



Japan Hotel REIT Investment Corporation (TSE: 8985)

2026 ESG Report

Japan Hotel REIT Investment Corporation
Japan Hotel REIT Advisors Co., Ltd.

<https://www.jhrth.co.jp/en/>
March 31, 2026

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Editorial Policy

Japan Hotel REIT Investment Corporation (JHR) and its asset management company, Japan Hotel REIT Advisors Co., Ltd. (JHRA) are committed to promoting initiatives related to Environment, Social and Governance (ESG) to enhance unitholder value over the medium to long term.

This report is published annually with the aim of providing investors and various other stakeholders with an overview of the ESG philosophy and initiatives of JHR and JHRA.

Period Covered

This report primarily covers the period from January 1, 2025 to December 31, 2025, and relevant data from other years.

Guidelines Referenced

GRI (Global Reporting Initiative) Standard

Inquiries about This Report

Japan Hotel REIT Advisors Co., Ltd.

Ebisu Neonato 4F, 4-1-18 Ebisu, Shibuya-ku, Tokyo

Phone: 03-6422-0530

URL: <https://www.jhrth.co.jp/en/>

Message from Management

JHR's Sustainability Approach

Japan Hotel REIT Investment Corporation (JHR) and Japan Hotel REIT Advisors (JHRA) believe that sound management, which fosters harmonious coexistence with society and the environment, contributes to the medium- to long-term enhancement of unitholder value. With that in mind, we are committed to promoting sustainability by incorporating considerations for Environment, Social and Governance (ESG) into our operations.

JHR and JHRA established a Sustainability Policy in December 2017 and have been pursuing a series of measures related to ESG, including reduction of our environmental impact, consideration of all our stakeholders, etc.

In December 2021, in order to further enhance our ESG initiatives, we defined our materiality and have been promoting measures to address various issues. Moreover, we believe that appropriate disclosure of these initiatives and building a relationship of trust with our stakeholders will lead to JHR's growth over the medium to long term.



Executive Director

Kaname Masuda

Japan Hotel REIT Investment Corporation

President & CEO

Hiroyuki Aoki

Japan Hotel REIT Advisors Co., Ltd.

Corporate Profile

Investment Corporation

Corporate Name	Japan Hotel REIT Investment Corporation
Location	Ebisu Neonato 4F, 4-1-18, Ebisu, Shibuya-ku, Tokyo
Representative	Kaname Masuda, Executive Director
Listing Date	June 14, 2006
Fiscal Period	12 months from January 1st through the end of December
Contact	Japan Hotel REIT Advisors Co., Ltd.

Asset Management Company

Company Name	Japan Hotel REIT Advisors Co., Ltd.	
Location	Ebisu Neonato 4F, 4-1-18 Ebisu, Shibuya-ku, Tokyo	
Representative	Hiroyuki Aoki, President & CEO	
Establishment	August 10, 2004	
Capital	JPY300MM	
Shareholders	SCJ One (S) Pte. Ltd.(*)	87.6%
	Kyoritsu Maintenance Co., Ltd.	10.3%
	ORIX Corporation	2.1%
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	

(*) SCJ One (S) Pte. Ltd. is a corporation belonging to SC Capital Partners Group.

Sustainability Management

Sustainability Policy

● Monitoring and enhancing environmental performance in our portfolio

We actively monitor environmental performance of our portfolio, including energy consumption, and share these goals with hotel lessees and operators. Together, we work to continuously improve environmental performance through operational and management optimization, as well as facility renovation and other initiatives. We also seek third-party evaluations where appropriate.

In addition, we consider environmental risks when making investment decisions and monitoring our portfolio's operations.

● Promotion of comfortable, healthy, secure and safe hotels

We prioritize the safety, health and accessibility (including barrier-free access) of our hotels and promote initiatives to strengthen resilience against natural disasters and other risks.

In making investment decisions and monitoring portfolio operations, we give careful considerations to the health, safety and welfare aspects of the hotels.

● Promotion of ESG in value chains

We encourage the hotels we invest in to understand and cooperate with sustainability initiatives. At the same time, we promote the procurement of products and services with environmental and social considerations.

● Consideration for and contribution to local communities

We work with hotel lessees and operators to contribute to the sustainable development of local communities by communicating and collaborating with local residents and municipalities around the hotels we invest in.

● Initiatives for our officers and employees

We establish a work environment that allows diverse ways of working, considering work-life balance. We also consistently provide opportunities for professional education and training, aiming to improve our employees' abilities and skills and raise awareness of sustainability.

● Compliance as corporate citizens

We comply with laws, regulations and social norms, promoting ethical and honest business activities. Additionally, we strive to reduce governance risks by respecting fundamental human rights in our business and by establishing an effective compliance system.

● Improvement of transparency and engagement with our stakeholders

We disclose financial information as well as ESG related information in a timely and appropriate manner. We will sincerely listen to voices and opinions from our stakeholders through interactive communication and utilize them to improve our initiatives.

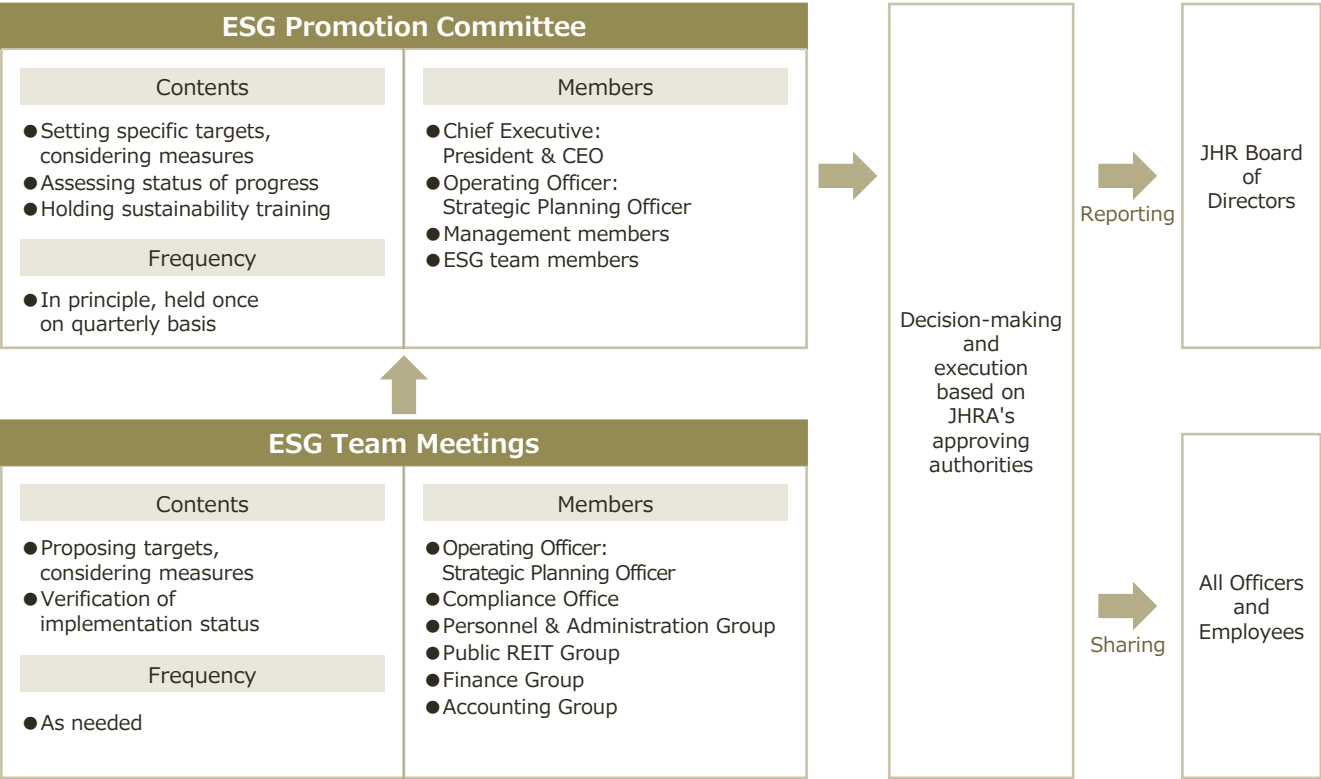
Sustainability Management

Sustainability Promotion System

To implement initiatives based on the Sustainability Policy in a continuous and organized manner, JHRA has established the ESG Promotion Committee and developed the system outlined below.

The ESG Promotion Committee consists of management members, officers and employees selected from various groups involved in promoting ESG. The President & CEO serves as the Chief Executive, and the Strategic Planning Officer serves as the Operating Officer.

System Overview



Annual Schedule

	Jan. – Mar.	Apr. – Jun.	Jul. – Sep.	Oct. – Dec.
Measures	Implementation →			
ESG Promotion Committee	Check Progress	Check Progress	Check Progress	Evaluating implementation/ Setting targets for next year

Frequency of Meetings and Trainings

	FY2022	FY2023	FY2024	FY2025
ESG Promotion Committee	4	2	2	3
Trainings for Officers and Employees	3	1	1	2

Sustainability Management

ESG Assessment by Third-party Institutions

Acquisition of GRESB Real Estate Assessment

The GRESB is an annual benchmarking program to evaluate Environment, Social and Governance (ESG) considerations of property companies and real estate funds, established in 2009 primarily by major European pension fund groups which took the lead in Principles for Responsible Investment (PRI). 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.

JHR has participated in the GRESB Real Estate Assessment since 2018 and has obtained the "Green Star" for eight consecutive years.

In 2025, JHR received a "3-star" in the GRESB Rating.



Acquisition of SMBC Environmental Assessment

The SMBC Environmental Assessment Loan is a financing program in which Sumitomo Mitsui Banking Corporation (SMBC), in collaboration with The Japan Research Institute, Limited, evaluates a company's environmental practices using its own environmental assessment criteria. Based on the evaluation's results, SMBC sets the loan conditions accordingly.

Under this assessment, JHR has received an "A" grade for its outstanding environmental initiatives in asset management.

In the recent assessment, the following points were particularly commended:

- JHR and JHRA have formulated a Sustainability Policy that explicitly states their commitment to environmental considerations and stakeholders, including local communities, through asset management.
- JHR has been promoting environmental sustainability in its major hotels by converting to LED lightings, installing water-saving devices, and collaborating with lessees to enhance eco-friendly practices, such as incorporating Green Lease clauses into the fixed-term lease contracts with the HMJ Group hotels^(*); JHR's major hotel group.
- JHR actively seeks to acquire third-party certifications such as Building-Housing Energy-efficiency Labeling System (BELS), enhancing the credibility and objectivity of its efforts to reduce environmental impact in the properties it owns.

^(*) HMJ refers to Hotel Management Japan Co., Ltd. (a corporation in which SC J-Holdings Pte. Ltd. indirectly holds 100% of the issued shares), and the HMJ Group refers to HMJ and its subsidiaries (corporations in which HMJ holds more than 50% of the issued shares). The same shall apply hereinafter.



Sustainability Management

Timeline of Achievements

2017 December Establishment of Sustainability Policy

2018 February Two properties—Hotel Nikko Alivila and Mercure Okinawa Naha—became the first J-REIT-owned hotels^(*1) to acquire BELS^(*2) evaluation



Hotel Nikko Alivila



Mercure Okinawa Naha

March Received an "A" rating indicating excellent environmentally friendly management, in the SMBC Environmental Assessment Loan^(*3)

September Participated in GRESB Real Estate Assessment for the first time
Acquired "4-star" in GRESB rating

2019 July Issued Hotel Green Bonds (nickname) and used the procured funds to carry out construction works to save energy at the hotels shown to the right



Oriental Hotel Fukuoka Hakata Station



Okinawa Marriott Resort & Spa^(*4)

September Acquired "3-star" in GRESB rating

2020 April Hilton Tokyo Odaiba became the first existing hotel to acquire a CASBEE^(*5) Certification for Buildings (B+: Good)



Hilton Tokyo Odaiba



November Acquired "4-star" in GRESB rating
Selected as "Sector Leader" of Asian Hotel Sector

2021 June As a result of construction works to save energy, which carried out by using procured funds through the issuing of green bonds, Oriental Hotel Fukuoka Hakata Station acquired CASBEE Certification for Buildings (B+: Good)



Oriental Hotel Fukuoka Hakata Station

October Acquired "4-star" in GRESB rating
Selected as "Sector Leader" of Asian Hotel Sector

November JHRA stated its expression of support for the TCFD^(*6) recommendations

December Identified JHR's materialities (key issues)

2022 August Released Initiatives for four disclosure themes recommended by TCFD

October Acquired "4-star" in GRESB rating
Selected as "Sector Leader" of Asian Hotel Sector

2023 February Formulated GHG reduction target^(*7) (30% reduction by 2050 compared to FY2017^(*8))

March Released the ESG Report^(*9)

October Acquired "4-star" in GRESB rating
Selected as "Sector Leader" of Asian Hotel Sector

(*1) Based on research by JHRA based on public information.

(*2) BELS (Building-Housing Energy-Efficiency Labeling System) is a display system of energy conservation performance of a building set by Ministry of Land, Infrastructure, Transport and Tourism.

(*3) "SMBC Environmental Assessment Loan" is a loan which SMBC set condition of loan based on assessment on status of environmental considerations by the corporation based on environmental assessment standards developed independently by SMBC and the Japan Research Institute, Limited.

(*4) Name of property is as of the date when the construction work was implemented.

(*5) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. It is a system that comprehensively evaluates the quality of a building, including environmental considerations such as energy conservation, use of materials and equipment with low environmental impact, as well as indoor comfort and landscaping.

(*6) TCFD is an abbreviation for Task Force on Climate-related Financial Disclosures.

(*7) Properties owned by JHR are managed by hotel lessees, etc. GHG emissions of JHR fall under Scope 3, Category 13, Leased Assets (Downstream).

(*8) The GHG emissions (GHG emissions intensity) for FY2017 (Baseline fiscal year, April 2017 to March 2018) is 0.135 (t-CO₂/m²)

(*9) ESG disclosure information on JHR website: <https://www.jhrth.co.jp/en/esg/index.html>

Sustainability Management

2024 January Formulated the Green Finance Framework: Overall Evaluation of Green 1 (F)

February UAN kanazawa acquired BELS evaluation



UAN kanazawa

March Borrowed Green Loans under the Green Finance Framework (JPY3.3Bn)

September Borrowed Green Loans (JPY1.4Bn)

October Acquired the DBJ Green Building Certification(*) for three properties: Hilton Tokyo Narita Airport, International Garden Hotel Narita and Hotel Nikko Nara



Hilton Tokyo Narita Airport



International Garden Hotel Narita



Hotel Nikko Nara

Acquired "4-star" in GRESB rating
Selected as "Sector Leader" of Listed Asian Hotel Sector

December Hilton Tokyo Odaiba reacquired the CASBEE Certification for Buildings (B+: Good)



Hilton Tokyo Odaiba

2025 January Acquired the DBJ Green Building Certification for two properties: Kobe Meriken Park Oriental Hotel and Oriental Hotel Tokyo Bay



Kobe Meriken Park Oriental Hotel



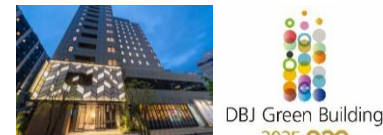
Oriental Hotel Tokyo Bay

March Borrowed Green Loans (JPY4.4Bn)

August Acquired the DBJ Green Building Certification for three properties: Oriental Hotel Okinawa Resort & Spa, Hotel Oriental Express Fukuoka Tenjin and MIMARU Tokyo Shinjuku West



Oriental Hotel Okinawa Resort & Spa



Hotel Oriental Express Fukuoka Tenjin



MIMARU Tokyo Shinjuku West

September Borrowed Green Loans (JPY14.0Bn) and executed Green Bond (JPY1.8Bn)

October Acquired "3-star" in GRESB rating

November Borrowed Green Loans (JPY1.0Bn)

December Acquired the DBJ Green Building Certification for two properties: Oriental Hotel Tokyo Bay and Hilton Fukuoka Sea Hawk



Hilton Tokyo Bay



Hilton Fukuoka Sea Hawk

(*) The DBJ Green Building Certification is a system established by the Development Bank of Japan Inc. (DBJ) to support environmentally and socially conscious real estate ("Green Buildings").







Materiality








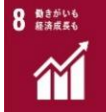



JHR's Materiality

Believing that sound management enabling us to co-exist in harmony with society and the environment will contribute to improved unitholder value over the medium to long term, JHR is making efforts to enhance sustainability through consideration of ESG (Environment, Social and Governance) issues.

From the dual standpoints of stakeholders' expectations and impact on our business, JHR has defined our materiality (key issues), in terms of ESG-related issues that are of particular importance to us, as shown below. Moreover, we will revise the materiality as needed, based on the changes in social issues and needs due to change of the times.



	Materiality	Overview/Goals	Related SDGs(*)
Environment	Tackling climate change	<ul style="list-style-type: none"> Tracking environmental performance, such as energy consumption Continuous improvement of environmental performance Reducing energy-derived CO₂ emission intensity by at least 1% per year for five years (term of first plan: April 2018 to March 2023) Promoting acquisition of assessments (green building certifications, etc.) by third-party institutions 	  
	Reducing water consumption and waste	<ul style="list-style-type: none"> Reducing the consumption of clean water by using well water and reusing gray water as recycled water Promoting waste reduction and recycling 	  

	Materiality	Overview/Goals	Related SDGs(*)
Social	Communication with stakeholders such as local communities	<ul style="list-style-type: none"> Building favorable relationships with all stakeholders, including unitholders, hotel users (guests), hotel lessees, hotel operators, business partners including property management companies, local communities, and officers and employees of JHRA Conducting tenant satisfaction surveys continuously 	 
	Ensuring safety/peace of mind and promoting well-being at hotels	<ul style="list-style-type: none"> Considering safety, health, well-being and barrier-free access, etc. in hotels Promoting initiatives to increase resilience to natural disasters, etc. Consider from the aspect of health, well-being, safety, and welfare when making investment decisions and monitoring operations of hotels 	  
	Creating pleasant workplaces	<ul style="list-style-type: none"> Establishing a work environment that enables diverse working styles with work-life balance in mind Continuously providing opportunities for professional education and training with the aim of improving skills/abilities and enhancing sustainability-related awareness 	  
Governance	Implementing thorough corporate governance	<ul style="list-style-type: none"> Complying not just with laws and regulations but with social norms Promoting ethical and honest business practices Reducing governance risks by preparing a compliance system 	
	Proactive information disclosure and dialogue	<ul style="list-style-type: none"> Timely, appropriate disclosure of not just financial information but also ESG-related information Two-way communication with stakeholders in order to use their feedback/opinions in improving various initiatives 	 

(*) The SDGs (an acronym of Sustainable Development Goals) are international goals aimed at creating a better and more sustainable world by 2030. The SDGs were adopted at a U.N. Summit in September 2015. They consist of 17 goals and 169 targets.

Materiality

Process to Define Materiality

Step 1

Identification of socially important issues

Extensively identifying socially important issues which expected by stakeholders through referring to global ESG assessments and frameworks such as the SASB Standards, GRI Standards, and Sustainable Development Goals (SDGs), as well as the cases of initiatives by other J-REITs, etc.

Step 2

Assessment/prioritization of socially important issues (creation of matrix)

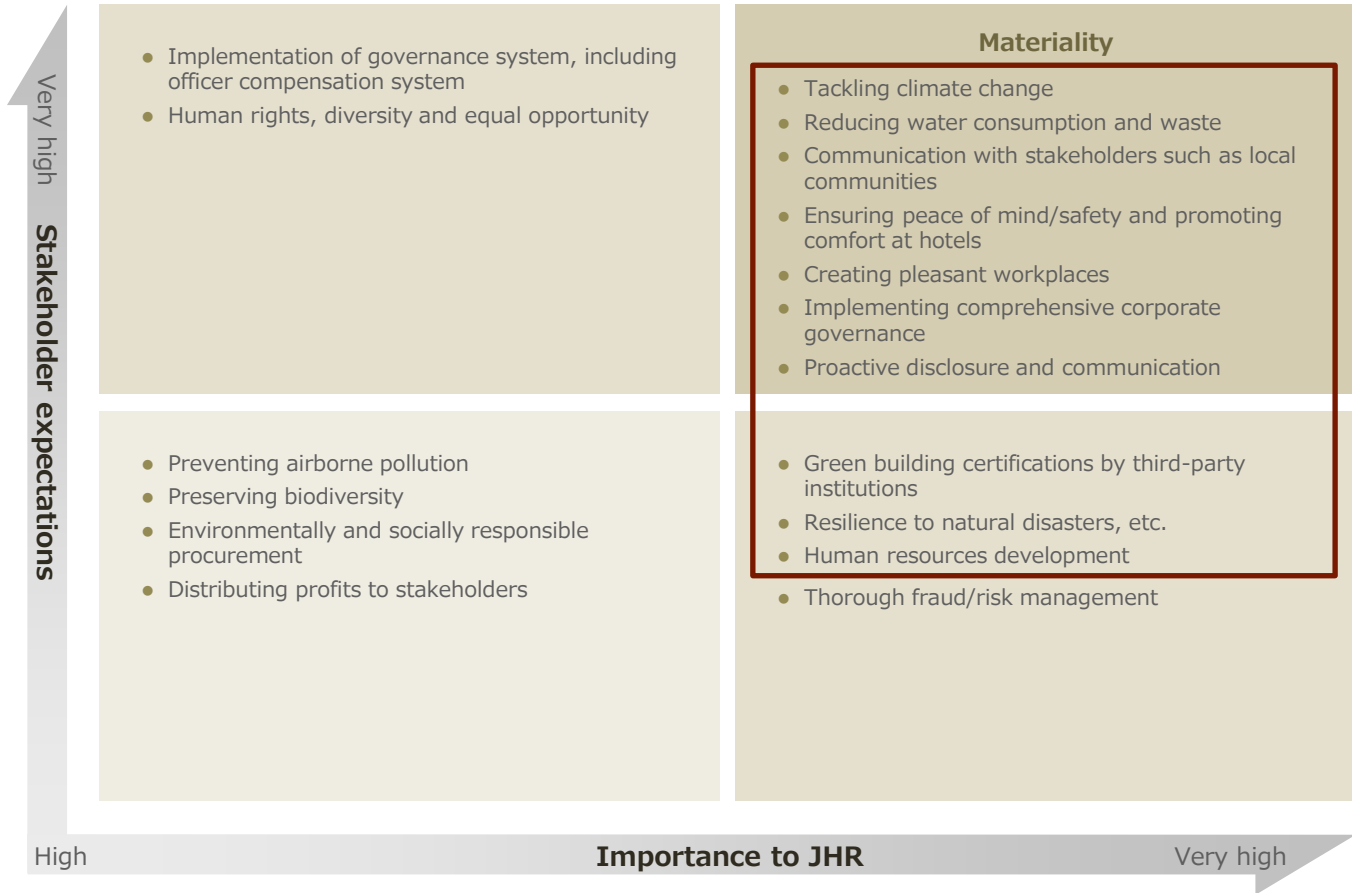
Assessing and analyzing the identified socially important issues in terms of their importance to stakeholders and their impact to JHR, then prioritizing them.

Step 3

Management-level discussion/validation/definition of materiality

Validating the prioritized social issues at ESG Promotion Meetings and defining materiality. Reporting it to JHR's Board of Directors.

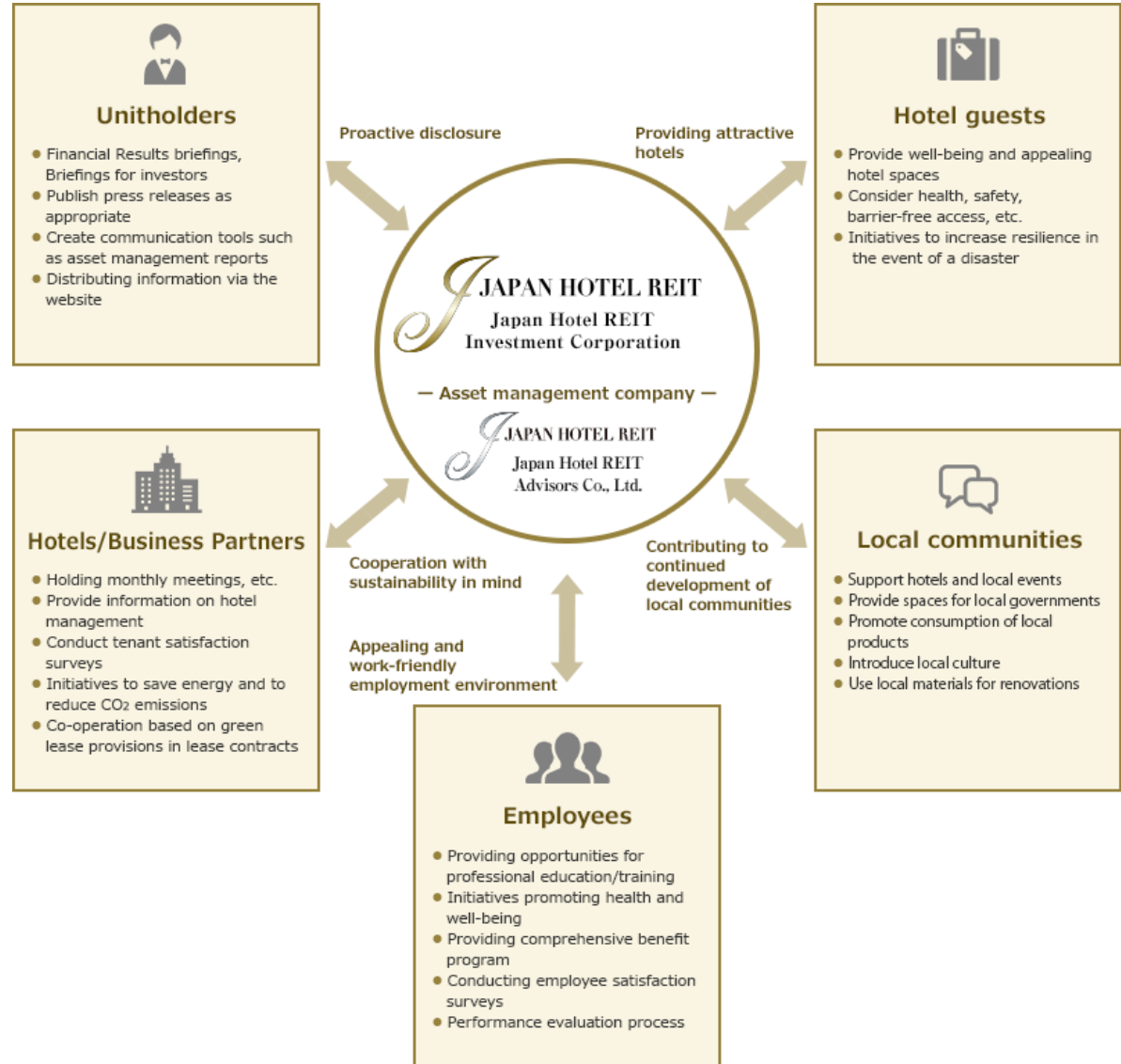
JHR's Materiality Matrix



Stakeholder Engagement

JHR's business activities are carried out in collaboration with many stakeholders, and we recognize that fulfilling the social responsibility required to our company is essential to conduct our sustainable business activities. JHR and JHRA build favorable relationships through communication with their various stakeholders, including unitholders, hotel users (guests), hotel lessees, hotel operators, business partners including property managers, local communities, and officers and employees of JHRA, and fulfill the social obligations expected by each of them.

Approach to Stakeholders



Initiatives for Environment

Basic Policy

In response to effective usage of limited resources and aggravation of climate change issue, JHR and JHRA work on monitoring environmental performance, such as energy consumption, CO₂ emissions, water consumption and amount of waste generated, etc. and strive to improve them continuously.

Environmental Target

We have set targets to reduce GHG emissions intensity^(*1) for long term until 2050.

- 30% reduction of GHG emissions per floor area in our portfolio (GHG emissions intensity) compared to FY2017^(*2).
- To monitor and manage progress towards long-term target and to comprehend the causes of variance in emissions at the "ESG Promotion Committee" of JHRA.

(*1) The GHG emissions of JHR fall under Scope 3 emissions, Category 13: leased assets (downstream) because the hotels in our portfolio are managed by lessees of hotels, etc.

(*2) The GHG emissions intensity for the baseline year, FY2017 (April 2017 to March 2018) was 0.135 (t-CO₂/m²).

Environmental Performance Data

		Unit	April 2017 to March 2018 (base year)	April 2022 to March 2023	April 2023 to March 2024	April 2024 to March 2025
Total floor area		m ²	675,134.95	766,980.61	785,684.66	857,255.05
Energy	Data coverage ratio	%	100.0%	100.0%	100.0%	100.0%
	Usage	MWh	272,863	248,462	274,749	310,994
	Emissions intensity	MWh/m ²	0.4043	0.3239	0.3497	0.3628
Renewable energy included above	Usage	MWh	–	7,669	7,910	8,544
CO ₂	Data coverage ratio	%	100.0%	100.0%	100.0%	100.0%
	Emissions	tCO ₂	91,286	74,956	81,839	92,331
	Emissions intensity	tCO ₂ /m ²	0.1353	0.0977	0.1042	0.1077
	Reduction rate compared to base year	%	–	27.8%	23.0%	20.4%
Water	Data coverage ratio	%	100.0%	100.0%	100.0%	100.0%
	Usage	thousand m ³	2,683	2,174	2,549	2,891
	Emissions intensity	thousand m ³ /m ²	0.0040	0.0028	0.0032	0.0034
Waste	Data coverage ratio	%	54.4%	71.4%	70.6%	69.6%
	Emissions	t	3,743	4,250	5,059	5,938
	Emissions intensity	t/m ²	0.0102	0.0078	0.0091	0.0100
	Recycled amount	t	1,095	1,458	1,902	2,334
	Recycle ratio	%	29.3%	34.3%	37.6%	39.3%
Independent third-party assurance report		–	–	Verification obtained	Verification obtained	Verification to be obtained

(*3) The data coverage ratio represents the proportion of the total floor space of properties for which data could be obtained compared to the total floor space of properties owned during the subject period. The floor space of properties acquired or sold during the subject period is calculated based on the proportionally distributed floor space corresponding to the properties owned.

(*4) Properties owned by JHR are managed by hotel lessees, etc. and the above data is based on the data provided by hotel lessees, etc.

(*5) Amount of CO₂ emissions are calculated based on "Institution of calculation, reporting and disclosure of amount of emissions by greenhouse effect gas" established by Ministry of the Environment.

(*6) Numbers may change due to revision of aggregation method.

(*7) The data for waste for the base year is a reference value compiled by the Asset Management Company.

Initiatives for Environment

Actual Cases of Initiatives for Environment

● Switching to LED lighting

We are striving to reduce electricity consumption by switching from conventional lighting to LED lighting at some of the hotels in our portfolio.



Oriental Hotel Hiroshima



Oriental Hotel Okinawa Resort & Spa

● Introduction of water-saving devices

We strive to reduce water consumption through installing water-saving devices for a restroom, a tap in the kitchen, etc. to adjust water use amount properly.

● Renewal of air conditioners

We reduce electricity consumption by installing inverter control devices on air conditioners for better operational efficiency.

● Reuse of water

Several of our hotels reduce clean water consumption by using well water instead. Some of our hotels in Okinawa are working on to reduce clean water consumption by reusing gray water as recycled water. At Oriental Hotel Tokyo Bay and Hilton Tokyo Odaiba, wastewater generated from the hotels (approximately 80 tons per day) is purified and reused for toilet flushing and watering flower beds.



Hilton Tokyo Odaiba

● Utilization of energy-saving subsidies

Some of our hotels have been utilizing energy-saving subsidies to reduce energy consumption by introducing equipment with superior energy efficiency.

In March 2024, Kobe Meriken Park Oriental Hotel received a subsidy from the Ministry of Economy, Trade and Industry for Energy Conservation Investment Promotion Support Program to upgrade its heat source equipment.

In March 2024, International Garden Hotel Narita received a subsidy from the Japan Federation of Johkasou Associations for a CO₂ emission reduction project and carried out renovation work on the septic tank facilities.

● Green Leases

In order to promote environmentally friendly initiatives in our portfolio, we have signed green lease clauses with the lessees, including HMJ Group hotels, one of our major hotel groups. Under the clauses, JHR analyzes energy data, among other things, considering renovations to improve environmental performance and working to optimize the operation of facility management. For hotels, these efforts can lead to reduced utility expenses through improved environmental performance.

Green Lease track record (as of the end of March 2026)

No. of Properties	Proportion of Total Floor Area
34	80.9%

● Green Building Certifications by third-party institutions

In order to confirm the credibility and objectivity of our initiatives aimed at reducing our environmental impact, we have obtained green building certifications from third-party institutions.

Green Building track record (as of the end of March 2026)

No. of Properties	Proportion of Total Floor Area
16	55.5%

Initiatives for Environment

■ CASBEE Certification for Buildings

"Comprehensive Assessment System for Built Environment Efficiency (CASBEE)" is a method for evaluating and rating the environmental performance of buildings. It is a system to comprehensively evaluate the quality of buildings, including interior comfort and landscape considerations, as well as environmental considerations such as energy conservation and the use of materials and equipment with low environmental loads. CASBEE for Buildings (Existing Buildings) is an evaluation method which targets buildings with an operational record of at least one year after completion, and assesses buildings based on annual performance of operations, deterioration of buildings and interior environments. Assessment results by CASBEE are indicated in a scale with the following five ranks: "S: Superior," "A: Very Good," "B+: Good," "B-: Slightly Poor," and "C: Poor."

See here for details of CASBEE
<https://www.ibec.or.jp/CASBEE/english/index.htm>



Oriental Hotel Fukuoka Hakata Station

Location	4-23, Hakataeki Chuogai, Hakata-ku, Fukuoka city, Fukuoka
Acreage	2,163.42 ㎡
Total Floor Space	18,105.42 ㎡
Structures and Stories	SRC/12 stories above ground with 3 stories below ground
Building Completion	July 1985



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



Hilton Tokyo Odaiba

Location	1-9-1, Daiba, Minato-ku, Tokyo
Acreage	18,825.30 ㎡
Total Floor Space	64,907.76 ㎡
Structures and Stories	S/SRC with flat roof, 14 stories above ground and 1 story below ground
Building Completion	January 1996



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



HOTEL AMANEK Shinjuku-Kabukicho.

Location	2-24-10 Kabukicho, Shinjuku-ku, Tokyo
Acreage	760.36 ㎡
Total Floor Space	4,326.52 ㎡
Structures and Stories	SRC with flat roof; 14 stories above ground with 1 story below ground
Building Completion	March 2023



CASBEE for New Construction Rank A (Very Good)

■ BELS (Building-Housing Energy-efficiency Labeling System) Evaluation

"BELS" is a public valuation and display system under a guideline by the Ministry of Land, Infrastructure, Transport and Tourism to evaluate the energy conservation performance of each building, which was launched in April 2014. A third-party institution verifies the energy performance of a building by evaluating its primary energy consumption and labels the performance of both new and existing buildings. The evaluation result is presented using the five-star scale (from "★" to "★★★★★") that was applied under the BELS scheme in effect at the time, as all of our labels were obtained prior to March 2024.

See here for details of BELS (Japanese only)
<https://www.hyoukakyukai.or.jp/bels/info.html>



Hotel Nikko Alivila

Location	Nakagami-gun, Okinawa
Acreage	65,850.05 ㎡
Total Floor Space	38,024.98 ㎡
Structures and Stories	SRC/10 stories above ground with 1 story below ground
Building Completion	April 1994



Evaluation Agent: JAPAN ERI CO.,LTD.



Mercure Okinawa Naha

Location	Naha city, Okinawa
Acreage	2,860.69 ㎡
Total Floor Space	10,884.25 ㎡
Structures and Stories	RC/14 stories above ground
Building Completion	August 2009



Evaluation Agent: JAPAN ERI CO.,LTD.



UAN kanazawa

Location	Kanazawa city, Ishikawa
Acreage	729.91 ㎡
Total Floor Space	2,606.85 ㎡
Structures and Stories	S with flat roof, 6 stories above ground
Building Completion	September 2017



Evaluation Agent: Center for Better Living

Initiatives for Environment

■ DBJ Green Building Certification

The DBJ Green Building Certification is a system established by the Development Bank of Japan Inc. (DBJ) to support environmentally and socially conscious real estate ("Green Buildings"). The system evaluates and supports real estate that meets the needs of society and the economy, based on a comprehensive assessment, which includes not only the environmental performance of properties but also disaster prevention measures, community engagement and consideration for various stakeholders.

See here for details of DBJ Green Building Certification
<https://igb.jp/en/index.html>

Since its inception in 2011, the certification has been applied to four property types: offices (Office Version), logistics facilities (Logistics Version), retail facilities (Retail Version) and residential buildings (Residential Version). In April 2024, DBJ newly introduced a "Hotel Version" of its Green Building Certification.

Acquisition in 2024

Hilton Tokyo Narita Airport



Acquisition in 2025

Kobe Meriken Park Oriental Hotel



Oriental Hotel Okinawa Resort & Spa



Hilton Tokyo Bay



International Garden Hotel Narita



Oriental Hotel Tokyo Bay



Hotel Oriental Express Fukuoka Tenjin



Hilton Fukuoka Sea Hawk



Hotel Nikko Nara



MIMARU Tokyo Shinjuku West



Initiatives for Environment

● **Introduction of eco-friendly laundry facilities**

In July 2024, Oriental Hotel Tokyo Bay 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. The machine also features a touchscreen for checking wait times and availability, and supports cashless payments via smartphone, enhancing user convenience.

In December 2024, Namba Oriental Hotel established a Laundry Lounge and similarly introduced the eco-friendly "wash+ Comfort" washer-dryer.



Oriental Hotel Tokyo Bay



Namba Oriental Hotel

● **Introduction of Wooden Room Keys**

As part of efforts to reduce environmental impact, Hilton Tokyo Odaiba and OKINAWA HARBORVIEW HOTEL have transitioned from conventional plastic room keys to environmentally friendly wooden room key cards.



OKINAWA HARBORVIEW HOTEL

● **Food waste reduction**

HMJ Group hotels, including Hilton Narita and International Garden Hotel Narita, are gradually implementing a have introduced Winnow's AI-powered "Food Waste Solution," a tool designed to visualize and track food waste. This system accurately measures the weight and type of discarded food, allowing for data-driven improvements in procurement and cooking methods. Additionally, Hilton Narita has launched the "Ethical Box" initiative for guests attending the second session of the lunch buffet. This service allows guests to take home uneaten food from their plates or untouched dishes from the buffet in designated takeaway boxes. This initiative helps reduce food waste and promotes responsible consumption.



HMJ Group Hotel



Hilton Narita

● **Greenhouse gas reduction**

At Hilton Tokyo Odaiba, an EV turbo charging station has been installed in the underground parking lot. Furthermore, starting in May 2024, the hotel launched a car-sharing service with zero emission electric vehicles, contributing to sustainable mobility.



Hilton Tokyo Odaiba

Initiatives for Environment

● 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.



Oriental Hotel Tokyo Bay



Oriental Hotel Okinawa Resort & Spa

- Individual packaging for in-room shampoo, conditioner and body soap is being replaced with refillable pump bottles.



Oriental Hotel Tokyo Bay



Hilton Tokyo Odaiba

- At Oriental Hotel Tokyo Bay and Oriental Hotel Okinawa Resort & Spa, some in-room amenities have been removed, and guests can now select the items they need from newly established amenity stations by JHR.



Oriental Hotel Tokyo Bay



Oriental Hotel Okinawa Resort & Spa

- At Hilton Narita and International Garden Hotel Narita, plastic bottles have been eliminated as part of plastic reduction efforts. Water dispensers have been installed on each floor, and pitchers are provided in guest rooms. At Hilton Tokyo Odaiba, water dispensers have been installed for employees, encouraging the use of personal bottles as part of a collective effort to reduce plastic waste. In addition, at OKINAWA HARBORVIEW HOTEL, the hotel shop sells original reusable bottles to promote reduced use of plastic bottled water.



Hilton Narita



OKINAWA HARBORVIEW HOTEL

Initiatives for Environment

● Sakura Quality An ESG Practice

Hotel Nikko Alivila, Hotel Nikko Nara and Hotel JAL City Kannai Yokohama have acquired "Sakura Quality An ESG Practice (commonly known as "Sakura Quality Green")," an international certification for accommodations that practice SDGs.

"Sakura Quality An ESG Practice" is an international standard approved by the Global Sustainable Tourism Council (GSTC) in the United States, and serves as a quality certification system for accommodations focused on SDGs.



Hotel Nikko Alivila



Hotel Nikko Nara



Hotel JAL City Kannai Yokohama



● Green Key

Green Key is an international eco-certification program awarded to hotels and other accommodation facilities, etc. that operate in an environmentally responsible manner. It originated in Denmark in 1994 and is currently operated by the Foundation for Environmental Education (FEE).

As part of the certification process, facilities are evaluated on a range of criteria, including environmental management, energy efficiency, waste management, water conservation and other sustainability initiatives.



Mercure Sapporo



ibis Styles Kyoto Station



Initiatives for Environment

● Investing in mixed-use buildings

We are investing in mixed-use facilities that fall within the scope of our asset management, as stipulated in the Articles of Incorporation.



ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)

High-rise hotel and office tower within ACTIVE-INTER CITY HIROSHIMA, a mixed-use facility comprised of hotels, offices, and commercial facilities located next to JR Hiroshima Station.



Mercure Yokosuka

High-rise hotel within Bay Square Yokosuka Ichibankan in Yokosuka city. Bay Square Yokosuka Ichibankan is a landmark mixed-used facility consist of hotel, Yokosuka Arts Theatre, Yokosuka Industrial Community Plaza, etc.

● Investing in urban redevelopment

We are investing in urban redevelopment projects.



Oriental Hotel Fukuoka Hakata Station

Hotel located next to the JR Hakata Station Chikushi Exit rotary and connected to the Hakata Station subway station via an underground passage. In the vicinity of Hakata Station, a station-front plaza redevelopment project is under way, for which we carried out renovation work including for a corridor extending from the underground passage to the aboveground entrance/exit.

Initiatives for Environment

Initiatives for Climate Change

Our (JHR) Awareness of Climate Change

In 1992, the "United Nations Framework Convention on Climate Change (hereinafter called "Convention")," with the ultimate goal of stabilizing the concentration of greenhouse gases in the atmosphere was adopted, and it was agreed to take action against climate change worldwide. Based on the Convention, the Conference of the Parties to the United Nations Framework Convention on Climate Change (hereinafter called "COP"), has been held every year since 1995. At COP 21 in 2015, all 196 countries, including developed and developing countries, which are members of the Convention, adopted the "Paris Agreement," which sets a common reduction target (strive to limit global warming to well below 2°C and make additional effort to limit it to 1.5°C). As a result, recognition and initiatives of tasks for climate change became more concrete.

Japan has also been actively working on climate change issues and announced in 2020 that Japan will reduce greenhouse gas emissions to virtually zero by 2050 (hereinafter called "Carbon Neutral Declaration") based on the Paris Agreement. Carbon neutrality is also positioned as a basic principle in "Act on Promotion of Global Warming Countermeasures," and it is expected to accelerate decarbonization initiatives, investments, and innovation as well as to further promote decarbonization initiatives utilizing renewable energy in local areas and decarbonization management by companies.

JHR believes that the climate change actions, which are being discussed as a global initiative, are not restrictions on economic growth but rather key drivers of a major shift in industrial structure and strong growth through drastically transforming the economy and society, encouraging investment and improving productivity. Therefore, JHR recognizes that properly identifying, assessing, and managing the "risks" and "opportunities" caused by climate change is essential to enhancing business resilience and ensuring our sustainability, and has positioned action to climate change as one of our materialities (key issues).

Expression of Support for the TCFD Recommendations by the Asset Management Company

TCFD is the "Task Force on Climate-related Financial Disclosures" established by the Financial Stability Board (FSB) in 2015 to encourage companies to disclose appropriate information and to encourage investors and others to make appropriate investment decisions, and recommended disclosure themes within the framework in its final report in 2017.

Based on the recognition that "climate change will cause dramatic changes in the natural environment and social structure and is important issue that will have a significant impact on the management of investment corporations," JHRA, which is the asset management company of JHR, judged that it is important to promote disclosure based on the TCFD recommendations and expressed its support for the TCFD recommendations in November 2021.

At the same time, JHRA joined the TCFD Consortium, an organization of Japanese companies that support the TCFD recommendations.

Through the activities of the TCFD Consortium, JHRA promotes the study of effective information disclosure and initiatives to link the disclosed information to appropriate investment decisions by financial institutions, etc., while striving to expand appropriate information disclosure of JHR.

<Disclosure framework of TCFD>

Recommended Disclosure Themes	Governance	Strategy	Risk Management	Metrics and Targets
Description (Summary)	The organization's governance around climate-related risks and opportunities	The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	The processes used by the organization to identify, assess, and manage climate-related risks	The metrics and targets used to assess and manage relevant climate-related risks and opportunities



Initiatives for Environment

Initiatives for Four Disclosure Themes Recommended by TCFD

● Governance

JHR has established the following governance structure to address climate-related risks and opportunities.

- The Chief Executive Officer for climate-related issues shall be the President, who is the Chief Executive Officer for sustainability promotion.
- The Executive Officer responsible for management of climate-related issues shall be the Strategic Planning Officer, who is the Executive Officer responsible for management of sustainability promotion.
- The ESG Promotion Committee shall consider specific goals and measures, cooperate in implementing measures, and monitor progress for the purpose of promoting sustainability, including environmental considerations. The ESG Promotion Committee consists of the Chief Executive Officer, the Executive Officer, management members and ESG Team Meeting members.
- The ESG Promotion Committee shall determine and implement matters related to action to climate change, including identification and assessment of climate change impacts, monitor progress in initiatives to manage risks and opportunities, and the setting of metrics and targets.

For an overview of the responsible persons and the ESG Promotion Committee above, please refer to "[Sustainability Promotion System](#)" within Sustainability Management.

● Strategy

In order to examine the impact of climate-related risks and opportunities on the JHR's business, strategy and financial plan, we conducted scenario analysis using the 1.5°C and 4°C scenarios. In the scenario analysis, we refer to the Fifth Assessment Report published by the IPCC (Intergovernmental Panel on Climate Change of the United Nations) and World Energy Outlook 2020 published by the IEA (International Energy Agency) to analyze the impact on JHR's business by measures such as Japanese government's "Carbon Neutral Declaration" in mind for the transition of the social economy to decarbonization and the increasingly serious and frequent occurrence of natural disasters due to the progress of climate change.

Reference Scenarios

Scenario	Transition Risk	Physical Risk
1.5°C Scenarios	NZE2050 (IEA WEO2020)	RCP2.6 (IPCC Fifth Assessment Report)
4°C Scenarios	STEPS (IEA WEO2020)	RCP8.5 (IPCC Fifth Assessment Report)

(*) IEA is an abbreviation for International Energy Agency and IPCC is abbreviation for Intergovernmental Panel on Climate Change.

Initiatives for Environment

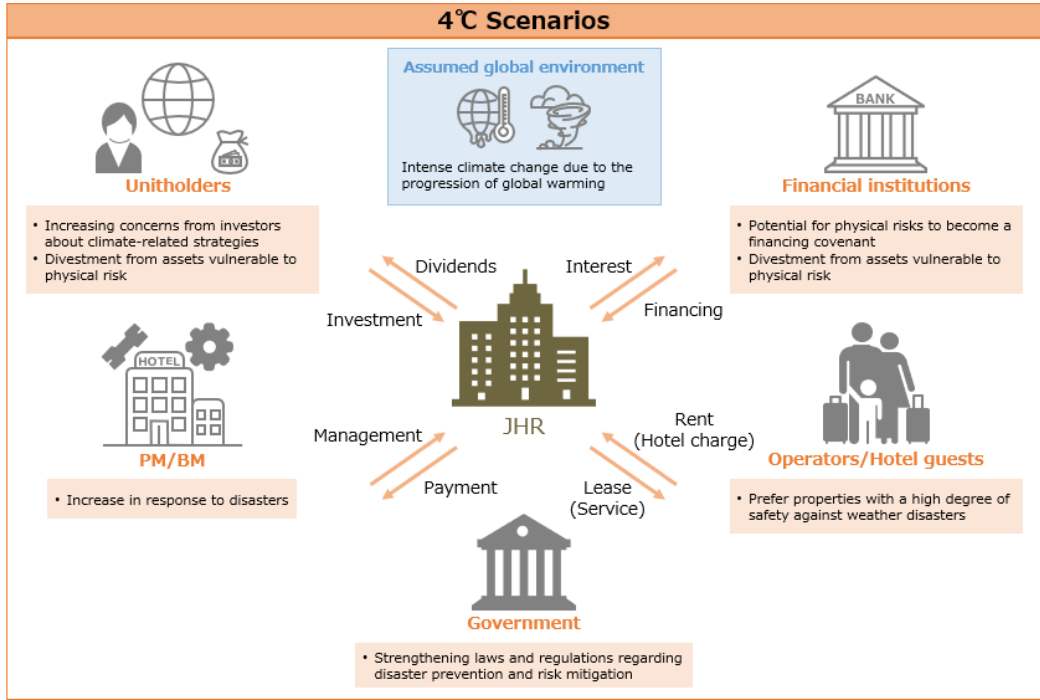
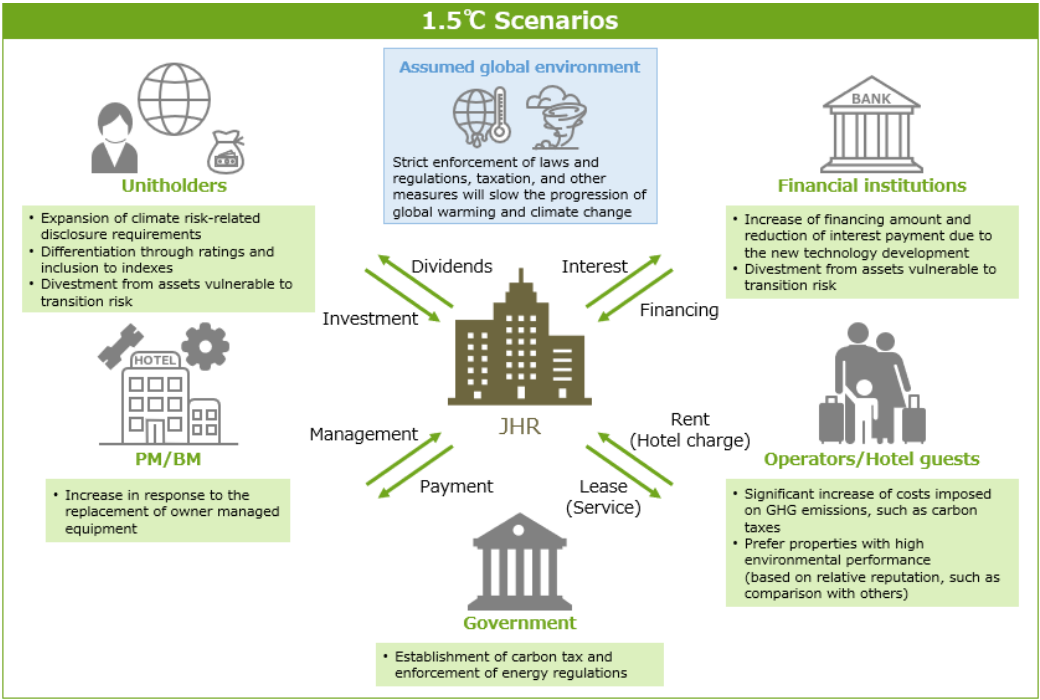
• Global Outlook based on Scenario Analysis

1.5°C Scenarios:

Various laws and regulations will be enforced to achieve a decarbonized society. Scenario with lower physical risks due to reduced greenhouse gas emissions compared to 4°C scenarios, but higher transition risks toward a decarbonized society.

4°C Scenarios:

Enforcement of various laws and regulations to achieve a decarbonized society to be stagnant, and there is no significant change from the present state. The scenarios with high physical risk due to no reduction in greenhouse gas emissions compared to 1.5°C scenarios, but low risk of transition toward a decarbonized society.



Initiatives for Environment

Climate-related risks and opportunities (short-, medium- and long-term climate-related risks and opportunities and financial impacts)

For each of the 1.5°C and 4°C scenarios, we have evaluated the magnitude of the financial impacts on JHR which will be caused by the identified risks and opportunities. For each scenario, we evaluated the impact in the years 2025 (short term), 2030 (medium term) and 2050 (long term) on a scale of large, medium and small.

The accuracy of this assessment is not guaranteed, as it is a relative impact assessed based on a qualitative analysis and includes various factors such as uncertain assumptions and unknown risks over the medium to long term. A summary of the results is shown on the right table.

<Financial Impact Based on Scenario Analysis>

Category	Risk and Opportunity Factors	Changes	Financial Impact						Initiatives and Countermeasures	
			Classification	1.5°C			4°C			
				Short Term	Mid Term	Long term	Short Term	Mid Term	Long term	
Transition Risks										
Policy and Legal	Strengthening taxation on GHG emissions through the introduction of a carbon tax	Increase in tax burden on GHG emissions from properties under management	Risks	Minor	Moderate	Major	Minor	Minor	Minor	<ul style="list-style-type: none"> Switch to equipment with superior environmental performance Consider introduction of renewable energy Third-party verification of aggregated environment data (energy, GHG, water and waste)
	Expansion and mandate of labeling systems related to energy efficiency and sustainability initiatives for buildings	Rise in expense of acquiring environmental certification	Risks	Minor	Moderate	Moderate	Minor	Minor	Minor	
Technology	Evolution and diffusion of renewable energy and energy-saving technologies	Increase in expenses for introducing new technology for equipment in properties under management	Risks	Minor	Minor	Moderate	Minor	Minor	Minor	<ul style="list-style-type: none"> Survey the latest technology and estimate the effect by introducing equipment with the latest technology Introduce water-saving devices, reduce sewage and wastewater by introducing ECO-cleaning, and use LED lights
		Reduction of utility costs through the introduction and replacement of equipment with high energy-saving performance	Opportunities	Minor	Moderate	Moderate	Minor	Minor	Minor	
Market and Reputation	Changes in the investment attitude and investment and financing decisions of market participants	Deterioration of financing conditions and increase in financing costs due to delay in response to climate change	Risks	Minor	Minor	Moderate	Minor	Minor	Minor	<ul style="list-style-type: none"> Disclose information with ESG disclosure framework (TCFD, etc.). Set targets and implement initiatives in line with government policies Consider introduction of renewable energy Promote energy saving through periodic facility renovations and conduct tenant satisfaction surveys Obtain environmental certifications (SMBC eco-certification, BELS and CASBEE) Issue green bonds, etc.
		Increase funding volume and lower funding costs by responding to and appealing to investors who are concerned about environmental issues	Opportunities	Minor	Moderate	Moderate	Minor	Minor	Minor	
	Change in demand from hotel lessees and hotel guests (avoiding properties that are less climate-responsive)	Decrease in rents due to increased costs for responding to the demands of hotel lessees, etc. and hotel users (guests) and deterioration of reputations due to non-response	Risks	Minor	Minor	Moderate	Minor	Minor	Minor	
		Increase market recognition and market competitiveness as an eco-friendly property	Opportunities	Minor	Moderate	Moderate	Minor	Minor	Minor	
Physical Risks										
Acute	Damage to property caused by typhoons and other wind damage	Increase in repair and insurance costs, loss of sales opportunities and lower occupancy rates	Risks	Minor	Minor	Minor	Minor	Minor	Moderate	<ul style="list-style-type: none"> Check hazard maps Prepare BCP manuals, and conduct disaster training Mitigate damage by strengthening facilities
	Floods of nearby rivers and rainfall inundation caused by torrential rains, etc.	Increase in repair and insurance costs, loss of sales opportunities and lower occupancy rates	Risks	Minor	Minor	Minor	Minor	Minor	Moderate	
Chronic	Increase in demand for air conditioning due to increase in extreme weather conditions such as extremely hot and cold weather	Increase in utility costs, as well as maintenance and repair costs	Risks	Minor	Minor	Minor	Minor	Minor	Moderate	<ul style="list-style-type: none"> Promote energy savings through facility renovation

(*) "Transition Risks" and "Physical Risks" are as follows.

"Transition Risks": Business impacts arising from the social economy's transition to a low-carbon, decarbonized economy

- Policy and legal risks : Risks arising from tightening of regulations to promote decarbonization through policies and regulations
- Technology risks : Risks associated with the development of new low-carbon and decarbonization technologies and their mainstreaming
- Market risks : Risks related to markets, such as energy price volatility and changes in demand for services
- Reputational risks : Risks associated with a deterioration of reputation among stakeholders, including customers, the public, employees, and investors

"Physical Risks": Business impacts resulting from progress of climate change and shifts from traditional climate patterns and phenomena

- Acute physical risks : Risks arising from sudden weather phenomena such as typhoons and floods
- Chronic physical risks : Risks arising from long-term changes in climate patterns that may cause rising sea level or chronic heat waves

Initiatives for Environment

● Risk management

• Premise of risk management (Identification and assessment of risks)

At JHRA, which is entrusted with asset management of JHR's assets, ESG Promotion Committee mainly plays a central role. ESG Promotion Committee identifies and assess climate-related risks as well as consider and decide business strategies to manage risks and countermeasures as one of the ESG issues. The processes of identification and assessment are as follows.

1. Under the direction of the executive officer responsible for management of climate-related issues, an internal ESG team (hereinafter called "ESG Team"), which formulates goals, studies measures, and monitors their implementation status with respect to ESG-related issues, identifies and assess climate-related risks to JHR.
2. ESG Team identifies and assess climate-related risks based on the classification of "Transition risks" and "Physical risks" and report the results (progress) at the ESG Promotion Committee.
3. ESG Promotion Committee deliberates on climate-related risks and prioritized measures to manage climate-related risk which judged to be corresponded as priority based on the results of the ESG Team's identification and assessment of climate-related risks, including their potential to materialize and their financial impact and other factors. In addition, when climate-related opportunities are reported, the team prioritizes them within the business strategy.

For an overview of ESG Promotion Committee and ESG Team, please refer to "[Sustainability Promotion System](#)" within Sustainability Management.

• Management of climate-related risks

The processes for managing the assessed climate-related risks are as follows.

1. The executive officer responsible for management of climate-related issues will instruct the ESG team to formulate an action for the key climate-related risk factors that ESG Promotion Committee has decided to prioritize correspondence.
2. Depending on its content, the action formulated by ESG team will be decided and implemented based on the necessary decision-making system within the asset management company including ESG Promotion Committee.
3. Regarding the action decided on, ESG team summarizes the status of the progress and the impact by the action, and reports to ESG Promotion Committee. ESG Promotion Committee appropriately manages the risk through management of progress of the action and provide instructions on the formulation of new measures, etc. based on the report by ESG Team.

For an overview of Risk management, please refer to "[Governance](#)."

● Metrics and targets

Based on the recognition that solving environmental issues represented by climate change is one of the most important management issues for stable medium- and long-term growth of the JHR, we are promoting low carbonization of our portfolio and energy use efficiency through environmental and energy-saving measures.

• Greenhouse Gas (GHG) emissions

JHR has set a target to reduce GHG emissions intensity by 30% until 2050 (compared to FY2017) as a long-term goal.

Since the properties owned by JHR are managed by hotel lessees, etc. and their GHG emissions fall under Scope 3, Category 13, Leased Assets (downstream), the sum of direct emissions from fuel consumption (Scope 1) at the properties and indirect emissions from consumption of purchased electricity, etc., which converted final energy consumption into annual CO₂ emissions (Scope 2) reported by the hotel lessees, etc. are used as GHG emissions for JHR.

The GHG emissions are calculated as follows.

1. Scope 1

CO₂ emissions are calculated by multiplying the calorific value of each type of fuel (gas, heavy oil, kerosene, etc.) burned on-site by the "carbon emission conversion factor for each fuel type × 44/12."

2. Scope 2

Calculated only for electricity and the heat supplied from offsite sources (district heating and cooling, etc.). CO₂ emissions are calculated by multiplying each consumption by the emission factor for respective suppliers or by the emission factor specified by the government.

• Others

JHR is striving to reduce GHG emissions and take the following environmental measures and others at the properties it owns, aiming to build a portfolio that make reduction of environmental impact compatible with consideration of all stakeholders, including hotel guests.

- We have a plan in place to eliminate the use of specified CFCs (CFC) and alternative CFCs (HCFC, HFC) in short period by identifying the refrigerants used in the air-conditioning equipment of all properties owned by JHR.
- With regard to ODP and GWP, we aim to figure out the ODP and GWP of all refrigerants used in our properties.
- Upon renewal of air conditioning equipment, we make selection of equipment with consideration to ODP and GWP usage.

Initiatives for Society

Basic Policy

JHR and JHRA endeavor to build sound relationships with our stakeholders including unitholders, hotel guests, hotel lessees, hotel operators, business partners including property managers, local communities, officers and employees of the JHRA and others, and to fulfill our social responsibility expected by each of them.

Initiatives for Unitholders

● Proactive IR activities

General Meeting of Unitholders and Briefing for unitholders:
once in every two years

Financial Results Briefing for institutional investors:
twice a year (including mid-term Financial Result Briefing)

We proactively participate in conference for investors in Japan and overseas.

● Proactive information disclosure

We actively disclose information using various communication tools (Financial Results Briefing, Asset Management Report and Press Release, etc.).

Moreover, we disclose business results of our major hotels through press release every month.

Initiatives for Local Communities/ Contribution to Regional Revitalization (Cooperation with Lessees, etc.)

Regional Co-creation Initiatives

Hotel Management Japan Co., Ltd. (HMJ), the strategic operator of JHR, is committed to a "Regional Co-creation" strategy, working together with local communities to create valuable experiences.

Kobe Meriken Park Oriental Hotel

As part of this initiative, the hotel 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. This eco-friendly leather has gained attention as a new sustainable resource.

By partnering with local businesses and communities, HMJ not only develops products that highlight Kobe's unique appeal but also contributes to the revitalization of the region as a whole.



OKINAWA HARBORVIEW HOTEL

As part of "Regional Co-creation" initiatives, OKINAWA HARBORVIEW HOTEL works with local companies to promote the attractions of Okinawa. In 2024 and 2025, the hotel partnered with Lawson Okinawa, Inc. to develop hotel-supervised products featuring local ingredients.

In 2025, it also collaborated with Okinawa Cellular Agri & Marche Co., Ltd. to create a co-branded pound cake using locally sourced strawberries and muscovado sugar from Tarama Island, sold online and at the hotel.

<Hotel-supervised Products>



<Collaborative Products>



Initiatives for Society

Commitment to Local Production and Consumption

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.

At OKINAWA HARBORVIEW HOTEL, around 30% of the food served in restaurants and banquets sourced locally from Okinawa, featuring regional ingredients such as mozuku seaweed, beni-imo (purple sweet potato), star fruit and Okinawan carrot.



OKINAWA HARBORVIEW HOTEL

Engagement with Local Communities

Oriental Hotel Okinawa Resort & Spa

Since 2017, the hotel has been actively involved in volunteer activities such as providing educational support, donating bento containers, and offering free meals. It also supports the "Nago Children's Cafeteria" initiative in Nago City, Okinawa, by donating lunch vouchers redeemable at the hotel's restaurants and lounges, as well as providing accommodation for student volunteers traveling from outside Okinawa to assist with the initiative.



Additionally, during the summer holidays, the hotel hosts homework support sessions and workshops on Okinawan traditions for young guests. These sessions are led by students from Tokyo Gakugei University, who are interning at the hotel.

Hotel Nikko Alivila

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. Furthermore, the hotel's quarterly magazine introduces local topics and cultural experiences, encouraging guests to explore not only the hotel but also the surrounding village.



Hilton Tokyo Odaiba

As part of its environmental and social contribution activities, hotel staff participate in the "Flower & Green Festival Tulip Bulb Planting" and local cleaning initiatives, hosted by the Tokyo Waterfront Urban Development Council. Additionally, the hotel donates upcycled notepads made from used paper to local elementary and junior high schools.



Oriental Hotel Tokyo Bay

Oriental Hotel Tokyo Bay collaborates with Urayasu city's postpartum care program, offering a relaxing hotel room environment where new mothers and their babies can receive support comfortably and safely.



Initiatives for Society

Hotel Nikko Alivila's Registration as "Okinawa SDGs Partner"

Hotel Nikko Alivila

The "Okinawa SDGs Partner" program is a certification system established by Okinawa Prefecture to recognize companies and organizations that promote the awareness and implementation of SDGs among Okinawa's residents.

Hotel Nikko Alivila has been actively engaged in various SDG initiatives and has been registered as an "Okinawa SDGs Partner" since May 2022.



Key Initiatives:

- Turning off coastal searchlights (since 2006)
To protect sea turtles that lay eggs and hatch at night, as well as other nocturnal wildlife, the hotel turns off searchlights facing the ocean. Additionally, footlights have been installed on the beach to ensure guest safety.
- Use of green energy (since 2006)
The hotel's "Patio Illumination" event is powered by green electricity, derived from renewable energy sources such as solar, wind and biomass.
- Eco-friendly fireworks (since 2008)
The hotel uses biodegradable fireworks, which are made from materials designed to reduce residue volume and accelerate natural decomposition.
- Recycling food waste into animal feed
- Initiatives to create a woman-friendly workplace
- Internship programs for domestic and international students, employment of foreign staff and people with disabilities

OKINAWA HARBORVIEW HOTEL

OKINAWA HARBORVIEW HOTEL is actively engaged in a wide range of initiatives aimed at achieving the SDG's and has been registered as an "Okinawa SDGs Partner" since May 2021. Details of these initiatives can be found on the hotel's official website:

<https://oka-hvh.com.e.asa.hp.transer.com/sdgs/>



Key Initiatives:

- Introduction of biomass-based guest room amenities
- Replacement of room keys with environmentally friendly wooden room key cards
- Participation in local clean-up activities
- Internship programs for domestic and international students, employment of foreign staff and people with disabilities
- Collaboration with local companies promoting the use of Kariyushi and initiatives related to the circular economy

Initiatives for Society

Preserving Local Landscape Assets

The gajumaru tree, a symbol of OKINAWA HARBORVIEW HOTEL, is an approximately 200-year-old tree that was relocated from the Tamagusuku Castle ruins. Serving as the hotel's guardian tree, it has been welcoming guests for generations.

In 2011, it was designated by Naha City as an Urban Landscape Asset (Designation No. 54) in recognition of its historical and scenic significance.

In 2025, OKINAWA HARBORVIEW HOTEL underwent a large-scale renovation, which was carried out with careful consideration given to preserving the gajumaru tree.



Disaster Relief Donations

As a hotel asset management company that coexists with the local community, JHRA makes disaster relief donations to be used for rescue and restoration activities in the affected areas as follows:

- The 2016 Kumamoto Earthquake (April 14, 2016)
- The 2024 Noto Peninsula Earthquake (January 1, 2024)

Initiatives for Society

Initiatives for Employees

In order to maintain its professional expertise and continue performing stable asset management, JHRA believes it must be a company in which highly motivated, exceptional human resources are able to achieve excellent performance over the long term. It provides an appealing, pleasant work environment where exceptional employees remain highly motivated to enhance their quality and have incentives to continue working there in the medium to long term.

Initiatives for HR Development

Viewing human resources as its most important asset, JHRA supports employees' career development by implementing various development programs that enable each individual to grow through their work while expressing their individuality and achieving personal fulfillment.

● HR development (professional skills development)

With the aim of cultivating REIT and real estate management professionals, we recommend and support the acquisition of professional certifications such as ARES (Association for Real Estate Securitization) Certified Master (an educational program that systematically teaches practical, specialized knowledge in the real estate and finance fields) for all officers and employees, and throughout the year, the company covers the full cost of participation in training and seminars relating to practical knowledge, industry trends, complying with laws, etc.

Certification Holders
(as of December 31, 2025)

- Real Estate Broker : 16 employees
- Real Estate Appraiser : 3 employees
- Certified Building Administrator : 1 employee
- Official Real Estate Consulting Master : 2 employees
- ARES Certified Master : 13 employees

● HR development (general skills development)

In order to support efforts aimed at acquiring the specialized expertise and qualifications required to carry out the responsibilities of their position and improve their skills, we offer training programs conducted by external organizations to all employees, as well as supporting expenses for personal development using the Cafeteria Plan program.

● HR development (leadership development)

We regularly conduct various training programs aimed at acquiring the abilities and skills required at each level of the organization for the purpose of cultivating the next generation of management and leader.

<Examples of training programs>

Category	Topics	Target	Date
Employee-led training	JHR growth history	Voluntary participants	Aug. 2025
	REIT IPO	All employees	Sep. 2025
Theme-based training	Introduction of generative AI	All employees	Apr. 2025
Information security training	Information security	All employees	Apr./Dec. 2025

Initiatives for Employee Health and Well-being

With the purpose of ensuring employees' mental and physical health and establishing a comfortable work environment, JHRA promotes work-life balance and initiatives to improve mental and physical health and pursues initiatives to enhance job satisfaction.

● Establishment of Health Committee

Even though the size of our workplace does not oblige us to establish under the Industrial Safety and Health Act, we have established a Health Committee with the aim of improving Standards of labor health for employees and maintaining and promoting wellness. The committee, which meets once a month, reviews matter including the status of work by all employees and the well-being and safety of the work environment, and after meetings, advice from an occupational health physician is distributed to all employees.

● Encouraging regular health checks, flu shots, etc.

In general, we subsidize costs related to regular health checks/screenings once a year and costs related to flu shots and we encourage employees to take health checks and vaccinations by these measures. Moreover, we implement a system that enables those who desire it to consult with an occupational health physician about mental health issues as needed.

● Establishment of employee consultation service

For the purpose of protecting employees' human rights and strengthening compliance management as well as for prevention, early detection, and correction of conduct that violates laws and regulations, fraud, harassment, etc., we have set up whistleblowing regulations that apply to all employees and established an employee consulting service. We set the Compliance Office as an in-house contact point and an external lawyer as an external contact point. Employees may report or consult with consulting service anonymously.

Initiatives for Society

● Consideration of human rights, diversity, and equality of opportunities

Our in-house regulations stipulate that the acts of discrimination based on ethnicity, religion, gender, age, origin, nationality, etc., shall not be allowed. Through activities such as compliance training, we promote respect for various perspectives and values and pursue awareness activities to eliminate discrimination and harassment.

● Preparation of environment where senior personnel can be active

We have introduced a re-employment system for employees aged 60 and over who wish to continue working. We have established a labor environment where senior personnel may remain active after the official retirement age by leveraging their work experience and expertise.

● Preparation of office environment

Our offices are amply equipped with common spaces that promote communication between employees, and spaces are also provided for individuals to rest. Furthermore, we are taking steps to implement a comfortable work environment, such as hiring an external specialist company to perform periodic air cleaning maintenance in order to ensure excellent air quality.

● Pension plans and fund installment program under NISA at workplace (Employee Stock Purchase Plan)

To help employees build up assets for the future and enjoy a comfortable standard of living after retirement, we have introduced a defined contribution pension plan (401k) as well as a defined benefit pension plan and other measures. Furthermore, with the purpose of maintaining officers' and employees' motivation for improving unitholder value over the medium to long term by having the same perspective as unitholders, we have introduced fund installment program under NISA at workplace for all officers and employees, under which the company provides contributions equal to a certain percentage of individuals' contributions as an incentive. We made it possible to acquire investment units of JHR by officers and employees under the program while paying attention to insider information.

● Implementation of various benefits (programs for all officers and employees)

- Sick leave *Leave which may be taken separately from annual paid vacation
- Length-of-service compensation program
- Congratulatory/condolence payment program
- Cooperating with welfare service providers
- Flex hours, etc.

● Employee health management

As part of initiatives to promote health-focused management, a monthly survey aimed at monitoring employees' individual health has been conducted since May 2024. Along with the survey results, self-care content and other useful resources are provided to support employees' well-being.

Communication with Employees

JHRA pursues a two-way dialogue between management and employees on matters such as working styles and strives to create job satisfaction and make work more pleasant.

● Implementation employee satisfaction surveys

To foster a stronger relationship between management and employees, we conduct an annual employee satisfaction survey covering all employees, with an external organization administering the survey once every three years. Based on the results, we implement improvement measures and promote two-way communication by incorporating employee feedback gathered through workshops.

<Latest response rate>

- FY2024: 80%
- FY2025: 100%

<Measures taken based on survey results>

- Efficiency improvements through generative AI adoption
- Support for asset building via enhancements to the workplace NISA program
- Improved workplace comfort and productivity through office space expansion
- Enhanced employee engagement through networking events and support initiatives

● Target management and personnel evaluation process

Superiors and their subordinates together review the status of the targets set by employees at the start of the fiscal year and their performance during the year through regular communication. At the end of the year, employees' achievement of their targets, performance, and use of their skills are reviewed and a follow-up meeting is held. We have instituted a PDCA process to develop the capabilities of our employees. In this process, we share improvement issues through interviews, exchange ideas to move to the next step, and set goals for the next year and the medium to long term. Moreover, in the process, all employees set ESG-related targets. Under this process, we will implement fair personnel evaluations and ensure employees are treated and assigned appropriately. In principle, these evaluations are reflected in the year-end bonuses for all employees and in the salary scales for the next fiscal year.

● Individual meetings with the CEO

The CEO holds annual one-on-one meetings with all employees to discuss job responsibilities, career development, and workplace concerns, incorporating employee feedback to support individual growth and improve the work environment.

Initiatives for Society

Basic Employee Data

Basic data on JHRA's employees is shown below.

● Data related to employees (as of the end of each fiscal year)^(*1)

1. Basic data on employees

Item	FY2023	FY2024	FY2025	
Number of employees	49	50	49	
By gender (ratio)	Male	36 (73%)	38 (76%)	38 (78%)
	Female	13 (27%)	12 (24%)	11 (22%)
Average length of service	4 years 12 months	5 years 3 months	6 years 1 month	
Number of seconded employees ^(*2)	1	0	0	

2. Diversity promotion

Item	FY2023	FY2024	FY2025	
Number of Directors ^(*3)	7	6	7	
By gender (ratio)	Male	6 (86%)	4 (67%)	5 (71%)
	Female	1 (14%)	2 (33%)	2 (29%)
Number of employees in managerial positions (Head and Deputy Head of Group or above)	14	14	12	
By gender (ratio)	Male	11 (79%)	11 (79%)	9 (75%)
	Female	3 (21%)	3 (21%)	3 (25%)
Number of employees over 60 years old	1	0	0	

3. Health and safety of employees, etc.

Item	FY2023	FY2024	FY2025
Percentage of paid leave taken ^(*4)	65%	68%	74%
Number of Health Committee Meetings held	12	9	10
Number of interviews with industrial physicians	6	17	16
Number of employees took parental leave (Number of male employees took parental leave)	0	0	1 (1)
Number of employees took nursing leave	0	0	0
Number of occupational accidents	0	0	0

(*1) Representative Director, part-time Directors and Auditors are excluded.

(*2) Seconded employees from non-sponsor-related parties for training purposes.

(*3) Representative Director, part-time Directors and Auditors are included.

(*4) Exclude employees joined the company during the year.

Governance

Corporate Governance

JHR's Governing Bodies

Based on the Act on Investment Trusts and Investment Corporations ("the Investment Trusts Act"), organizational management of JHR is handled by the General Meeting of Unitholders, which is comprised of unitholders, and the Board of Directors, including one Executive Director (male) and three Supervisory Directors (one male, two females), and an Accounting Auditor.

Executive Director and Supervisory Directors

● Status and term of directors

The Executive Director executes the business of JHR, represents the company, and possesses the authority to perform any acts in or out of court relating to the business of JHR.

The Supervisory Directors possess the authority to supervise the execution of the Executive Directors' duties. They may request reports relating to the status of JHR's business and assets from not only the Executive Director but also administrative agents, the asset management company, and the asset custody company, and they may also conduct any investigations that are required.

The Executive Director and the Supervisory Directors were elected by resolution of general meeting of unitholders and term of office is two years following their appointment.

● Independence of directors

In order to secure high independency of Executive Director and Supervisory Directors from JHRA and its sponsor-related parties, JHR elects person without any relation with JHRA and its sponsor-related parties as its Executive Director and Supervisory Directors since April 1, 2012.

In cases of vacancy of the position of Executive Director or a shortfall in the number of Executive Director as stipulated by laws and regulations, representative director of JHRA may temporarily take position of Executive Director of JHR.

● Reasons for appointment of Directors and Board of Directors Meeting attendance record

The directors were elected by a resolution of the General Meeting of Unitholders based on the reasons below, with the condition that they must not conflict with any of the reasons for disqualification stipulated in various laws and regulations, including the Investment Trusts Act (Article 98, 100, and 200 of the Investment Trusts Act, Article 244 of the Ordinance for Enforcement of the Investment Trusts Act). The Executive Director and Supervisory Directors consist of third parties who have no special interest with JHR.

Title of Officer	Name	Reasons for Appointment	Gender	Board of Directors Meeting Attendance Record(*)
Executive Director	Kaname Masuda	Possesses high experience and knowledge as a professional of law with central focus on corporate law. Familiar with unique mechanism and structure of a J-REIT through his practical experience and possesses considerable insight of management.	Male	93.3% (14/15 meetings)
Supervisory Director	Akiko Tomiyama	Expected to supervise management from various standpoints including specific field based on the high experience and knowledge as legal expert.	Female	100% (15/15 meetings)
Supervisory Director	Shinsuke Matsumoto	Expected to supervise management from various standpoints including specific field based on the high experience and knowledge as legal expert.	Male	100% (2/2 meetings)
Supervisory Director	Emiko Suzuki	Expected to supervise management from various standpoints including specific field based on the high experience and knowledge as professional of accounting.	Female	100% (2/2 meetings)

(*) Shows the attendance record at Board of Directors Meetings held during the 26th fiscal period (ended December 2025).

Governance

Remuneration of Directors

● Remuneration of Executive Director and Supervisory Directors

As stipulated in JHR's Articles of Incorporation, the amount of remuneration for the Executive Director and Supervisory Directors shall be determined by the Board of Directors, with a maximum of 800,000 yen/month per person for the Executive Director and a maximum of 500,000 yen/month per person for the Supervisory Directors. The remuneration amount for each director is as shown in the table below.

(thousands of yen)

Position	Name	Total Remuneration for Each Position in the 26th Fiscal Period (Ended December 2025)
Executive Director	Kaname Masuda	6,600
Supervisory Director	Akiko Tomiyama	3,600
Supervisory Director	Shinsuke Matsumoto	600
Supervisory Director	Emiko Suzuki	600

(*) Former Supervisory Director Tetsuya Mishiku and Mayumi Umezawa resigned effective upon the conclusion of the 13th General Meeting of Unitholders on November 26, 2025. The total amount of Supervisory Director remuneration paid to each of Tetsuya Mishiku and Mayumi Umezawa for the relevant fiscal period was 3,300 thousand yen, respectively.

● Remuneration of Accounting Auditor

The amount of remuneration for the Accounting Auditor shall be determined by the Board of Directors, with a maximum of 50,000,000 yen per business period. The remuneration amount for the Accounting Auditor is as shown in the table below.

(thousands of yen)

Title	Company Name	Remuneration for the 26th Fiscal Period (Ended December 2025)
Accounting Auditor	KPMG AZSA LLC	31,850

(*) Remuneration for the independent auditor includes fees of 2,100 thousand yen for preparing comfort letters associated with the public offering.

● Fees paid to JHRA

Since JHR is prohibited from hiring employees based on the provisions of the Investment Trusts Act, it entrusts asset management to JHRA without hiring any personnel.

In accordance with the asset management contract signed between the two parties, JHR pays asset management fees to JHRA. The types of fees, methods of calculating them, and total amounts are as shown below.

<Calculation Methods>

Fee Type	Fee Calculation Method
Management fee 1	On the final day of March, June, and September in each business period and the fiscal year-end of each business period (the "calculation reference dates"), JHR shall pay the amount obtained by multiplying its total assets by a rate it has agreed separately with JHRA, up to a maximum of 0.35% per annum, on a daily pro-rated basis for the number of days between the previous calculation reference date (which is not included) and the current calculation reference date (which is included), taking one year to be 365 days and rounding down to the nearest yen.
Management fee 2	JHR shall pay the amount calculated by multiplying its NOI (Net Operating Income) for each business period by a rate it has agreed separately with JHRA, up to a maximum of 1.0%, rounded down to the nearest yen.
Management fee 3	JHR shall pay the amount calculated by multiplying the amount obtained by dividing the total dividend amount for a given business period before deducting management fee 3 by the total number of investment units issued as of the last day in December in that period (rounded down to the nearest yen) by a coefficient that it has agreed separately with JHRA, up to a maximum of 43,000 (however, if the investment units were split, the figure will be 43,000 multiplied by the split ratio, and if the investment units were split multiple times, the same process will be repeated).
Acquisition fee	If real estate related assets, etc. (this refers to assets indicated in Article 28-2 through 28-4 of the Articles of Incorporation; the same applies hereinafter) are acquired, JHR shall pay the amount obtained by multiplying the acquisition price of the applicable real estate related assets, etc. (excluding amounts corresponding to consumption tax, etc. (as defined in Article 39 of the Articles of Incorporation; the same applies hereinafter) and expenses associated with acquisition) by a rate that it has agreed separately with JHRA, up to a maximum of 0.75% (rounded down to the nearest yen). However, if the applicable real estate related assets, etc. are acquired from sponsor-related parties, the rate to be applied shall be reduced by 0.25% from the rate to be applied in the case of acquisition from non-sponsor-related parties.
Disposition fee	In the event of real estate related asset, etc. are disposed, JHR shall pay the amount obtained by multiplying the disposition price of the applicable real estate related assets, etc. (excluding amounts corresponding to consumption tax, etc. and expenses associated with disposition) by a rate that it has agreed separately with JHRA, up to a maximum of 0.5% (rounded down to the nearest yen). However, in the case of disposition of the applicable real estate related assets, etc. to sponsor-related parties, the rate to be applied shall be reduced by 0.25% from the rate to be applied in the case of disposition to non-sponsor-related parties.
Merger fee	In a merger carried out by JHR, if JHRA investigates and evaluates the holdings of the other party in the merger and performs other merger-related tasks and assets belonging to the other party are then succeeded by JHR as a result of the merger, JHR shall pay JHRA a merger fee based on the provisions of the asset management contract signed between the two parties. The fee involved shall be the total of the amount obtained by multiplying the appraisal value of the real estate related assets, etc., succeeded by JHR at the time of the merger by a rate agreed separately with JHRA (rounded down to the nearest yen), up to a maximum of 0.25%, and the corresponding consumption tax on this amount.

Governance

<Fee Amounts>

(thousands of yen)

Fee Type	24th Fiscal Period (Ended December 2023)	25th Fiscal Period (Ended December 2024)	26th Fiscal Period (Ended December 2025)
Management fee 1	1,391,457	1,570,560	1,896,197
Management fee 2	223,446	290,149	385,547
Management fee 3	130,849	170,753	219,472
Sub total	1,745,752	2,031,462	2,501,217
Acquisition fee	250,326	381,396	482,625
Disposition fee	–	–	24,800
Merger fees	–	–	–
Total	1,996,078	2,412,858	3,008,642

Initiatives to Prevent Conflicts of Interest

JHRA believes that managing conflicts of interest in a strict manner is essential to gain trust from the unitholders of JHR and has formulated a decision-making process that is stricter than what is required by laws and regulations. In particular, in addition to interested person, etc. stipulated by laws and regulations, JHRA stipulates that "sponsor-related parties" include JHRA's shareholders, their subsidiaries, etc. and stipulates detailed standards and procedures pertaining to transactions between "sponsor-related parties" and JHR.

JHRA stipulates that, in cases where JHR conducts prescribed transactions with "sponsor-related parties," resolution at a board of directors' meeting and resolution at JHR's board of directors' meeting are required in addition to deliberation and approval at the Investment and Operation Committee and Compliance Committee.

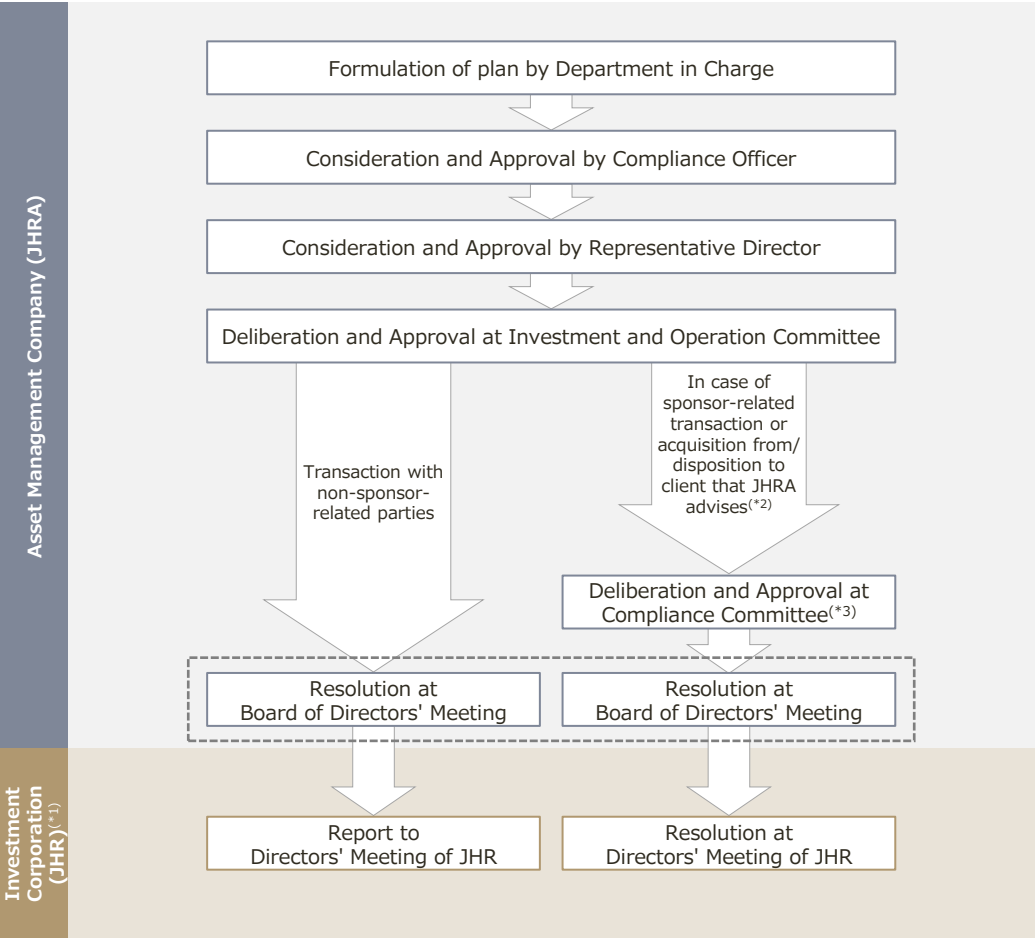
Governance

Decision-making Process for Acquisition or Disposition of Assets under Management

JHR's decision-making process for acquiring or disposing assets under management is shown in the right chart.

With regard to transactions with "sponsor-related parties," JHR and JHRA have set decision-making rules stricter than what is required by laws and regulations. In order to manage conflicts of interest, we strive for compliance with "arms-length rules" and transparency. Furthermore, if an asset under management is acquired from or sold to "sponsor-related parties," compensation to be paid to JHRA will be reduced in accordance with provisions of the Articles of Incorporation.

Beside such, all transactions with "sponsor-related parties," including the conclusion of lease contracts, amendment of lease contracts and ordering of construction work, generally require the same decision-making process as transactions with "sponsor-related parties", along with attention paid to the fairness of the content by means of obtaining estimates from third parties and such.



(*1) The board of directors consists of third-party members who do not have any relationship with sponsor-related parties.
 (*2) In case of acquisition or disposition of assets between JHR and a client whom JHRA advises, such client will be treated as "sponsor-related parties". Moreover, JHRA stipulates that resolution on the said transaction at Investment and Operation Committee needs an attendance of an external expert (real estate appraiser), who has dismissal rights of proposed resolution.
 (*3) JHRA stipulates that the compliance committee in principle requires an attendance of an outside specialist (attorney). The outside specialist is authorized to dismiss a proposal.

Governance

Compliance

Compliance Initiatives and System

To ensure appropriate asset management, sound and appropriate execution of operations, and protection of investors, JHR and JHRA have established a compliance-related management system. JHRA has positioned thorough compliance and business ethics issues such as anti-corruption, as the most important management issues, and have established a system for deliberation, decision-making, and management of various compliance-related matters under the authority and responsibility of the Board of Directors, the Compliance Committee, the President and Representative Director, and the Compliance Officer, respectively. Specifically, we have developed a Code of Compliance that stipulates basic policies for corporate ethics and behavioral guidelines for officers and employees and strives to maintain and implement compliance, carry out sincere and fair corporate activities, and ensure sound management based on self-discipline. Moreover, recognizing the importance of compliance, it has formulated a Compliance Manual, which stipulates standards of conduct for ensuring that compliance is implemented and achieved by officers and employees in day-to-day business operations, and a Compliance Program, which provides a practical plan for implementing compliance.

Anti-corruption Initiatives and Initiatives against Anti-social Forces

To prevent corruption and eliminate anti-social forces, JHRA ensures that all officers and employees (including contract and temporary employees, etc.; the same applies throughout this section) have a thorough understanding of related matters by conducting compliance training and other activities, as well as verifying implementation by conducting internal audits and administrative inspections, etc., each year.

● Anti-corruption initiatives

JHRA stipulates in its Code of Compliance, and Compliance Manual and Rules of Employment that all its officers and employees are required to eliminate any mixture of public and private affairs, and are prohibited from providing favors, benefits, etc. to civil servants of Japan or other countries or persons deemed as such, in accordance with Japanese and international laws. Furthermore, it stipulates that regardless of whether business-related transactions take place, it is prohibited to provide or accept favors, benefits, etc. that exceed the scope of courtesy based on socially accepted conventions.

Specifically, in order to ensure the fairness of the transactions, each officer and employee is required to confirm and declare at the time of application for transactions that the transaction does not unfairly benefit himself/herself or a third party.

Based on internal audits, administrative inspections, and so forth that it has conducted to date, JHRA has not found any favors or gifts that contravene the relevant laws. Moreover, there have been no violations of corruption-related laws or administrative sanctions.

Also, there are no violations of laws and regulations, nor administrative actions charged by administrative bodies related to corrupt practices.

For details on internal audits, please refer to "[Internal Audit](#)" in Risk Management below.

● Initiatives to eliminate anti-social forces

JHRA has formulated and published a "[Basic Policy Against Anti-social Forces](#)" and strives to maintain the trust of all stakeholders and ensure sound operations and appropriate management by observing the policy. Furthermore, an organizational system has been established and implemented through the Code of Compliance Committee and Regulations for Handling Anti-social Forces which stipulate various procedures for severing any ties involving dealings with anti-social forces and prohibit providing payoffs to anti-social forces.

The following is an overview of the organizational system:

- A compliance officer is in charge of handling anti-social forces and severing any new ties with such forces and supervises JHRA's overall establishment of system.
- Each department acts as the section responsible to handle initial reaction for anti-social forces and supervises the handling of individual cases.
- The compliance officer reports to the Compliance Committee and Board of Directors as needed with regard to the status of initiatives to sever and prevent ties with anti-social forces.
- The Compliance Committee and Board of Directors receive reports on the status of initiatives to sever and prevent ties with anti-social forces and grant approval for JHRA's specific and general initiatives and policies toward anti-social forces respectively as needed.

Governance

Initiatives Relating to Anti-money Laundering and Countering the Financing of Terrorism

In recent years, the importance of countermeasures to anti-money laundering and financing of terrorism (hereinafter called "money laundering, etc.") as an issue that needs to be addressed by both Japan and global society has been growing. In collaboration with the relevant government ministries and agencies, financial institutions, etc. have been striving to maintain sound financial systems by enhancing their management systems for cutting off the flow of funds connected with criminals, terrorists, etc. (i.e., money laundering).

Recognizing the importance of countermeasures for money laundering, etc., JHRA complies with the relevant laws and regulations, including the Act on Prevention of Transfer of Criminal Proceeds. Moreover, in accordance with the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism developed and published by the Financial Services Agency in February 2018 and a risk-based approach, JHRA has established a risk management system that makes it possible to implement appropriate measures in a timely manner.

JHRA has formulated Regulations Concerning the Implementation of Verification to Execute Transactions, Etc. Based on the regulation, various verification procedures are implemented and audit and other activities on the procedures are conducted by a supervising officer (compliance officer).

Establishment of Whistleblower System

With an aim to contribute to strengthening compliance management, JHRA has established Regulation of Whistleblower. As such, JHRA has established a whistleblower system that allows its officers and employees (including contract and temporary employees) to report or discuss fraudulent acts.

"Regulation of Whistleblower" target any organizational or individual fraudulent acts including any harassment (including cases where fraudulent acts may occur) as the subject for reports or consultation (hereinafter called "Whistleblowing, etc."). Based on the Whistleblower Protection Act and company regulation, the regulation stipulates protection of whistleblower who reported or consulted (including prohibition of disadvantageous treatment, responding to anonymous reports, keeping the content confidential and elimination of conflicts of interest, etc.) as well as procedures to find and correct reported fraudulent acts (including research method, disposition of those who conduct fraudulent acts and following up with the whistleblowers).

Furthermore, in addition to assignment of Compliance Office as an in-house contact point (the President and Representative Director is the internal contact point for reporting of fraudulent acts, etc. by officers and employees of the Compliance Office), an external attorney who has no business relationship with JHRA is appointed as the reporting contact point in order to secure effectiveness of the whistleblower system. The contact information of each contact point is made known to all officers and employees through compliance trainings, and is explained to new employees in particular during the compliance training provided at the time they join the company. In the specific process to handle reports, etc., when contact point receives a report, etc., each contact point will consider the necessity of an investigation fairly, impartially, and in good faith, and will promptly notify the whistleblower of the results of the consideration and future actions against the case. And report the results of the investigation by the person in charge of the investigation to the whistleblower and the Compliance Committee.

If the investigation reveals fraudulent acts, corrective measures and measures to prevent recurrence are promptly taken, and the results of the corrective measures are reported to the Compliance Committee. Those involved in such fraudulent acts will be appropriately handled including punishment under the Rules of Employment etc., and reporting to administrative agencies, etc., if necessary.

Furthermore, even after the completion of the process, JHRA shall follow up sufficiently to protect the whistleblower, for example, by confirming that the fraudulent acts in question have been resolved, and that the whistleblower has not been subjected to any disadvantageous treatment because of the reporting.

Governance

Implementation of In-house Training

JHRA implements regular compliance training for all officers and employees (including contract and temporary employees, etc.; the same applies throughout this section).

The Compliance Program stipulates that compliance training must be conducted on a regular basis each year, and the status of progress and results of its implementation are reported to the Compliance Committee on semi-annual basis.

The subject matter of compliance training will be determined based on who is participating (new hires all officers and employees, Investment Division officers and employees, etc.), and JHRA fosters a stronger compliance culture by verifying and implementing training that focuses on more timely topics based on trends of amendments to laws and regulations and the results of internal audits, etc.

Training conducted in recent years is shown below.

Fiscal Year	No. of Times	Main Topics
FY2023	16	<ul style="list-style-type: none"> • Appropriate management of personal information • Management of conflict-of-interest transactions • Recent cases of administrative penalties related to conflicts of interest • Appropriate management of corporate information
FY2024	18	<ul style="list-style-type: none"> • Severance of ties with anti-social forces, AML/CFT • Conflict of interest management • Insider trading regulations
FY2025	14	<ul style="list-style-type: none"> • Harassment prevention • Customer-focused business operations • Proper management of customer information

Governance

Risk Management

Approach to Risk Management

● Establishment of risk management system

JHRA, to which JHR entrusts asset management, has established a risk management system for the purpose of ensuring sound management, performing appropriate risk management as a financial instruments business operator, and fulfilling its obligations.

● Basic risk management policy

JHRA's Board of Directors has formulated a basic risk management policy based on its management policy and strategic objectives and supervises the development of an appropriate risk management system. The basic risk management policy is as follows:

1. In order to ensure sound management and fulfill its fiduciary responsibilities as a financial instrument business operator, JHRA strives to develop a risk management system based on recognition that appropriate management and control of risks that occur in the course of its business operations are essential issues in management.
2. In order to perform appropriate risk management, JHRA shall establish organizations that can exercise mutual check-and-balance, as well as provide appropriate staffing, develop a training system, and implement appropriate measures to prevent accidents.
3. Given that there are always intrinsic risks in day-to-day business operations, all of JHRA's officers and employees shall recognize that they need to play a role in risk management and implement operation with understanding of its importance.

● Risk management system with focus on three lines of defense

In recent years, led by financial institutions, publicly listed corporations, etc., risk management systems that focus on a "three lines of defense"-based approach have been developed. JHRA has also adopted this approach.

Specifically, as the "first line of defense," the groups implementing/executing tasks become the risk owners. Heads of groups/offices assess, supervise, and control risks that occur in their tasks, as the risk management officers. Next, as the "second line of defense," the Compliance Office monitors risks and implements measures to control them. The compliance officer serves as chief risk management officer, supervising overall risk management for JHRA and providing the required guidance and oversight as the person in charge. Finally, in the "third line of defense," the validity of the processes created by the first and second lines of defense is evaluated and verified through internal audits and administrative inspections.

As JHR's asset management company, JHRA, based on the "three lines of defense" approach, remains aware that there are always intrinsic risks in its day-to-day business operations, and all officers and employees execute their duties while recognizing that they play a role in risk management.

● Risk management implementation processes

JHRA stipulates risk management implementation processes and specific procedures in its Code of Risk Management and detailed rules relating to the code. The risk management implementation processes consist of the seven items below, with a risk management sheet used to comprehensively implement each process.

1. Development of annual risk management plan
2. Risk identification
3. Risk analysis/evaluation
4. Additional control planning/implementation
5. Finalization/approval of risk management sheet
6. Monitoring through internal audits and administrative inspections
7. Improvement of risk management status

Governance

Internal Audit

Based on the Code of Internal Audit, JHRA conducts internal audits in order to verify and evaluate whether its risk management is functioning effectively.

Internal audits are conducted at least once per year, and JHRA has been conducting them every year since its establishment.

● Scope and method of internal audits and improvement of designated items

JHRA's internal audits are performed for all organizations and operations.

Specifically, risks associated with all organizations and operations are assessed in an integrated manner by using the Risk Management Sheet.

Then verification and evaluation are conducted based on the internal audit to determine whether the controls for those risks are functioning effectively.

Once the internal audit is completed, the compliance officer, who serves as the chief controller of internal audit, reports the audit results to the President, Compliance Committee, and the audited departments. Furthermore, if the internal audit deems it necessary, the results will also be reported to the Board of Directors.

The chief controller of internal audit shall verify the status of improvements to matters designated in internal audits with the audited departments and report the results to the President and Compliance Committee. Moreover, if the chief controller of internal audit deems it necessary, the results will also be reported to the Board of Directors.

Crisis Management

Recognizing that crises caused by natural disasters, various criminal activities, system failures, and so forth may have a severe impact on JHR's management and asset management activities in the form of economic loss, significant obstruction of operations, etc., JHRA has formulated Code of Crisis Management and Contingency Plans and implements various measures to minimize damage and ensure employees' safety and peace of mind in the event of a crisis.

● Major measures related to crisis management

- Creation of BCP (business continuity planning) manual
- Implementation of BCP training (once every year)
- Introduction of safety verification system and implementation of simulation training (four times per year)
- Distribution of emergency kit to employees
- Storage of reserve supplies

Green Finance

Basic Policy

JHR manages its assets in consideration of "Environmental, Social and Governance (ESG)" and, as part of its efforts, aims to achieve a sustainable environment and society through the implementation of green finance.

Green Finance Framework

JHR formulated the Green Finance Framework in accordance with the Green Bond Principles, Green Loan Principles, Green Bond Guidelines, and Green Loan Guidelines in January 2024.

Use of Procured Funds

JHR will allocate the funds procured through the Green Finance to the following three purposes that meet the Eligibility Criteria below: (1) for the acquisition of green buildings or refinancing of the funds used for the acquisition, (2) for renovation work, and (3) for the acquisition or installation of renewable energy generation equipment.

● Eligibility criteria

1. Green building

Properties that have obtained or renewed certification from any of the following third-party certification organizations or properties that intend to obtain or renew such certification:

- DBJ Green Building Certification : 3-star or higher
- CASBEE Certification
 - CASBEE for Buildings / CASBEE for Real Estate : B+ or higher
 - Municipal version CASBEE : B+ or higher
(provided that the buildings were completed within 3 years from the construction completion date)
- BELS Evaluation
 - BELS (2016 standard) : 3-stars or higher*
 - BELS (2024 standard for Non-residential) : Level 4 or higher*

* New acquisitions of existing buildings constructed before 2016 must be Level 3 or above and must be eligible. Specifically, for factories and other facilities such as logistics centers and warehouses, the BEI (Building Energy Index) must be 0.75 or lower.

- LEED Certification : Silver rank or higher
(For LEED BD+C, v4 and later)
- BREEAM Certification : Very good or better (v6 or later)

2. Renovation work

Renovation work that meets any of the following:

- Renovation work that has the effect of reducing any of the following: CO₂ emissions, energy consumption, or water consumption by 30% in real estate managed by JHR
- Renovation work intended to improve one or more stars or ranks of certification by third-party certification organizations as defined in the Eligibility Criteria 1

3. Renewable energy

Acquisition or installation of the following renewable energy power generation equipment.

- Solar power generation
- Onshore wind power generation (limited to equipment with output of less than 20kW)
- Biomass power generation (limited to equipment where fuel is sourced from its location or adjacent prefectures)

Process for Project Evaluation and Selection

JHRA's Finance Group and ESG Team will select project candidates for which the procured funds will be used, and decisions will be made by the Investment and Operation Committee, the Board of Directors and JHR's Board of Directors.

Green Finance

Management of Procured Funds

JHR will promptly allocate the total procured funds to projects that meet the Eligibility Criteria. JHR will set the maximum amount of the Green Finance as the total of the following funds (hereinafter called "Eligible Green Debt Amount") and will manage the balance of the Green Finance so that it does not exceed the Eligible Green Debt Amount:

- I. The amount calculated by multiplying "the total acquisition price of green buildings owned by JHR that meet the Eligibility Criteria (1) (a)" by "the interest-bearing debt ratio to the total assets (b)" at the end of the fiscal period that can be calculated at the time of confirmation
- II. The expenditures required for renovation work that meets the Eligibility Criteria (2)
- III. Funds for the acquisition and installation of renewable energy power generation equipment that meets the Eligibility Criteria (3)

(as of the end of December 2025)

I	JPY124.8Bn (= (a) JPY267.2Bn x (b) 46.7%)
II	–
III	–
Eligible Green Debt Amount (I + II + III)	JPY124.8Bn

Reporting

Fund allocation status reporting (end of December 2025)

The fund allocation status of JHR related to the Green Finance is as follows.

Green Finance Balance	JPY25.9Bn
Unallocated Green Finance	–

<Green Loan>

Loan Name	Loan Amount	Unallocated Amount	Borrowing Date	Principal Repayment Date	Collateral
Term Loan 101	JPY3.3Bn	–	March 29, 2024	March 29, 2030	Unsecured/Unguaranteed
Term Loan 111	JPY1.4Bn	–	September 30, 2024	September 30, 2032	Unsecured/Unguaranteed
Term Loan 121	JPY4.4Bn	–	March 31, 2025	March 31, 2034	Unsecured/Unguaranteed
Term Loan 122	JPY7.0Bn	–	September 30, 2025	September 29, 2028	Unsecured/Unguaranteed
Term Loan 124	JPY7.0Bn	–	September 30, 2025	September 29, 2034	Unsecured/Unguaranteed
Term Loan 125	JPY1.0Bn	–	November 20, 2025	September 30, 2031	Unsecured/Unguaranteed

<Green Bond>

Name	Balance	Unallocated Amount	Issue Date	Redemption	Collateral
Fourteenth unsecured investment corporation bonds of JHR (Pari passu covenants between investment corporation bonds are attached.) (Green Bond)	JPY1.8Bn	–	September 11, 2025	September 10, 2032	Unsecured

Impact reporting

JHR will disclose the following information annually as long as the green finance balance remains:

1. Reporting on green buildings

- [Name and number of properties, total floor area, certification type and certification rank](#)
- [CO₂ emissions \(t-CO₂\), electricity consumption \(MWh\), and water consumption \(m³\) of all subject properties](#)

2. Reporting on renovation work

Not applicable

3. Reporting on renewable energy

Not applicable

Evaluation by External Organization

JHR has received the following evaluation from Japan Credit Rating Agency, Ltd. (JCR) regarding the eligibility of its Green Finance Framework.

Evaluation Agency	Evaluation Subject	Evaluation	
JCR	Green Finance Framework	Overall Evaluation	Green 1 (F)
		Greenness Evaluation (Use of Proceeds)	g1 (F)
		Management, Operation and Transparent Evaluation	m1 (F)

(*) For details, please refer to JCR's news release and website. Website of JCR: <https://www.jcr.co.jp/en/greenfinance/>

GRI Standards Comparison Table

〈Universal Standard〉

Disclosure		Page	Location on JHR website
GRI2: General Disclosures			
1. The organization and its reporting practices			
2-1	Organizational details	2	About JHR > Corporate Overview and History About JHR > Asset Management Company
2-2	Entities included in the organization's sustainability reporting	2	About JHR > Corporate Overview and History About JHR > Asset Management Company
2-3	Reporting period, frequency and contact point	1	–
2-4	Restatements of information	No cases experienced.	No cases experienced.
2-5	External assurance	–	–
2. Activities and workers			
2-6	Activities, value chain and other business relationships	–	About JHR > Our Organization
2-7	Employees	28	ESG > Initiatives for Society
2-8	Workers who are not employees	28	ESG > Initiatives for Society
3. Governance			
2-9	Governance structure and composition	29	ESG > Governance
2-10	Nomination and selection of the highest governance body	29	ESG > Governance
2-11	Chair of the highest governance body	29	ESG > Governance
2-12	Role of the highest governance body in overseeing the management of impacts	4	ESG > Sustainability Management
2-13	Delegation of responsibility for managing impacts	4	ESG > Sustainability Management
2-14	Role of the highest governance body in sustainability reporting	–	–
2-15	Conflicts of interest	31	ESG > Governance
2-16	Communication of critical concerns	34	ESG > Governance
2-17	Collective knowledge of the highest governance body	35	ESG > Governance
2-18	Evaluation of the performance of the highest governance body	–	–
2-19	Remuneration policies	30	ESG > Governance
2-20	Process to determine remuneration	30	ESG > Governance
2-21	Annual total compensation ratio	–	–
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	–	–
2-23	Policy commitments	–	–
2-24	Embedding policy commitments	–	–
2-25	Processes to remediate negative impacts	–	–
2-26	Mechanisms for seeking advice and raising concerns	–	–
2-27	Compliance with laws and regulations	–	–
2-28	Membership associations	–	–
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	10	ESG > Stakeholder Engagement
2-30	Collective bargaining agreements	–	–

GRI Standards Comparison Table

〈Universal Standard〉

Disclosure		Page	Location on JHR website
GRI3: Material Topics			
3-1	Process to determine material topics	9	ESG > Materiality
3-2	List of material topics	8	ESG > Materiality
3-3	Management of material topics	–	–

〈Topic Standard〉

GRI101: Biodiversity			
101-1	Policies to halt and reverse biodiversity loss	–	–
101-2	Management of biodiversity impacts	–	–
101-3	Access and benefit-sharing	–	–
101-4	Identification of biodiversity impacts	–	–
101-5	Locations with biodiversity impacts	–	–
101-6	Direct drivers of biodiversity loss	–	–
101-7	Changes to the state of biodiversity	–	–
101-8	Ecosystem services	–	–
GRI200: Economic			
201 Economic Performance			
201-1	Direct economic value generated and distributed	–	Portfolio Summary
201-2	Financial implications and other risks and opportunities due to climate change	18-21	ESG > Initiatives for Environment
201-3	Defined benefit plan obligations and other retirement plans	–	–
201-4	Financial assistance received from government	–	–
202 Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	–
202-2	Proportion of senior management hired from the local community	–	–
203 Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	–	–
203-2	Significant indirect economic impacts	–	–
204 Procurement Practices			
204-1	Proportion of spending on local suppliers	–	–
205 Anti-corruption			
205-1	Operations assessed for risks related to corruption	35	ESG > Governance
205-2	Communication and training about anti-corruption policies and procedures	35	ESG > Governance
205-3	Confirmed incidents of corruption and actions taken	–	–
206 Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–	–
207 Tax			
207-1	Approach to tax	–	–
207-2	Tax governance, control, and risk management	–	–
207-3	Stakeholder engagement and management of concerns related to tax	–	–
207-4	Country-by-country reporting	–	–

GRI Standards Comparison Table

<Topic Standard>

		Disclosure	Page	Location on JHR website
GRI300: Environmental				
301 Materials				
	301-1	Materials used by weight or volume	11	ESG > Initiatives for Environment
	301-2	Recycled input materials used	11, 16	ESG > Initiatives for Environment
	301-3	Reclaimed products and their packaging materials	16	ESG > Initiatives for Environment
302 Energy				
	302-1	Energy consumption within the organization	11	ESG > Initiatives for Environment
	302-2	Energy consumption outside of the organization	–	–
	302-3	Energy intensity	11	ESG > Initiatives for Environment
	302-4	Reduction of energy consumption	–	–
	302-5	Reductions in energy requirements of products and services	–	–
303 Water and Effluents				
	303-1	Interactions with water as a shared resource	12	ESG > Initiatives for Environment
	303-2	Management of water discharge-related impacts	–	–
	303-3	Water withdrawal	11	ESG > Initiatives for Environment
	303-4	Water discharge	–	–
	303-5	Water consumption	–	–
305 Emissions				
	305-1	Direct (Scope 1) GHG emissions	11	ESG > Initiatives for Environment
	305-2	Energy indirect (Scope 2) GHG emissions	11	ESG > Initiatives for Environment
	305-3	Other indirect (Scope 3) GHG emissions	11	ESG > Initiatives for Environment
	305-4	GHG emissions intensity	11	ESG > Initiatives for Environment
	305-5	Reduction of GHG emissions	11, 15, 22	ESG > Initiatives for Environment
	305-6	Emissions of ozone-depleting substances (ODS)	22	ESG > Initiatives for Environment
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	–	–
306 Waste				
	306-1	Waste generation and significant waste-related impacts	–	–
	306-2	Management of significant waste-related impacts	–	–
	306-3	Waste generated	11, 15	ESG > Initiatives for Environment
	306-4	Waste diverted from disposal	11, 15, 26	ESG > Initiatives for Environment , Initiatives for Society
	306-5	Waste directed to disposal	11, 15	ESG > Initiatives for Environment
308 Supplier Environmental Assessment				
	308-1	New suppliers that were screened using environmental criteria	–	–
	308-2	Negative environmental impacts in the supply chain and actions taken	–	–

GRI Standards Comparison Table

<Topic Standard>

	Disclosure	Page	Location on JHR website
GRI400: Social			
401 Employment			
	401-1 New employee hires and employee turnover	26, 30	ESG > Initiatives for Society
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	–
	401-3 Parental leave	30	ESG > Initiatives for Society
402 Labor/Management Relations			
	402-1 Minimum notice periods regarding operational changes	–	–
403 Occupational Health and Safety			
	403-1 Occupational health and safety management system	–	–
	403-2 Hazard identification, risk assessment, and incident investigation	–	–
	403-3 Occupational health services	28-29	ESG > Initiatives for Society
	403-4 Worker participation, consultation, and communication on occupational health and safety	28-29	ESG > Initiatives for Society
	403-5 Worker training on occupational health and safety	–	–
	403-6 Promotion of worker health	28-29	ESG > Initiatives for Society
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	–	–
	403-8 Workers covered by an occupational health and safety management system	–	–
	403-9 Work-related injuries	–	–
	403-10 Work-related ill health	–	–
404 Training and Education			
	404-1 Average hours of training per year per employee	–	–
	404-2 Programs for upgrading employee skills and transition assistance programs	28	ESG > Initiatives for Society
	404-3 Percentage of employees receiving regular performance and career development reviews	29	ESG > Initiatives for Society
405 Diversity and Equal Opportunity			
	405-1 Diversity of governance bodies and employees	26, 29-30	ESG > Initiatives for Society
	405-2 Ratio of basic salary and remuneration of women to men	–	–
406 Non-discrimination			
	406-1 Incidents of discrimination and corrective actions taken	–	–
407 Freedom of Association and Collective Bargaining			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	–
408 Child Labor			
	408-1 Operations and suppliers at significant risk for incidents of child labor	–	–
409 Forced or Compulsory Labor			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	–	–
410 Security Practices			
	410-1 Security personnel trained in human rights policies or procedures	–	–
411 Rights of Indigenous Peoples			
	411-1 Incidents of violations involving rights of indigenous peoples	–	–

GRI Standards Comparison Table

<Topic Standard>

	Disclosure	Page	Location on JHR website
413 Local Communities			
	413-1 Operations with local community engagement, impact assessments, and development programs	24	ESG > Initiatives for Society
	413-2 Operations with significant actual and potential negative impacts on local communities	–	–
414 Supplier Social Assessment			
	414-1 New suppliers that were screened using social criteria	–	–
	414-2 Negative social impacts in the supply chain and actions taken	–	–
415 Public Policy			
	415-1 Political contributions	–	–
416 Customer Health and Safety			
	416-1 Assessment of the health and safety impacts of product and service categories	–	–
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	–	–
417 Marketing and Labeling			
	417-1 Requirements for product and service information and labeling	–	–
	417-2 Incidents of non-compliance concerning product and service information and labeling	–	–
	417-3 Incidents of non-compliance concerning marketing communications	–	–
418 Customer Privacy			
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	–	–

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