady revenue, and monitoring of lessees
 - Analyze the creditworthiness of hotel lessees, understand income and expenditures of hotels, closely observe and improve rent-paying capacity
 - Maintain and improve rent-paying capacity of tenants, etc. through capital expenditures, which lead to maintain and improve competitiveness and asset value

External Environment

Trend of Financing Environment and Interest Rates

- In the first half of 2025, J-REIT public offerings declined year-on-year in both number and total amount. The TSE REIT Index rose by around 6% since the beginning of the year, driven by improvements in fundamentals and supply-demand balance.
- With expectations for continued growth in hotel performance supported by strong inbound demand, financial institutions are taking a more positive stance.
- Certain caution remains required for further increases in interest rates due to the Bank of Japan's policy reviews and overseas factors.

Basic Policies

- Ensure healthy and stable finance
- Strengthen lender formation and relationships with financial institutions
- Diversify financing methods



Key Measures

- Improve financial stability through leveling out maturity ladder and fixing interest rate
- Pursue longer loan terms with cost consideration amid rising interest rates
- In principle, maintain appraisal-based LTV level at a maximum of 40%
- Maintain good relationship with financial institutions
- Diversify financing methods and promote green finance, including public offerings and issuance of investment corporation bonds

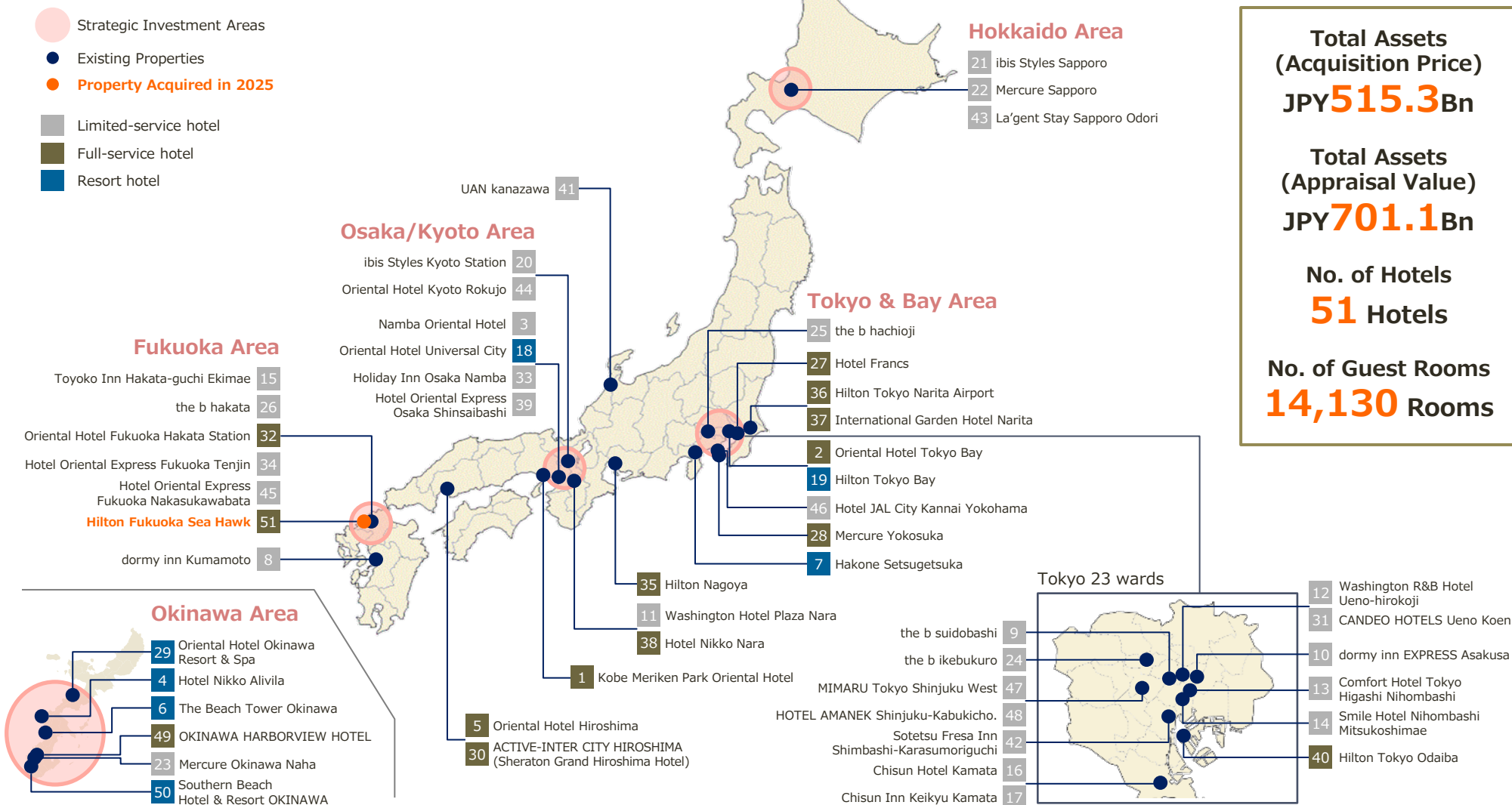
Appendix 2

Information of Properties

1. Portfolio Map

- ◆ Portfolio consisted of competitive hotels in areas with strong leisure accommodation demand
- ◆ Selectively invest in locations with high growth potential of leisure demand such as Strategic Investment Areas

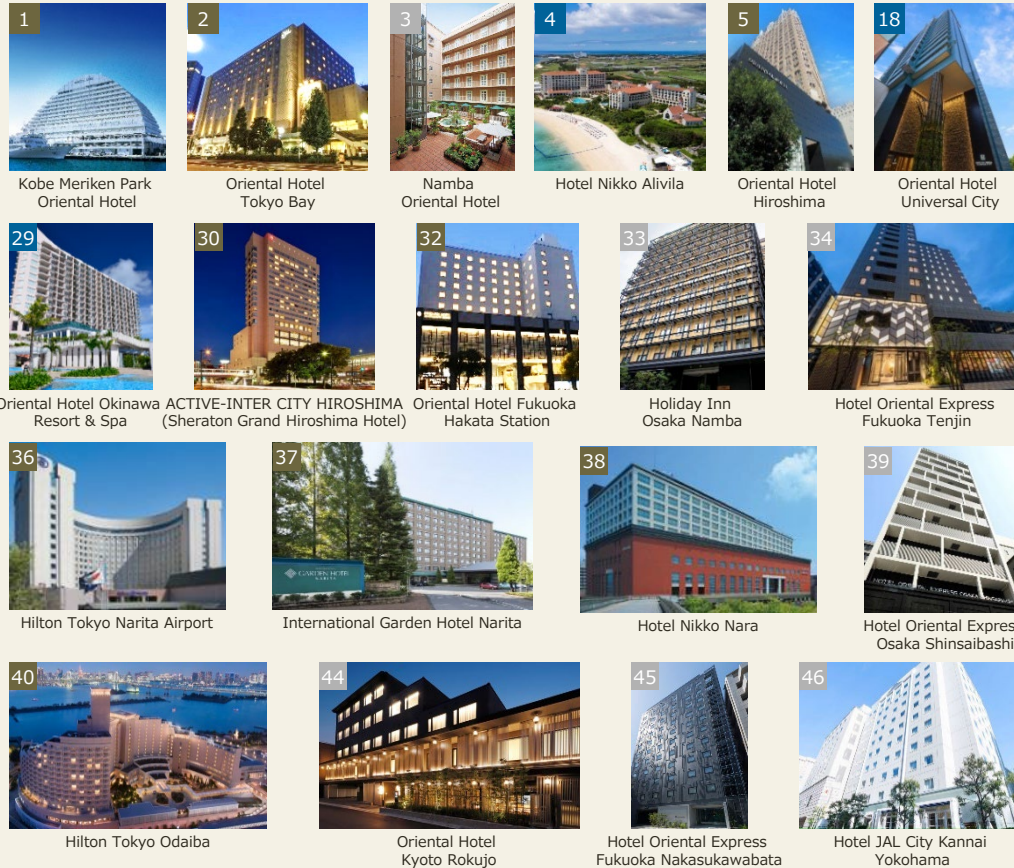
(as of August 25, 2025)



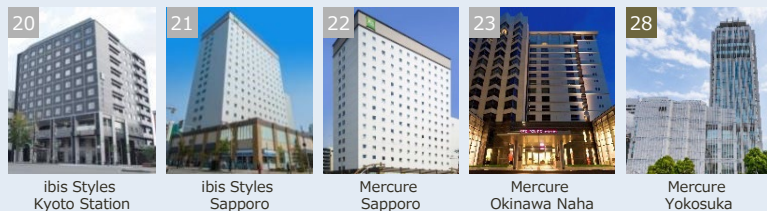
2. List of Portfolio

The 28 Hotels with Variable Rent, etc.

HMJ Group



Accor Group

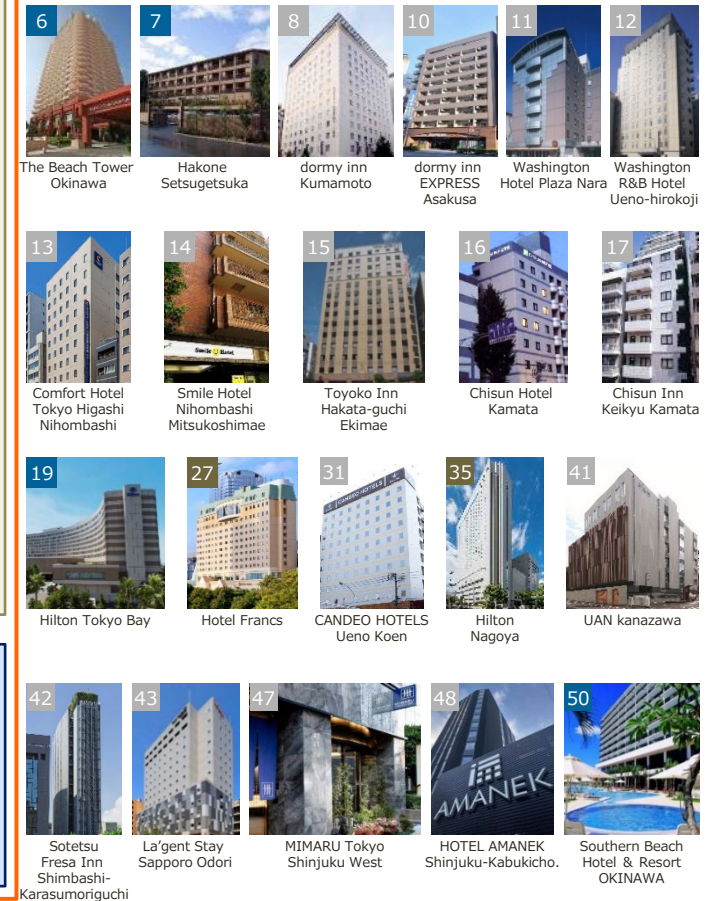


Isihin Group



Limited-service hotel Full-service hotel Resort hotel (as of August 25, 2025)

Acquisition in 2025

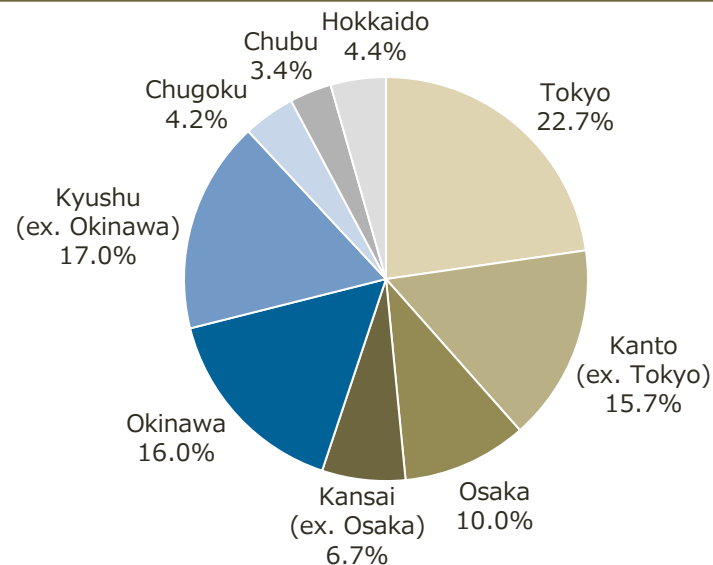


3. Portfolio Diversification

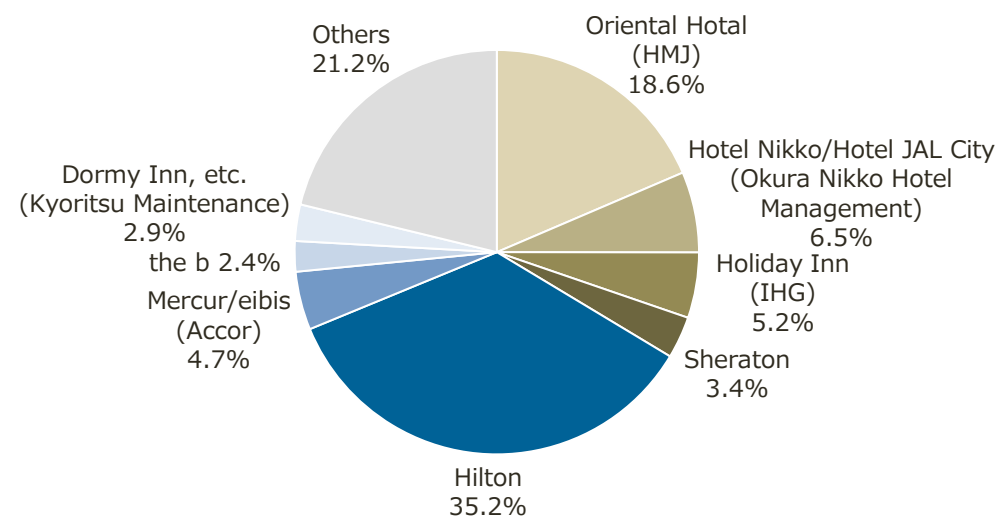
◆ Widely diversified and high-quality portfolio

(as of August 25, 2025)

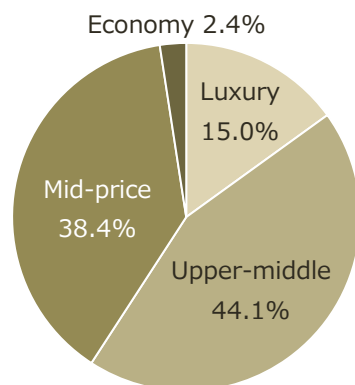
By Area(*)



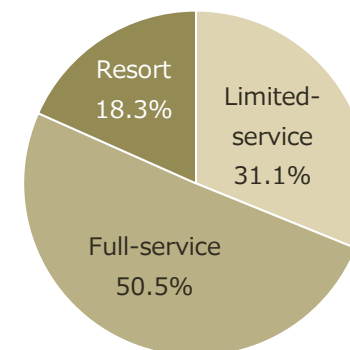
By Hotel Brand(*)



By Hotel Grade(*)



By Hotel Type(*)



(*) All figures are calculated based on the acquisition price. Percentages are rounded to one decimal place.

4. Rent Structure

◆ Aim to secure stability through fixed rents and increase variable rents, etc. through active asset management strategies

(FY12/2025 forecast)

Rent Structure ^{(*)1}		Fixed rent	Fixed rent + Revenue-sharing rent	Fixed rent + Variable rent	Variable rent	Management contract	Total
Type of Contract		Lease contract	Lease contract	Lease contract	Lease contract	Management contract	
Type of Rent	Fixed	○	○	○	–	–	–
	Variable	–	A certain percentage of revenue exceeding the threshold	A certain percentage of hotel GOP	A certain percentage of hotel revenue or hotel GOP	Hotel GOP	–
Real Estate Operating Revenue ^{(*)2} (%)		JPY1,621MM (3.9%)	JPY3,600MM (8.7%)	JPY31,446MM (76.2%)	JPY2,357MM (5.7%)	JPY2,237MM (5.4%)	JPY41,264MM (100.0%)
(breakdown)	Fixed Rent ^{(*)3} (%)	JPY1,621MM (3.9%)	JPY2,741MM (6.6%)	JPY14,626MM (35.4%)	JPY127MM (0.3%)	JPY165MM (0.4%)	JPY19,282MM (46.7%)
	Variable Rent (%)	–	JPY858MM (2.1%)	JPY16,820MM (40.8%)	JPY2,230MM (5.4%)	JPY2,072MM (5.0%)	JPY21,981MM (53.3%)
CAPEX Paid by JHR ^{(*)4}		1. Renewal of building and facilities	1. Renewal of building and facilities (3. Strategic investment)	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	–
No. of Properties		7	5	30	5	4	51
Acquisition Price (%)		JPY24,806MM (4.8%)	JPY42,354MM (8.2%)	JPY396,579MM (76.9%)	JPY29,255MM (5.7%)	JPY22,397MM (4.3%)	JPY515,391MM (100.0%)
Hotels		The Beach Tower Okinawa Hakone Setsugetsuka dormy inn EXPRESS Asakusa Washington Hotel Plaza Nara Washington R&B Hotel Ueno-hirokoji Toyoko Inn Hakata-guchi Ekimae CANDEO HOTELS Ueno Koen	Hilton Tokyo Bay Smile Hotel Nihombashi Mitsukoshimae Comfort Hotel Tokyo Higashi Nihombashi UAN kanazawa Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	HMJ Group (21 Hotels) ^{(*)5} Ishin Group (4 Hotels) dormy inn Kumamoto Hotel Francs ^{(*)6} MIMARU Tokyo Shinjuku West HOTEL AMANEK Shinjuku-Kabukicho. Southern Beach Hotel & Resort OKINAWA	Hilton Nagoya Mercure Yokosuka Chisun Hotel Kamata Chisun Inn Keikyu Kamata La'gent Stay Sapporo Odori	ibis Styles Kyoto Station ibis Styles Sapporo Mercure Sapporo Mercure Okinawa Naha	–

(*)1 Rent structure is classified based on the type of rent under the lease contract and other contracts of hotels owned by JHR as of August 25, 2025.

(*)2 Based on the revenue forecast for FY12/2025, which was announced in the Midterm Financial Report dated August 25, 2025. This includes the real estate operating revenue from Washington Hotel Plaza Hakata, Nakasu, which was sold in January 2025.

(*)3 The fixed amount of real estate operating revenue does not include fixed rent from the hotel lessees as well as fixed rent and water utility expense income under the lease contracts for the non-hotel parts (offices, signage, car park, retail shop, etc.) of the acquired assets.

(*)4 The table lists a general scope of CAPEX paid by JHR and detail is individually stipulated in the lease contract of each hotel.

(*)5 The rent structure for OKINAWA HARBORVIEW HOTEL, one of the HMJ group, is as follows: until July 31, 2026, fixed rent only. On and after August 1, 2026, a combination of fixed and variable rent will apply.

5. Property List (1/2)

(as of the end of June 2025)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)	NOI Yield (forecast) (*8)
									25th Period (as of December 31, 2024)		26th Period (as of June 30, 2025)						
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate					
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Hyogo	30.0	10,900	9,726	14,800	4.8%	14,800	4.8%	2.1%	523,901	401,212	230,110	8.4%
2	Oriental Hotel Tokyo Bay	Full-service	Upper-middle	511	Chiba	30.2	19,900	18,345	35,100	4.3%	35,100	4.3%	3.9%	993,569	928,107	599,180	11.0%
3	Namba Oriental Hotel	Limited-service	Mid-price	267	Osaka	29.3	15,000	15,454	33,700	4.0%	33,700	4.1%	2.9%	780,984	721,204	633,084	9.9%
4	Hotel Nikko Alivila	Resort	Luxury	397	Okinawa	31.2	18,900	17,518	29,100	4.7%	29,100	4.7%	3.7%	460,716	379,084	254,489	7.5%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Hiroshima	31.8	4,100	3,954	4,330	4.9%	4,340	4.9%	0.8%	109,012	86,395	49,238	5.1%
6	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	21.3	7,610	6,382	10,200	4.3%	10,200	4.3%	1.5%	255,504	232,416	172,652	6.1%
7	Hakone Setsugetsuka	Resort	Mid-price	158	Kanagawa	18.7	4,070	3,462	5,630	4.6%	5,620	4.6%	0.8%	147,469	134,786	85,253	6.6%
8	dormy inn Kumamoto	Limited-service	Mid-price	291	Kumamoto	17.4	2,334	2,143	3,900	5.5%	3,970	5.4%	0.5%	116,441	104,723	77,135	10.3%
9	the b suidobashi	Limited-service	Mid-price	99	Tokyo	38.8	1,120	1,144	2,510	4.0%	2,530	4.0%	0.2%	92,929	87,359	74,844	15.4%
10	dormy inn EXPRESS Asakusa	Limited-service	Economy	75	Tokyo	28.3	999	922	1,350	3.8%	1,330	3.8%	0.2%	32,537	27,871	21,271	5.6%
11	Washington Hotel Plaza Nara	Limited-service	Mid-price	203	Nara	25.3	2,050	1,726	2,460	4.8%	2,450	4.8%	0.4%	75,000	67,000	49,000	6.5%
12	Washington R&B Hotel Ueno-hirokoji (*9)	Limited-service	Economy	176	Tokyo	23.2	1,720	1,779	1,880	3.9%	1,880	3.9%	0.3%	48,645	40,478	30,514	4.7%
13	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	17.4	3,746	3,419	5,910	4.1%	5,910	4.1%	0.7%	222,557	205,821	182,458	8.7%
14	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	28.3	2,108	2,007	3,170	3.9%	3,170	3.9%	0.4%	111,186	102,442	90,720	7.6%
15	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	256	Fukuoka	23.8	1,652	1,319	2,770	4.4%	2,770	4.4%	0.3%	70,519	62,792	53,876	7.6%
16	Chisun Hotel Kamata	Limited-service	Economy	105	Tokyo	33.4	1,512	1,457	2,090	4.6%	2,090	4.6%	0.3%	89,523	82,141	62,514	10.3%
17	Chisun Inn Keikyu Kamata (*10)	Limited-service	Economy	70	Tokyo	22.2	823	765	1,450	4.4%	1,450	4.4%	0.2%	54,779	50,937	44,658	10.9%
18	Oriental Hotel Universal City	Resort	Upper-middle	330	Osaka	24.0	6,753	7,258	22,300	4.7%	22,300	4.7%	1.3%	859,053	828,319	754,393	28.7%
19	Hilton Tokyo Bay	Resort	Luxury	828	Chiba	37.0	26,050	26,065	42,800	4.1%	42,800	4.1%	5.1%	990,009	847,556	741,914	8.6%
20	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kyoto	16.2	6,600	6,523	10,000	4.2%	10,000	4.2%	1.3%	225,380	198,323	183,149	6.3%
21	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	14.9	6,797	6,247	11,300	4.7%	11,300	4.7%	1.3%	268,961	214,471	172,784	7.8%
22	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	16.2	6,000	5,540	12,400	4.6%	12,400	4.6%	1.2%	416,391	313,557	267,764	11.7%
23	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	15.9	3,000	2,707	7,400	4.6%	7,400	4.6%	0.6%	174,785	148,287	115,849	9.9%
24	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	43.0	6,520	6,595	7,810	4.0%	7,810	4.0%	1.3%	231,709	216,172	199,852	6.5%
25	the b hachioji	Limited-service	Mid-price	196	Tokyo	38.9	2,610	2,669	2,740	5.0%	2,740	5.0%	0.5%	107,227	94,659	75,995	7.1%
26	the b hakata	Limited-service	Mid-price	175	Fukuoka	27.8	2,300	2,321	6,110	4.2%	6,120	4.2%	0.4%	171,503	163,904	152,417	15.0%
27	Hotel Francs	Full-service	Mid-price	222	Chiba	33.9	3,105	3,225	5,160	4.7%	6,690	4.7%	0.6%	230,670	200,719	169,987	13.4%
28	Mercure Yokosuka	Full-service	Upper-middle	160	Kanagawa	31.7	1,650	1,660	3,640	4.6%	3,640	4.6%	0.3%	226,694	167,352	147,316	17.1%
29	Oriental Hotel Okinawa Resort & Spa	Resort	Upper-middle	361	Okinawa	20.4	14,950	16,865	19,700	4.8%	19,700	4.8%	2.9%	417,825	372,357	111,620	9.8%

5. Property List (2/2)

(as of the end of June 2025)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)	NOI Yield (forecast) (*8)
									25th Period (as of December 31, 2024)		26th Period (as of June 30, 2025)						
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate					
30	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Hiroshima	14.8	17,320	16,894	20,500	4.5%	20,500	4.5%	3.4%	876,889	625,970	501,201	7.2%
31	CANDEO HOTELS Ueno Koen	Limited-service	Mid-price	268	Tokyo	15.5	6,705	6,480	7,630	3.9%	7,620	3.9%	1.3%	174,985	161,457	138,080	4.8%
32	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Fukuoka	40.0	7,197	7,997	15,700	4.6%	15,700	4.6%	1.4%	1,018,937	896,162	712,616	25.1%
33	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	16.9	27,000	26,462	27,300	4.3%	27,300	4.3%	5.2%	715,311	689,360	625,490	5.3%
34	Hotel Oriental Express Fukuoka Tenjin	Limited-service	Mid-price	263	Fukuoka	26.2	5,248	5,758	7,600	4.6%	7,600	4.6%	1.0%	467,953	410,082	377,723	16.4%
35	Hilton Nagoya	Full-service	Luxury	460	Aichi	36.3	15,250	15,346	15,500	4.1%	15,500	4.1%	3.0%	728,218	403,050	305,406	5.1%
36	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Chiba	31.9	13,175	13,149	13,200	4.4%	13,200	4.4%	2.6%	354,114	316,635	197,333	4.9%
37	International Garden Hotel Narita	Full-service	Mid-price	463	Chiba	29.1	9,125	8,820	9,650	4.7%	9,650	4.7%	1.8%	250,925	229,260	147,837	5.2%
38	Hotel Nikko Nara	Full-service	Upper-middle	330	Nara	27.3	10,373	10,010	9,990	4.7%	10,000	4.7%	2.0%	273,250	248,628	169,190	4.9%
39	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	7.4	2,738	2,764	2,900	4.5%	2,900	4.5%	0.5%	132,351	124,816	116,346	9.0%
40	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	29.5	62,400	63,001	72,700	3.5%	72,700	3.6%	12.1%	1,514,687	1,337,267	1,175,782	4.7%
41	UAN kanazawa	Limited-service	Upper-middle	47	Ishikawa	7.8	2,050	2,032	2,340	4.5%	2,340	4.5%	0.4%	60,964	55,644	45,484	5.9%
42	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Limited-service	Mid-price	220	Tokyo	17.3	8,400	8,438	10,200	3.7%	10,200	3.7%	1.6%	311,946	276,770	265,134	4.7%
43	La'gent Stay Sapporo Odori	Limited-service	Mid-price	219	Hokkaido	9.0	10,020	10,869	11,800	4.2%	11,800	4.2%	1.9%	268,614	246,834	206,502	6.0%
44	Oriental Hotel Kyoto Rokujo	Limited-service	Mid-price	166	Kyoto	5.8	4,446	4,569	6,650	4.1%	6,650	4.1%	0.9%	200,664	190,087	170,760	8.4%
45	Hotel Oriental Express Fukuoka Nakasukawabata	Limited-service	Mid-price	183	Fukuoka	4.2	4,460	4,620	6,280	4.1%	6,280	4.1%	0.9%	251,334	239,754	226,365	10.1%
46	Hotel JAL City Kannai Yokohama	Limited-service	Mid-price	170	Kanagawa	18.6	4,000	4,021	4,580	4.0%	4,580	4.0%	0.8%	99,700	89,559	73,384	5.3%
47	MIMARU Tokyo Shinjuku West	Limited-service	Upper-middle	76	Tokyo	5.4	9,645	9,996	12,800	3.6%	14,200	3.6%	1.9%	286,836	276,914	262,847	5.7%
48	HOTEL AMANEK Shinjuku-Kabukicho.	Limited-service	Mid-price	169	Tokyo	2.3	8,845	9,166	12,900	3.7%	12,900	3.7%	1.7%	286,341	278,806	266,596	6.0%
49	OKINAWA HARBORVIEW HOTEL	Full-service	Mid-price	352	Okinawa	50.2	21,562	23,020	24,200	5.2%	24,200	5.2%	4.2%	525,000	512,109	414,680	4.7%
50	Southern Beach Hotel & Resort OKINAWA	Resort	Mid-price	448	Okinawa	16.2	16,200	16,124	20,300	4.9%	20,300	4.9%	3.1%	323,086	305,443	206,535	4.4%
51	Hilton Fukuoka Sea Hawk (*11)	Full-service	Upper-middle	1,052	Fukuoka	30.3	64,350	64,910	71,700	4.3%	71,700	4.3%	12.5%	1,481,286	1,440,318	1,163,977	5.8%
Total or Average		-	-	14,130	-	26.2	515,391	513,669	698,130	-	701,130	-	100.0%	19,128,177	16,852,737	13,588,499	-

(*1) For hotel type, "Full-service" refers to a "full-service hotel," "Resort" refers to a "resort hotel," and "Limited-service" refers to a "limited-service hotel."

(*2) Mainly based on ADR, etc., JHR has classified the hotels into 4 categories as "luxury," "upper-middle," "mid-price" and "economy."

(*3) The age of each property as of the end of June 2025. Average age is the weighted average calculated as follows: The sum of (acquisition price of each property x property age)/total acquisition price.

(*4) The acquisition price in the purchase and sale agreement for beneficial interest in trust, etc. (Consumption tax, an amount equivalent to consumption tax, brokerage fee and other purchase-related costs are excluded.)

(*5) Book value as of the end of June 2025.

(*6) The investment ratio column shows the ratio of the acquisition price of each property to the total acquisition price, rounded to one decimal place.

(*7) Actual results for 6 months from January to June 2025. Since the lessees did not agree to disclose numbers in units of JPY1,000 for No. 11, the amounts are rounded down to the nearest JPY million.

In addition, the total figures include actual results from Washington Hotel Plaza Hakata, Nakasu, which was sold in January 2025.

(*8) NOI yield (forecast) is calculated by dividing the NOI (forecast) for the full year FY12/2025 by each acquisition price.

(*9) The name has changed from R&B Hotel Ueno-hirokoji on April 1, 2025.

(*10) The name has changed from Chisun Inn Kamata on July 1, 2025.

(*11) Since the property was acquired in February 2025, the appraisal value at the end of December 2024 is the appraisal value at acquisition.

6. Summary of Lease Contracts (1/3)

(as of the end of June 2025)

(as of the end of June 2023)													
No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/Hotel Consulting and Management Company	Lease/MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2025 to 2026)	
										Timing	Condition	2025	2026
1	Kobe Meriken Park Oriental Hotel	Fixed-lease	Fixed + Variable	Hotel Management Japan Co., Ltd.	Okura Nikko Hotel Management Co., Ltd.	15	Dec. 2034	For 5 HMJ Hotels JPY3,221MM/year + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified Structure	-	-
2	Oriental Hotel Tokyo Bay												
3	Namba Oriental Hotel												
4	Oriental Hotel Hiroshima												
5	Hotel Nikko Alivila												
6	The Beach Tower Okinawa	Fixed-lease	Fixed	Kyoritsu Maintenance Co., Ltd.	20	Jun. 2026	JPY511MM/year	The same rent will be applied until expiration of the contract.	-	-	-	To be expired (Jun.)	
7	Hakone Setsugetsuka	Fixed-lease	Fixed		20	Oct. 2026	JPY294MM/year	The same rent will be applied until expiration of the contract.	-	-	-	To be expired (Oct.)	
8	dormy inn Kumamoto	Fixed-lease	Fixed + Variable		3	Mar. 2026	JPY194MM/year + when Hotel GOP exceeds JPY400MM, the excess x 40% is paid	Rent can be modified through mutual agreement.	Apr. 2023	Same fixed rent + Introduced variable rent	-	To be expired (Mar.)	
9	dormy inn EXPRESS Asakusa	Japanese Lease	Fixed		3	Mar. 2026	JPY63MM/year	Rent can be modified through mutual agreement every 3 years.	Apr. 2023	Same	-	To be expired (Mar.)	
10	Washington Hotel Plaza Nara	Japanese Lease	Fixed	Washington Hotel K.K.	3	Mar. 2026	JPY131MM/year	Rent can be modified through mutual agreement.	Mar. 2023	Same	-	To be expired (Mar.)	
11	Washington R&B Hotel Ueno-hirokoji	Japanese Lease	Fixed		3	Apr. 2028	JPY96MM/year	Rent can be modified through mutual agreement.	Apr. 2025	Same	-	-	
12	Comfort Hotel Tokyo Higashi Nihombashi	Fixed-lease	Fixed + Revenue sharing	Greens Co., Ltd.		20	Jan. 2028	JPY242MM/year + Revenue-sharing rent	Rent can be modified through mutual agreement every 5 years.	Apr. 2018	Same (Introduced Revenue-sharing rent)	-	-
13	Smile Hotel Nihombashi Mitsukoshimae	Japanese Lease	Fixed + Revenue sharing	THE KAMOGAWA GRAND HOTEL, LTD.		3	Mar. 2026	JPY134MM/year + Revenue-sharing rent	Rent can be modified through mutual agreement.	Mar. 2023	Same	-	To be expired (Mar.)
14	Toyoko Inn Hakata-guchi Ekimae	Japanese Lease	Fixed	Toyoko Inn Co., Ltd.		30	Sep. 2031	JPY141MM/year	No rule has been stipulated.	Oct. 2007	Increased (+9.4%)	-	-
15	Chisun Hotel Kamata	Fixed-lease	Variable	Solare Hotels & Resorts Co., Ltd.	SHR Hotels, Co., Ltd.	5	Dec. 2030	[until December 31, 2025] Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0) [on and after January 1, 2026] Hotel GOP x 88% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2026	Change in rate applied to variable rent (plan)	-	-
16	Chisun Inn Keikyu Kamata	Fixed-lease	Variable			7	Dec. 2026	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2020	Same	-	To be expired (Dec.)
17	Oriental Hotel Universal City	Fixed-lease	Fixed + Variable	K.K. Osaka Sakurajima Operations (*)		10.5	Dec. 2031	JPY350MM/year + when Hotel AGOP exceeds JPY370MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jul. 2021	Change in lessee and Modified Structure	-	-
18	Hilton Tokyo Bay	Fixed-lease	Fixed + Revenue sharing	THE DAI-ICHI BUILDING CO., LTD.	Hilton International Company	6	Dec. 2028	JPY1,965MM/year + Revenue-sharing rent	Rent can be modified through mutual agreement.	Jan. 2019	Renewed (Increased)	-	-

6. Summary of Lease Contracts (2/3)

(as of the end of June 2025)

(as of the end of June 2023)													
No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2025 to 2026)	
										Timing	Condition	2025	2026
19	ibis Styles Kyoto Station	-	Management contract	-	AAPC Japan K.K.	17	Dec. 2029	Amount equivalent to Hotel GOP	-	Jan. 2025	Renewed (Increased)	-	-
20	ibis Styles Sapporo	-	Management contract			15	Dec. 2029	Amount equivalent to Hotel GOP	-	Jan. 2025	Renewed (Increased)	-	-
21	Mercure Sapporo	-	Management contract			15	Sep. 2029	Amount equivalent to Hotel GOP	-	Oct. 2024	Renewed (Increased)	-	-
22	Mercure Okinawa Naha	-	Management contract			15	Apr. 2029	Amount equivalent to Hotel GOP	-	Apr. 2024	Renewed (Increased)	-	-
23	Mercure Yokosuka	Fixed-lease	Variable	AAPC Japan K.K.		5	Aug. 2029	Linked to Hotel GOP	The same rent will be applied until expiration of the contract.	Sep. 2024	Renewed (Increased)	-	-
24	the b ikebukuro	Fixed-lease	Fixed + Variable	Ishin Ikebukuro Operations K.K.		5	Jul. 2029	JPY142MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Aug. 2024	Renewed (Increased in fixed rent)	-	-
25	the b hachioji	Fixed-lease	Fixed + Variable	Ishin Hachioji Operations, Y.K.		5	Jul. 2029	JPY75MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Aug. 2024	Renewed (Increased in fixed rent)	-	-
26	the b hakata	Fixed-lease	Fixed + Variable	Ishin Hakata Operations K.K.		5	Jul. 2029	JPY99MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Aug. 2024	Renewed (Increased in fixed rent)	-	-
27	the b suidobashi	Fixed-lease	Fixed + Variable	Ishin Suidobashi Operations K.K.		7	Dec. 2026	JPY30MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Oct. 2020	Fixed rent was changed (Reduction)	-	To be expired (Dec.)
28	Hotel Francs	Fixed-lease	Fixed + Variable	K.K. BP		6	Dec. 2030	JPY300MM/year + when Hotel GOP exceeds JPY350MM, the excess x 52% is paid	The same rent will be applied until expiration of the contract.	Oct. 2024	Increased in fixed rent + Introduced variable rent	-	-
29	Oriental Hotel Okinawa Resort & Spa	Fixed-lease	Fixed + Variable	Lagoon resort Nago Co., Ltd. (*)		10	Dec. 2030	JPY550MM/year + when Hotel AGOP exceeds JPY655MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
30	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Fixed-lease	Fixed + Variable	K.K. A.I.C Hiroshima Management (*)	Starwood Asia Pacific Hotels & Resorts Pte.Ltd.	11	Dec. 2026	JPY348MM/year + when Hotel AGOP exceeds JPY360MM, the excess x 90% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified Structure	-	To be expired (Dec.)
31	CANDEO HOTELS Ueno Koen	Fixed-lease	Fixed	Candeo Hospitality Management, Inc.		20	Feb. 2030	Nondisclosure ^(*4)	Rent can be modified through mutual agreement every 3 years.	Jul. 2016	Nondisclosure ^(*4)	-	-
32	Oriental Hotel Fukuoka Hakata Station	Fixed-lease	Fixed + Variable	Hotel Centraza Co., Ltd. (*)		15	Dec. 2034	JPY425MM/year + when Hotel AGOP exceeds JPY442MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
33	Holiday Inn Osaka Namba	Fixed-lease	Fixed + Variable	OW Hotel Operations KK (*)		15	Oct. 2031	JPY576MM/year + when Hotel AGOP exceeds JPY580MM, the excess x 97% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
34	Hotel Oriental Express Fukuoka Tenjin	Fixed-lease	Fixed + Variable	K.K Fukuoka Tenjin Operations (*)		10.5	Dec. 2031	JPY150MM/year + when Hotel AGOP exceeds JPY165MM, the excess x 97% is paid	In principle, the same rent will be applied until expiration of the contract.	Jun. 2021	Change in lessee and Modified structure	-	-
35	Hilton Nagoya	Japanese Lease	Variable	Nagoya Hilton Co., Ltd.	Hilton International Company	41	Dec. 2029	Nondisclosure ^(*4)	Rent can be modified through mutual agreement.	-	-	-	-
36	Hilton Tokyo Narita Airport	Fixed-lease	Fixed + Variable	KK NaritaKosuge Operations (*)		20	Jun. 2037	JPY444MM/year + when Hotel AGOP exceeds JPY450MM, the excess x 93% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
37	International Garden Hotel Narita	Fixed-lease	Fixed + Variable	KK NaritaYoshikura Operations (*)		10	Jun. 2027	JPY336MM/year + when Hotel AGOP exceeds JPY360MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-

6. Summary of Lease Contracts (3/3)

(as of the end of June 2025)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2025 to 2026)	
										Timing	Condition	2025	2026
38	Hotel Nikko Nara	Fixed-lease	Fixed + Variable	Hotel Management Co., Ltd. (*)	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2030	JPY420MM/year + when Hotel AGOP exceeds JPY440MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
39	Hotel Oriental Express Osaka Shinsaibashi	Fixed-lease	Fixed + Variable	K.K. HOTEL ORIENTAL EXPRESS (*)		10	Mar. 2028	JPY110MM/year + when Hotel AGOP exceeds JPY128MM, the excess x 91% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
40	Hilton Tokyo Odaiba	Fixed-lease	Fixed + Variable	Tokyo Humania Enterprise Inc. (*)		11	Dec. 2029	JPY1,600MM/year + when Hotel AGOP exceeds JPY1,660MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
41	UAN kanazawa	Fixed-lease	Fixed + Revenue sharing	Solare Hotels and Resorts Co., Ltd.	SHR Hotels Co., Ltd.	25	Oct. 2042	JPY108MM/year + when annual room sales exceeds JPY270MM, the excess x 30% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
42	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Fixed-lease	Fixed + Revenue sharing	Sotetsu Hotel Development Co., Ltd.	Sotetsu Hotel Management CO., LTD.	3	Mar. 2026	JPY204MM/year + Revenue-sharing rent	The same rent will be applied until expiration of the contract.	-	-	-	To be expired (Mar.)
43	La'gent Stay Sapporo Odori	Fixed-lease	Variable	AB Accommo. Co. Ltd.		3.6	Dec. 2027	Linked to Hotel GOP	The same rent will be applied until expiration of the contract.	May 2024	Changed calculation formula	-	-
44	Oriental Hotel Kyoto Rokujo	Fixed-lease	Fixed + Variable	Kyoto Horikawa Operations Co., Ltd. (*)		14.2	Dec. 2033	JPY171MM/year + when Hotel AGOP exceeds JPY183MM, the excess x 93.5% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
45	Hotel Oriental Express Fukuoka Nakasukawabata	Fixed-lease	Fixed + Variable	Fukuoka Tenyamachi Operations Co., Ltd. (*)		12.7	Dec. 2033	JPY174MM/year + when Hotel AGOP exceeds JPY189MM, the excess x 92% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
46	Hotel JAL City Kannai Yokohama	Fixed-lease	Fixed + Variable	K.K. Yokohama Yamashita-cho Operations (*)	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2033	JPY135MM/year + when Hotel AGOP exceeds JPY150MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
47	MIMARU Tokyo Shinjuku West	Fixed-lease	Fixed + Variable	Cosmos Initia Co., Ltd.		20	Feb. 2040	Fixed rent (Nondisclosure ^(*)) + Variable rent (Linked to Hotel GOP)	Rent can be modified through mutual agreement every 2 years.	Apr. 2025	Increased in fixed rent	-	-
48	HOTEL AMANEK Shinjuku-Kabukicho.	Fixed-lease	Fixed + Variable	AMANEK Corporation		20	Mar. 2043	Fixed rent (Nondisclosure ^(*)) + Variable rent (Linked to Hotel GOP)	Rent can be modified through mutual agreement every 5 years.	-	-	-	-
49	OKINAWA HARBORVIEW HOTEL	Fixed-lease	Fixed + Variable	THE HOTELIER GROUP NAHA K.K. (*)		19	Dec. 2034	[until July 31, 2026] JPY1,050MM/year [on and after August 1, 2026] JPY660MM/year + when Hotel AGOP exceeds JPY720MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
50	Southern Beach Hotel & Resort OKINAWA	Fixed-lease	Fixed + Variable	[until December 27, 2025] Okinawa Hotel Management Co., Ltd. [on and after December 28, 2025] K.K. Okinawa Itoman Operations(*)		10	Dec. 2025	[until December 27, 2025] JPY600MM/year + Linked to Hotel GOP [on and after December 28, 2025] JPY600MM/year + when Hotel AGOP exceeds JPY650MM, the excess x 93% is paid	In principle, the same rent will be applied until expiration of the contract.	Dec. 2025	Change in lessee (plan)	-	-
51	Hilton Fukuoka Sea Hawk	Fixed-lease	Fixed + Variable	Hawks Town Corporation (*)	Hilton Worldwide Manage Ltd.	10	Dec. 2034	JPY2,040MM/year + when Hotel AGOP exceeds JPY2,100MM, the excess x 95% is paid	Rent can be modified through mutual agreement	-	-	-	-

(*1) Rent structure is as follows:

Fixed: Fixed rent

Variable: Variable rent

Management contract: Management contract

Fixed + Variable: Property paying both fixed and variable rent

Fixed + Revenue sharing: When the sales of the hotel exceed pre-determined amount, additional rent is paid

(*2) The lessees marked with (*) are wholly owned subsidiaries of HMJ.

(*3) Amount including car park and CAM without tax.

(*4) The detailed content of the contract is not disclosed as consent on disclosure has not been obtained from the lessee.

7. Balance Sheet

(JPY MM)

(as of)	FY12/2024 End of Fiscal Year December 31, 2024	FY12/2025 End of Midterm June 30, 2025	Variance
ASSETS			
Current Assets	42,989	35,884	(7,105)
Cash and Deposits ^(*1)	36,029	30,459	(5,569)
Operating Accounts Receivables	6,045	4,418	(1,627)
Others	914	1,006	91
Noncurrent Assets	455,690	519,679	63,988
Net Property and Equipment	419,202	482,020	62,817
Buildings in Trust ^(*2)	131,960	148,193	16,232
Land in Trust	283,826	330,376	46,550
Others ^(*3)	3,415	3,450	34
Intangible Assets	32,038	31,656	(381)
Other Assets	4,449	6,002	1,552
Leasehold and Security Deposits	152	152	—
Others	4,297	5,850	1,552
Deferred Assets	250	197	(52)
TOTAL ASSETS	498,930	555,761	56,830

(as of)	FY12/2024 End of Fiscal Year December 31, 2024	FY12/2025 End of Midterm June 30, 2025	Variance
LIABILITIES			
Current Liabilities	38,280	49,963	11,682
Operating Accounts Payable	1,942	619	(1,322)
Short-term Loans	1,000	1,000	—
Current Portion of Investment Corporation Bond	2,800	5,800	3,000
Current Portion of Long-term Loans Payable	30,000	39,830	9,830
Accounts Payable	1,564	1,416	(148)
Advances Received	868	852	(15)
Others	105	445	339
Long-term Liabilities	177,247	229,219	51,972
Investment Corporation Bonds	31,100	28,100	(3,000)
Long-term Loans Payable	140,331	194,851	54,520
Tenant Leasehold and Security Deposits	5,133	5,213	80
Derivative Liabilities	—	104	104
Others	683	951	268
TOTAL LIABILITIES	215,528	279,183	63,655
NET ASSETS			
Unitholders' Capital	232,708	232,708	—
Capital Surplus	21,746	21,746	—
Reserve for Temporary Difference Adjustment	8,754	6,959	(1,795)
Reserve for Special Advanced Depreciation	1,174	1,174	—
Unappropriated Retained Earnings	18,273	12,767	(5,506)
Others	744	1,222	478
TOTAL NET ASSETS	283,402	276,578	(6,824)
TOTAL LIABILITIES AND NET ASSETS	498,930	555,761	56,830

(*1) Cash and deposits in trust is included.

(*2) The sum of buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, and construction in progress in trust.

(*3) The sum of machinery and equipment, tools, furniture and fixtures, and construction in progress.

Appendix 3

Investors Composition and Investment Unit Price

1. Major Unitholders and Classifications of Unitholders

Top 10 Major Unitholders

As of the end of December 2024

Rank	Name	No. of Units	% ^(*)
1	The Master Trust Bank of Japan, Ltd. (Trust)	897,268	17.60
2	Custody Bank of Japan, Ltd. (Trust)	877,544	17.21
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	267,306	5.24
4	STATE STREET BANK AND TRUST COMPANY 505325	107,687	2.11
5	STATE STREET BANK AND TRUST COMPANY 505001	101,902	1.99
6	STICHTING PENSIOENFONDS ZORG EN WELZIJN	90,567	1.77
7	GOLDMAN SACHS INTERNATIONAL	82,253	1.61
8	STATE STREET BANK WEST CLIENT - TREATY 505234	74,221	1.45
9	JP MORGAN CHASE BANK 385781	71,805	1.40
10	STATE STREET BANK AND TRUST COMPANY 505103	69,674	1.36
Total		2,640,227	51.79

As of the end of June 2025

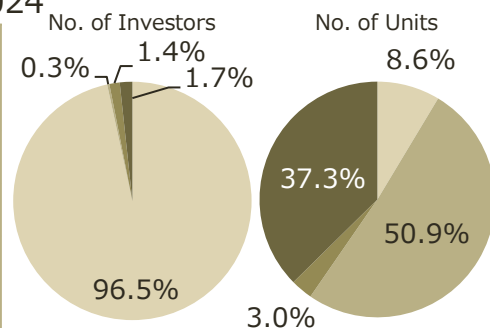
Rank	Name	No. of Units	% ^(*)
1	The Master Trust Bank of Japan, Ltd. (Trust)	937,444	18.39
2	Custody Bank of Japan, Ltd. (Trust)	844,435	16.56
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	277,086	5.43
4	BNYM AS AGT/CLTS 10 PERCENT	104,546	2.05
5	STATE STREET BANK AND TRUST COMPANY 505001	90,863	1.78
6	Meiji Yasuda Life Insurance Company	81,387	1.59
7	STATE STREET BANK WEST CLIENT - TREATY 505234	81,076	1.59
8	GOVERNMENT OF NORWAY	79,770	1.56
9	GOLDMAN SACHS INTERNATIONAL	78,544	1.54
10	STATE STREET BANK AND TRUST COMPANY 505103	73,334	1.43
Total		2,648,485	51.96

(*) Ownership ratio shows the total units held by each investor to the total units issued as of respective date (rounded down to two decimal places).

Classifications of Unitholders

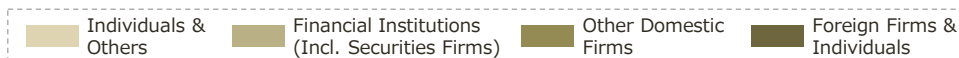
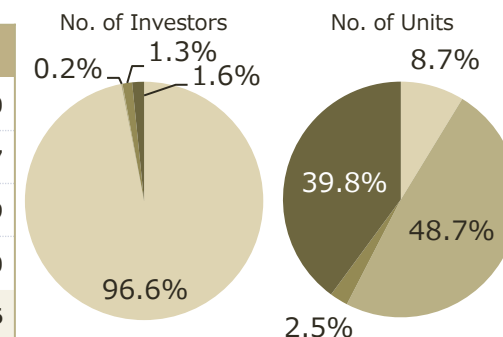
As of the end of December 2024

Owners	No. of Investors	No. of Units
Individuals & Others	29,709	442,962
Financial Institutions (Incl. Securities Firms)	97	2,595,835
Other Domestic Firms	446	153,021
Foreign Firms & Individuals	533	1,905,188
Total	30,785	5,097,006



As of the end of June 2025

Owners	No. of Investors	No. of Units
Individuals & Others	33,610	447,490
Financial Institutions (Incl. Securities Firms)	94	2,486,927
Other Domestic Firms	482	130,279
Foreign Firms & Individuals	588	2,032,310
Total	34,774	5,097,006



(*) Percentage of investors is percentage of investors in each segment to the total number of investors in JHR, and percentage of investment units is percentage of investment units owned by each segment to the total investment units issued as of respective date (both rounded down to one decimal place).

2. Changes in Investment Unit Price and Market Capitalization

Changes in the investment unit price and market capitalization (Based on the closing price)

Price of the investment unit:

JPY82,900

Total market capitalization:

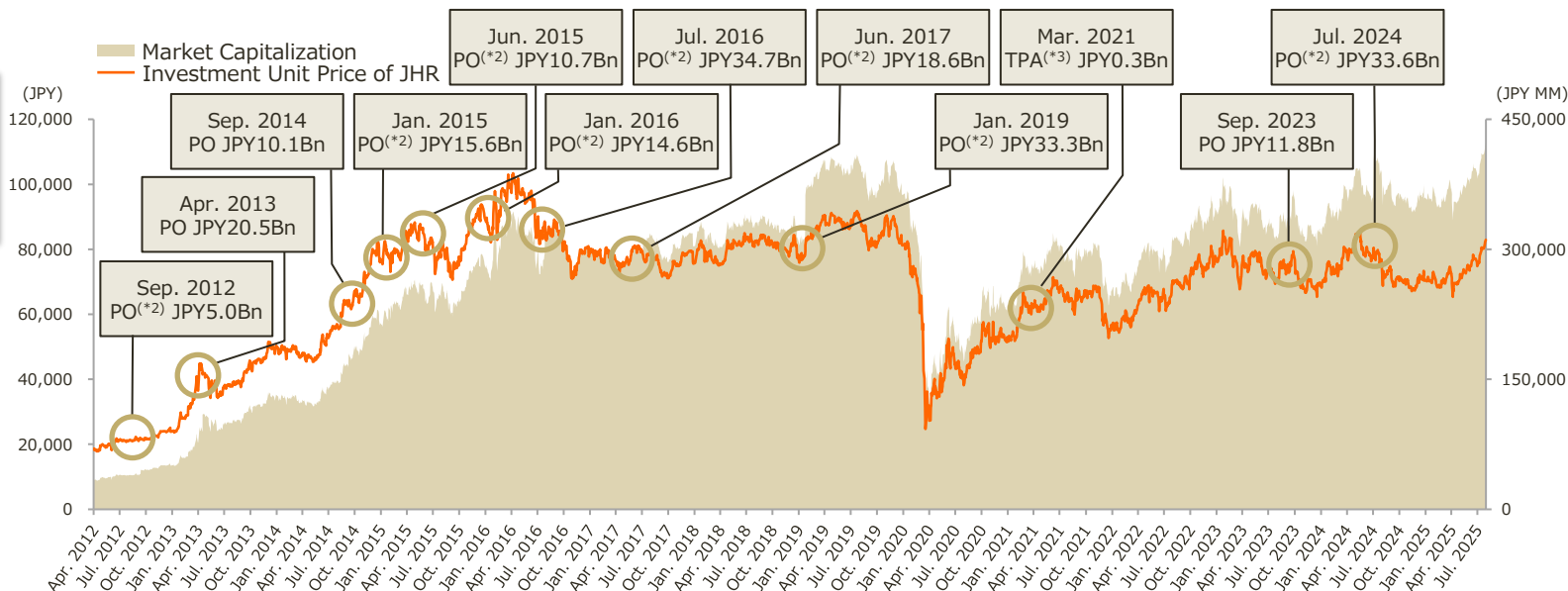
JPY422.5Bn

(based on the closing price of July 31, 2025)

(*1) Price of the real estate investment securities may fall depending on the fluctuations of price of the real estate under management or profitability, etc., and investors may suffer losses. Investors may also suffer losses through the bankruptcy or deteriorated financial condition of the issuer. For the risks of investing in JHR's investment securities, please refer to JHR's securities report dated March 24, 2025.

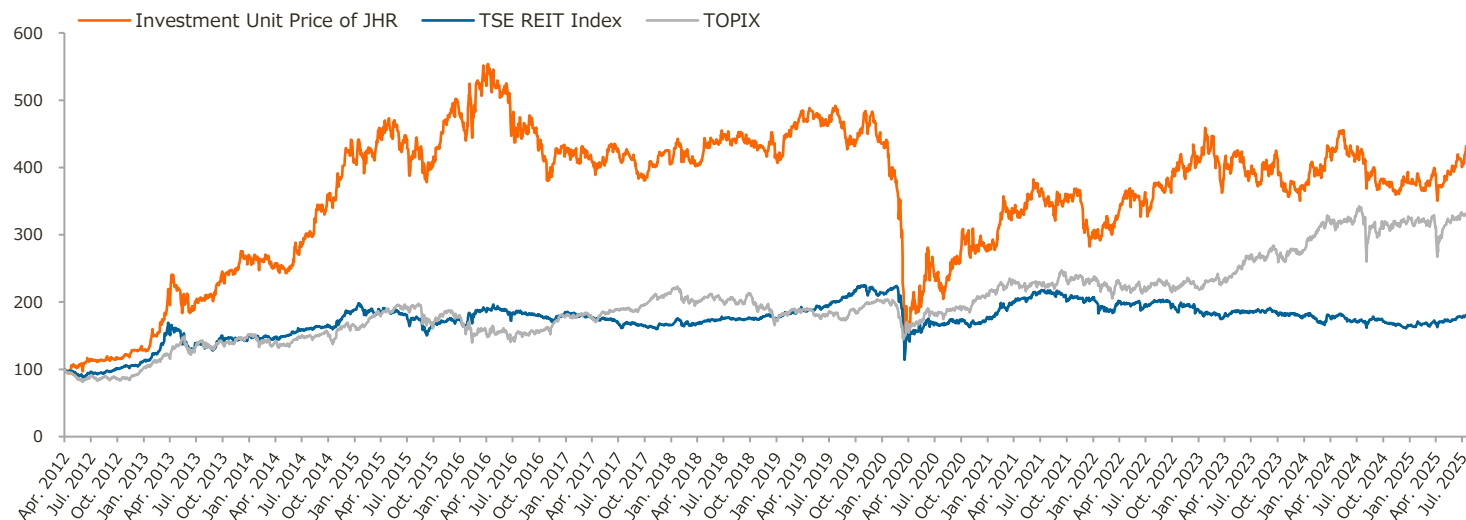
(*2) Including OA

(*3) Indicate the third-party allotment conducted March 2021, with sponsor group as allottee.



Comparison with REIT Index and TOPIX of Tokyo Stock Exchange (TSE)

(*1) The unit price of JHR, the Tokyo Stock Exchange REIT index and TOPIX are indexed to the closing price on April 2, 2012, which equals the base value of 100. The TSE REIT Index is a market capitalization-weighted equity index based on free-float shares, covering all Real Estate Investment Trusts (REIT) listed on the Tokyo Stock Exchange.



Appendix 4

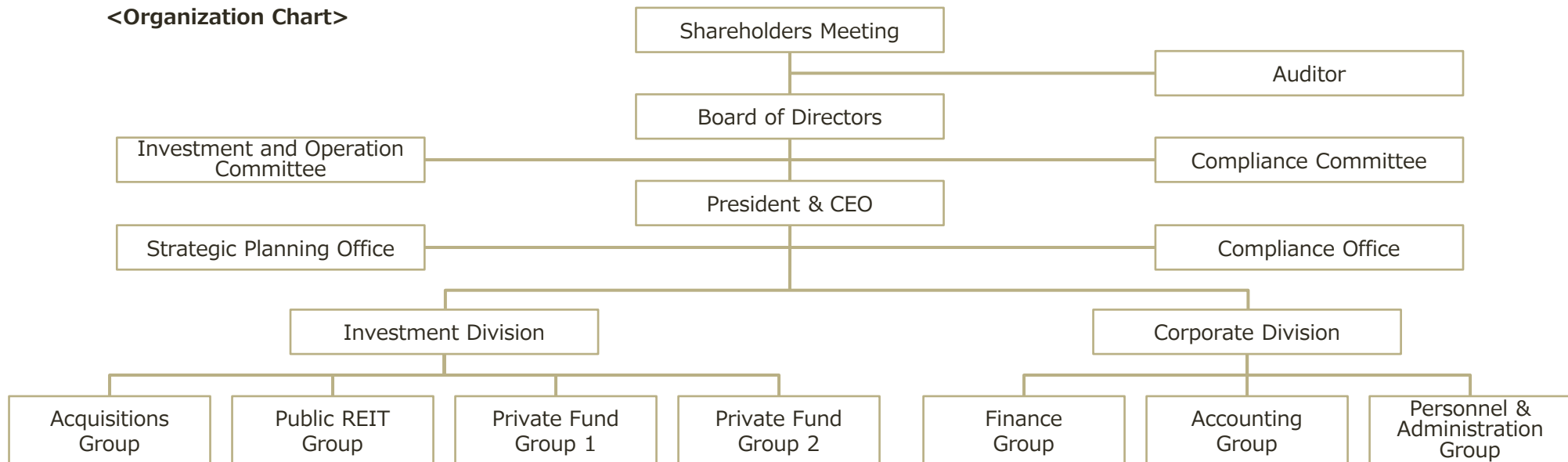
Summary of the Asset Management Company

1. Summary of the Asset Management Company

(as of August 25, 2025)

Company Name	Japan Hotel REIT Advisors Co., Ltd.
Location	Ebisu Neonato 4F, 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-0013
Establishment	August 10, 2004
Capital	JPY300MM
Shareholders	SCJ One (S) Pte. Ltd., Kyoritsu Maintenance Co., Ltd., ORIX Corporation
Representative Director	Hiroyuki Aoki
Registration and Licenses	Real Estate Broker, Governor of Tokyo (5) No. 83613 Discretionary Transaction Agent by Minister of Land, Infrastructure, Transport and Tourism No. 38 Financial Instruments Business Operator, Director-General of the Kanto Local Finance Bureau No. 334 Member of The Investment Trusts Association, Japan Member of The Japan Investment Advisers Association

<Organization Chart>



Mission Statement

Connecting hotels, people, and the future

We explore the possibility of hotels.

We create new value and lead hotels to a bright future.

We will be the pivot to connect people with various perspectives
and a pioneer for the future of hotel industry.

We connect hotels, people, and a bright future.

Ideas behind the new mission statement

- Through offering opportunities to invest in hotels, we will deliver attractiveness of hotels to many people.
- Utilizing our unique asset management know-how and skills, we will create new value and contribute to the development of the hotel industry.
- We will enhance sustainability of hotels and contribute to realizing a society that is friendly to people, local community and environment.
- We will earn trust of a wide range of various stakeholders involved in the hotel and become the pivot to bring the stakeholders into harmony.
- We will challenge the status quo, consider all the possibilities for a better solution and become a bridge to the bright future for the hotels and people.

Code of Conduct

We define "Challenge" and "Teamwork" as the code of conduct for a team member at JHRA.

In achieving our mission, "connect hotels, people and future," it is essential to pursue all possibilities and continue exploring to create added value.

We will always pursue possibilities through "challenge" by each department and each employee and continue to create added value through cooperation and collaboration based on "teamwork."

Challenge

- Be a self-starter, take initiative and demonstrate drive
- Set high goal and strive to achieve goals
- Respect creativity and innovation
- Promote challenge, free from fear of failure



Teamwork

- Respect teamwork and collaborate with team-mates
- Respect others. Respect values and opinions of others
- Promote "sharing" (idea, knowledge, information, goal, achievement, joy of achievement, lesson, etc.)
- Make effort for open, frank and sincere communication

Advanced Expertise

- ◆ Ability to propose transaction schemes, execute transactions, and plan and execute unprecedented measures of asset management based on an in-depth understanding of hotel operations and a track record of such asset management.
- ◆ Extensive experience in renovation and rebranding through collaboration with many hotel lessees and operators.
- ◆ Strong and long-term relationships with a large number of hotel lessees and hotel operators.
- ◆ High analytical skills and accurate judgment capacity based on rich information and data obtained through a broad network and high credibility.

Ensured Independence

- ◆ There is no seconded employee from sponsor in JHRA.
- ◆ JHRA's Board of Directors of the Asset Management Company comprises a total of 6 directors: 3 directors unaffiliated with the sponsor, 3 part-time directors affiliated with the sponsor, and 1 part-time auditor unaffiliated with the sponsor. This structure ensures a highly independent management, a key characteristic of JHRA.
- ◆ We established a more rigorous decision-making process for transactions with sponsor-related parties. In principle, JHRA undergoes deliberations and resolutions by the Investment and Operation Committee, the Compliance Committee which includes an outside specialist authorized to dismiss proposals, and the Board of Directors Meeting of JHRA. In addition, in cases where JHR conducts transactions with sponsor-related parties, such transactions shall be conducted upon the approval and resolution by the Board of Directors Meeting at JHR. The officers of JHR are all third parties unrelated to the sponsor-related parties.
- ◆ Since our main sponsor, SC Capital Partners Group is also an independent asset management company, it fully understands and respects the importance of JHRA's independency. JHRA conducts asset management business based upon its judgment.

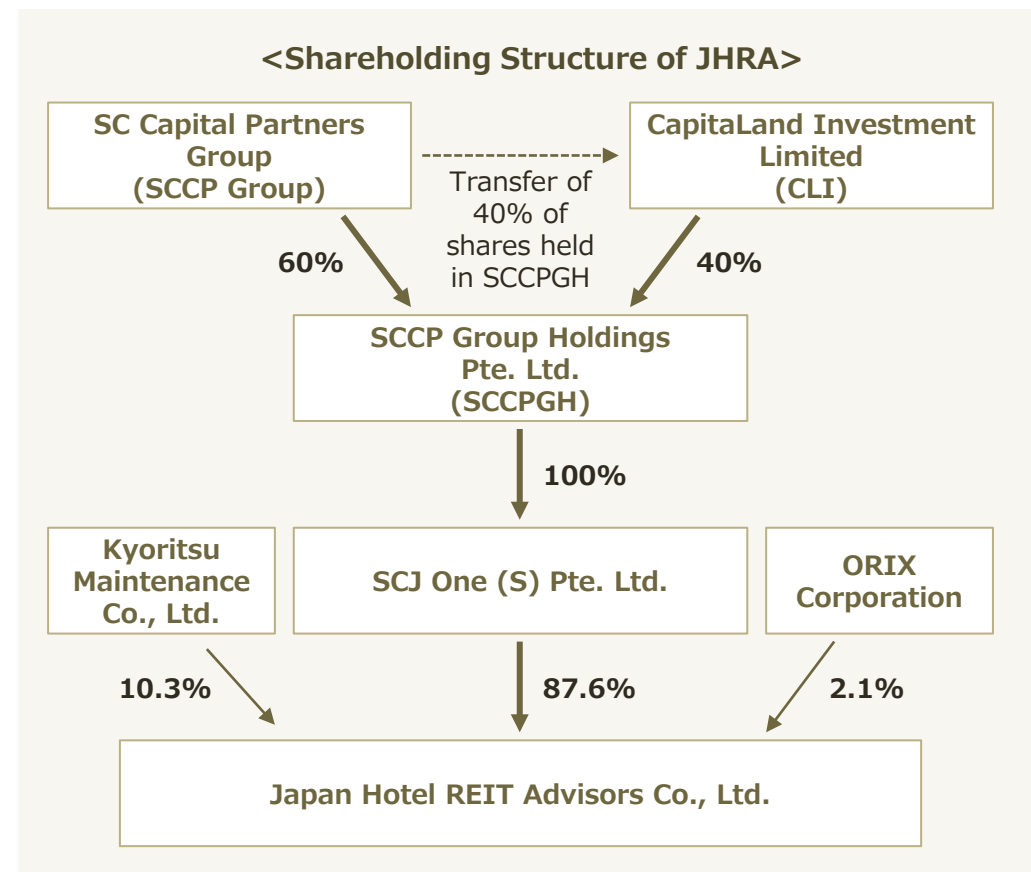
3. Our Sponsor

◆ CapitaLand Investment Limited (CLI) Sponsorship Participation

- March 7, 2025 :
CLI acquired **40%** of the total outstanding shares of the major sponsor of JHRA.
(The remaining 60% is scheduled to be acquired in 2 phases—**30% in 3 years and another 30% in 5 years**)*⁽¹⁾
- March 24, 2025 :
JHRA appointed a part-time director of the board from CLI*⁽²⁾

◆ Same-boat Investment by the Main Sponsor

- April to May 2025:
SC Capital Partners Group (SCCP Group), the main sponsor of JHRA, conducted additional market purchases of investment units in JHR
- Post-acquisition holdings by SCCP Group:
Increased from 7,900 units to 42,909 units, representing 0.84% of the total investment units issued by JHR



**No change in investment policy by CLI's participation
JHRA maintains autonomy in its decision-making**

(*1) For details, please refer to the press release, "Notice Concerning Strategic Investment by CapitaLand Investment into Parent Company of the Asset Management Company" dated November 20, 2024.

(*2) For details, please refer to the press release, "Notice Concerning Appointment of Director of Asset Management Company" dated March 14, 2025.

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Japan Hotel REIT Advisors Co., Ltd.
Financial Instruments Business Operator
Director-General of the Kanto Local Finance Bureau No. 334
Member of The Investment Trust Association, Japan
Member of The Japan Investment Advisers Association
