



J JAPAN HOTEL REIT



Japan Hotel REIT Investment Corporation (TSE: 8985)

Financial Results

FY12/2024 (25th Period)

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

February 25, 2025

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I . Settlement of Accounts — Highlights

1. FY12/2024 Highlights

1. External Growth

- Jul. 2024: 4 properties acquired through public offering

				Total Acquisition Price^(*1) JPY56.2Bn
<small>* 18.6% discount compared to appraisal value at acquisition</small>				

- Jan. to Feb. 2025: Strategic capital recycling, property acquisition by gearing

Hilton Fukuoka Sea Hawk Acquisition Price JPY64.35Bn Appraisal Value JPY71.7Bn		Capital Recycling	Washington Hotel Plaza Hakata, Nakasu Sale Price JPY4.6Bn Gain on Sale JPY2.3Bn	
<small>* New loan: JPY64.35Bn</small>				

(as of February 21, 2025)

No. of Properties	Total Acquisition Price	Total Appraisal Value ^(*2)	Unrealized Gain ^(*3)	NAV per Unit ^(*4)
51	JPY515.3Bn	JPY698.1Bn	JPY184.9Bn	JPY88,235

2. Internal Growth

- 2024 Results and 2025 Forecasts (28 Hotels with Variable Rent, etc.^(*5))

	2024 (Result)	vs 2023	2025 (Forecast)	vs 2024
RevPAR (JPY)	16,224	+16.5%	17,668	+8.9%
Revenues (JPY MM)	69,708	+15.7%	74,466	+6.8%
GOP (JPY MM)	25,326	+21.5%	27,256	+7.6%

(*1) The acquisition price includes land adjacent to OKINAWA HARBORVIEW HOTEL (JPY62MM), acquired on October 2, 2024. For the acquisition price on and after October 2, 2024, the same shall apply hereinafter.

(*2) The figures are calculated by using the appraisal value at the end of December 2024 for the existing properties and the appraisal value at the time of acquisition for the asset acquired in 2025.

(*3) Unrealized gain is calculated by subtracting book value from appraisal value. The unrealized gain for the asset acquired in 2025 is the difference between the appraisal value at the time of acquisition and the acquisition price. The same shall apply hereinafter.

(*4) The figure represents the forecast as of the end of December 2025. For the definition of NAV per Unit, please refer to (*5) on page 21.

(*5) For the definition of "28 Hotels with Variable Rent, etc.," please refer to the footnotes on page 13.

(*6) The appraisal-based LTV is calculated by the following formula: total interest-bearing debts ÷ (total assets + unrealized gains/losses). For the definition of other financial indicators, please refer to footnotes on page 21.

(*7) The normalized DPU refers to an estimated value calculated by excluding the temporary impact of the sales of the trademark rights and Washington Hotel Plaza Hakata, Nakasu from the revenue forecast for the fiscal year ending December 2025. It also assumes that Hilton Fukuoka Sea Hawk is held from the beginning of the period, with the recognition of annualized related fixed taxes and financial costs associated with the new borrowings.

3. Financial Management

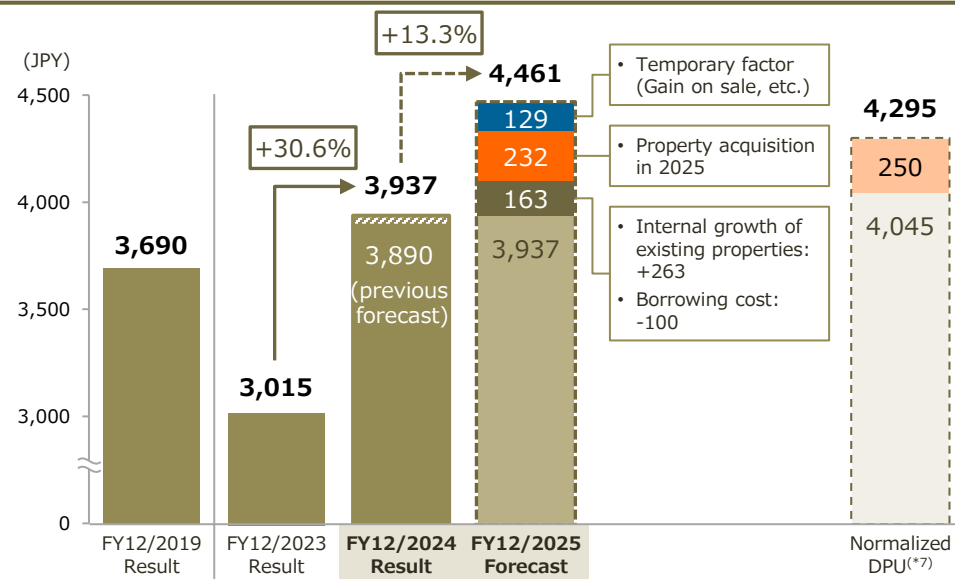
(as of February 21, 2025)

Total interest-bearing debts	JPY269.5Bn
Appraisal-based LTV ^(*6)	36.0%
Fixed interest rate ratio	75.7%
Average life of interest-bearing debts	3.6 years
Cost for interest-bearing debts	1.5%

Basic Policy for LTV

Manage **appraisal-based LTV** as benchmark, with an **upper limit of 40%**

4. Changes in DPU



II. Summary of Settlement of Accounts

1. Results for FY12/2024

		FY12/2023 (24th Period)		FY12/2024 (25th Period)		Difference from Previous Year		Breakdown of Variance		
								Existing Properties	Acquisition in 2023 (*4)	Acquisition in 2024 (*5)
		Actual (A)	Actual (B)	(B)-(A)	%					
(JPY MM)										
Proper ties	No. of Properties	47	51	4	-	-	-	4		
	Acquisition Price	396,918	453,171	56,252	14.2%	-	-	56,252		
Profit and Loss	Operating Revenues	26,574	33,481	6,906	26.0%	4,189	1,466	1,250		
	Real Estate Operating Revenues	26,574	33,481	6,906	26.0%	4,189	1,466	1,250		
	Fixed Rent	57.5% 14,658	49.8% 16,134	1,475	10.1%	96	474	904		
	Variable Rent	42.5% 10,844	50.2% 16,254	5,409	49.9%	4,090	978	340		
	Other Revenues	1,070	1,091	20	1.9%	2	13	5		
	NOI ^(*2)	22,344	29,014	6,670	29.9%	4,079	1,348	1,242		
	Depreciation	5,083	5,617	534		183	129	222		
	Loss on Retirement of Noncurrent Assets, etc.	153	238	85		85	-	-		
	NOI after Depreciation ^(*2)	17,108	23,158	6,050	35.4%	3,811	1,219	1,019		
	SG&A	2,093	2,378	284						
Operating Income	15,014	20,779	5,765	38.4%						
Ordinary Income	13,135	18,273	5,137	39.1%						
Net Income	13,134	18,272	5,137	39.1%						
Dividend	Use of Negative Goodwill	845	1,795	950	112.4%					
	Total Dividends	13,980	20,066	6,086	43.5%					
	Number of Units Issued (Unit)	4,637,006	5,097,006	460,000	9.9%					
	Dividend per Unit (JPY)	3,015	3,937	922	30.6%					

Main Factors of Difference

Fixed Rent

- 28 Hotels with Variable Rent, etc.^(*3) +JPY440MM
(Acquisition in 2023 +JPY386MM)
- Others +JPY130MM
(Acquisition in 2023 +JPY88MM)
- Acquisition in 2024 +JPY904MM

(Total) +JPY1,475MM

Variable Rent

- 28 Hotels with Variable Rent, etc. +JPY4,136MM
(Acquisition in 2023 +JPY371MM)
- Others +JPY932MM
(Acquisition in 2023 +JPY606MM)
- Acquisition in 2024 +JPY340MM

(Total) +JPY5,409MM

Breakdown of Negative Goodwill

Dilution from PO	:	JPY1,240MM
50-year amortization amount	:	JPY262MM
Loss on retirement of noncurrent assets	:	JPY236MM
Amortization of trademark rights	:	JPY56MM
Total amount	:	JPY1,795MM

(*1) For details, please refer to the Financial Report for FY12/2024 dated February 25, 2025.

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

(*3) For the definition of "28 Hotels with Variable Rent, etc.," please refer to the note on page 13.

(*4) The figure shown is the impact amount due to the following properties acquired in 2023 (including tenants): UAN kanazawa, Sotetsu Fresa Inn Shimbashi-Karasumoriguchi, La'gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo, Hotel Oriental Express Fukuoka Nakasukawabata and Hotel JAL City Kannai Yokohama. The same shall apply hereinafter.

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

2. Operating Forecasts for FY12/2025

		(JPY MM)		FY12/2024 (25th Period)		FY12/2025 (26th Period)		Difference from Previous Year		Breakdown of Variance			
		Actual (A)	Forecast (B)	(B)-(A)	%	Existing Properties	Acquisition in 2024	Sale in 2025 (*2)	Acquisition in 2025 (*3)				
Proper ties	No. of Properties	51	51	-	-	-	-	(1)	1				
	Acquisition Price	453,171	515,391	62,220	13.7%	-	-	(2,130)	64,350				
Profit and Loss	Operating Revenues	33,481	42,732	9,251	27.6%	1,774	1,649	2,126	3,700				
	Real Estate Operating Revenues	33,481	40,383	6,902	20.6%	1,774	1,649	(222)	3,700				
	Fixed Rent	49.8% 16,134	48.9% 19,246	3,111	19.3%	130	1,323	(221)	1,879				
	Variable Rent	50.2% 16,254	51.1% 20,140	3,885	23.9%	1,782	320	-	1,782				
	Other Revenues	1,091	996	(94)	(8.7%)	(139)	6	(0)	38				
	Gain on Sales of Properties	-	2,348	2,348	-	-	-	2,348	-				
	NOI	29,014	35,751	6,736	23.2%	1,835	1,526	(206)	3,580				
	Depreciation	5,617	6,747	1,129		126	260	(24)	766				
	Loss on Retirement of Noncurrent Assets, etc.	238	101	(136)		(136)	-	-	-				
	NOI after Depreciation	23,158	28,903	5,744	24.8%	1,846	1,266	(181)	2,813				
SG&A	2,378	3,046	668										
Operating Income	20,779	28,205	7,425	35.7%									
Ordinary Income	18,273	23,806	5,533	30.3%									
Net Income	18,272	24,195	5,923	32.4%									
Dividend	Use of Negative Goodwill	1,795	362	(1,432)	(79.8%)								
	Amount of Reserve for Tax Purpose Reduction Entry	-	(1,818)	(1,818)	-								
	Total Dividends	20,066	22,737	2,670	13.3%								
	Number of Units Issued (Unit)	5,097,006	5,097,006	-	-								
	Dividend per Unit (JPY)	3,937	4,461	524	13.3%								

Main Factors of Difference

Fixed Rent

- 28 Hotels with Variable Rent, etc. +JPY76MM
- Others +JPY1,155MM
(Acquisition in 2024 +JPY1,323MM)
(Sale in 2025 -JPY221MM)
- Acquisition in 2025 +JPY1,879MM

(Total) +JPY3,111MM

Variable Rent

- 28 Hotels with Variable Rent, etc. +JPY1,661MM
- Others +JPY441MM
(Acquisition in 2024 +JPY320MM)
- Acquisition in 2025 +JPY1,782MM

(Total) +JPY3,885MM

Breakdown of Negative Goodwill

50-year amortization amount : JPY262MM

Loss on retirement of noncurrent assets : JPY100MM

Total amount : JPY362MM

(*1) For details, please refer to the Financial Report for FY12/2024 dated February 25, 2025.

(*2) The figure shown is the impact amount (including tenants) due to Washington Hotel Plaza Hakata, Nakasu, which was sold in 2025. The same shall apply hereinafter.

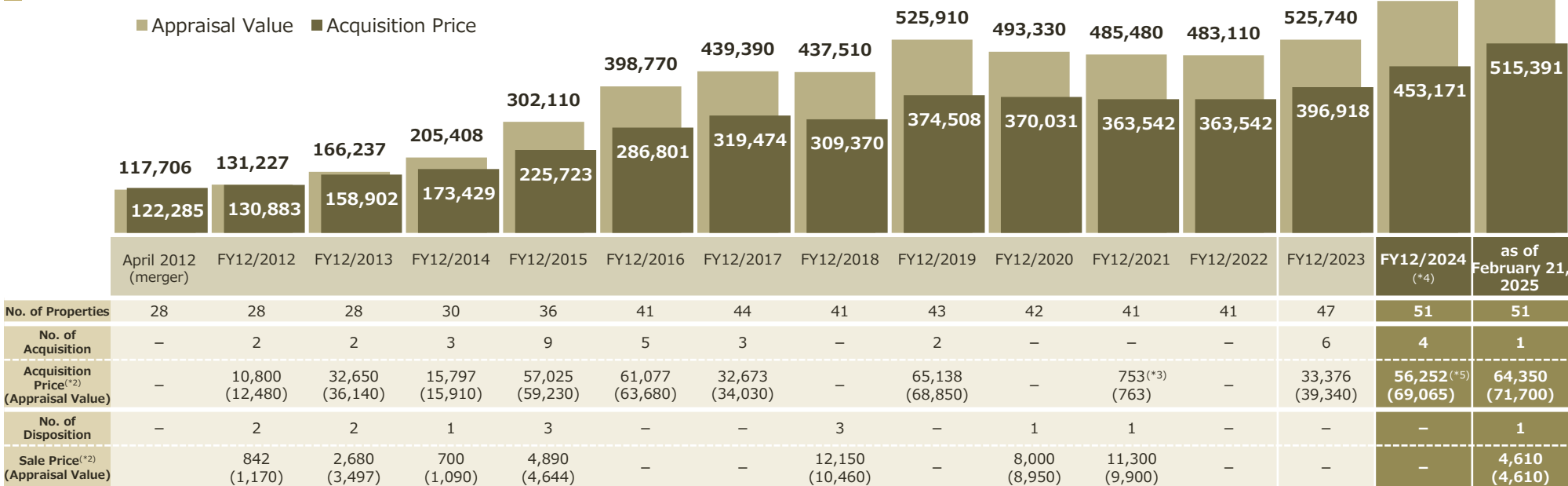
(*3) The figure shown is the impact amount (including tenants) due to Hilton Fukuoka Sea Hawk, which was acquired in 2025. The same shall apply hereinafter.

III. External Growth

1. Trend of Asset Size

- ◆ With the continuous external growth, the total appraisal value reached approx. JPY700 billion after capital recycling in 2025. The asset size on appraisal basis has grown by approx. 6 times since the merger

Trend of Asset Size (Acquisition Price and Appraisal Value)^(*)(JPY MM)



July 2024: Acquisition of 4 Properties^(**6)

MIMARU Tokyo Shinjuku West (Limited-service)



Acquisition Price
JPY9.6Bn
Appraisal Value
JPY12.8Bn

HOTEL AMANEK Shinjuku-Kabukicho. (Limited-service)



Acquisition Price
JPY8.8Bn
Appraisal Value
JPY12.9Bn

OKINAWA HARBORVIEW HOTEL (Full-service)



Acquisition Price
JPY21.5Bn
Appraisal Value
JPY24.2Bn

Southern Beach Hotel & Resort OKINAWA (Resort)



Acquisition Price
JPY16.2Bn
Appraisal Value
JPY20.3Bn

January to February 2025: Capital Recycling

Acquisition

Hilton Fukuoka Sea Hawk (Full-service)



Acquisition Price
JPY64.35Bn
Appraisal Value
JPY71.7Bn

Sale

Washington Hotel Plaza Hakata, Nakasu (Limited-service)



Sales Price
JPY4.6Bn
Gain on Sale
JPY2.3Bn

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

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

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

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

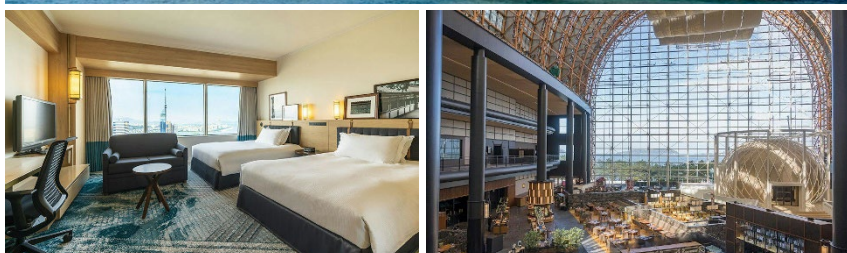
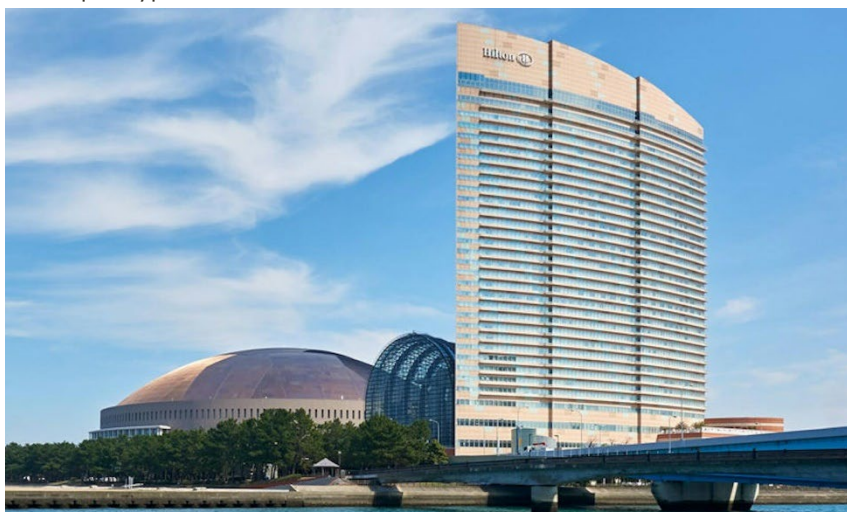
(**5) The figure shown includes the acquisition price of JPY62 million (appraisal value of JPY65 million) for the land adjacent to OKINAWA HARBORVIEW HOTEL, acquired on October 4, 2024.

(**6) The appraisal values are as of the end of December 2024.

2. Summary of Asset Acquired in 2025

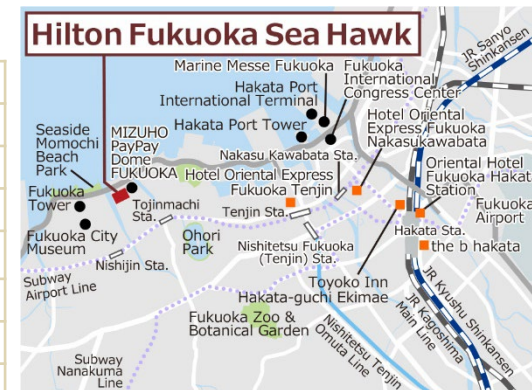
Hilton Fukuoka Sea Hawk

- Large-scale, full-service hotel under international "Hilton" brand in Fukuoka city, the business and tourism center of Kyushu
- Easy access from Fukuoka Airport, only 20 minutes by car. Located next to the dome facility "Mizuho PayPay Dome FUKUOKA" and the entertainment complex
- Designed to resemble a luxury cruise liner, the hotel has 35 floors above ground and 1,052 guest rooms. All rooms have ocean views and appeal to a wide range of customers with a variety of room types and price ranges
- With 30 meeting and banquet rooms, including a large banquet hall with a capacity of 3,500 people, the hotel can meet the demand for large MICE^(*) events such as international conventions, as well as a variety of banquet types



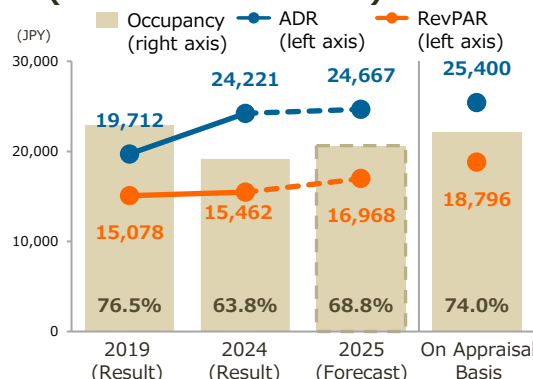
Property Overview

Anticipated Acquisition Price	JPY64,350MM
Appraisal Value	JPY71,700MM
Hotel Type	Full-service
Grade	Upper-middle
Location	2-2-3, Jigyohama, Chuo-ku, Fukuoka city, Fukuoka
Acreage of Land	29,036.35㎡
Total Floor Space ^{(*)2}	140,958.90㎡
Structure and Stories	SRC with flat roof; 35 stories above ground with 2 stories below ground
Completion	March 1995
No. of Guest Rooms	1,052 rooms
Rent Structure	Fixed Rent + Variable Rent ^{(*)3}
Hotel Consulting and Management Company	Hilton Worldwide Manage Ltd.
Hotel Lessee	Hawks Town Corporation (100% subsidiary of HJM)

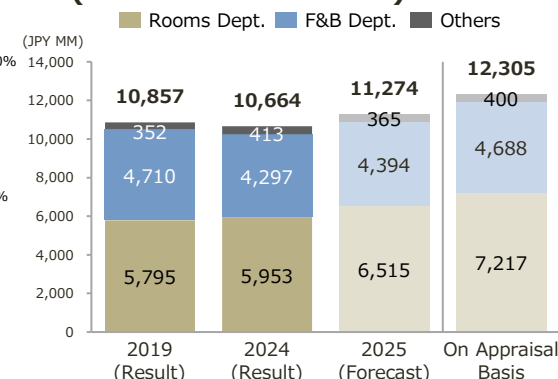


	2025 Forecast (annualized)	On Appraisal Basis
NOI Yield	5.7%	6.0%
NOI Yield after Depreciation	4.4%	4.7%

Changes in KPI (Result and Forecast)



Changes in Revenues (Result and Forecast)



(*)1 MICE is an acronym for Meetings (e.g. corporate meetings), Incentive travel (e.g. corporate incentive travel and training trips), Conventions (e.g. international conferences organized by international organizations, groups, academic societies, etc.), and Exhibitions/Events (e.g. exhibitions, trade fairs, and events), and is a general term for business events.
 (**)2 It is a total of the exclusive areas of the building and the floor space of attached buildings taken from the certified copy of real estate registry.
 (***)3 The annual fixed rent will be JPY2,040 million. The variable rent is calculated as follows: when hotel AGOP exceeds JPY2,100 million, the excess x 95% is paid.

3. Rooms and Facilities of Hilton Fukuoka Sea Hawk

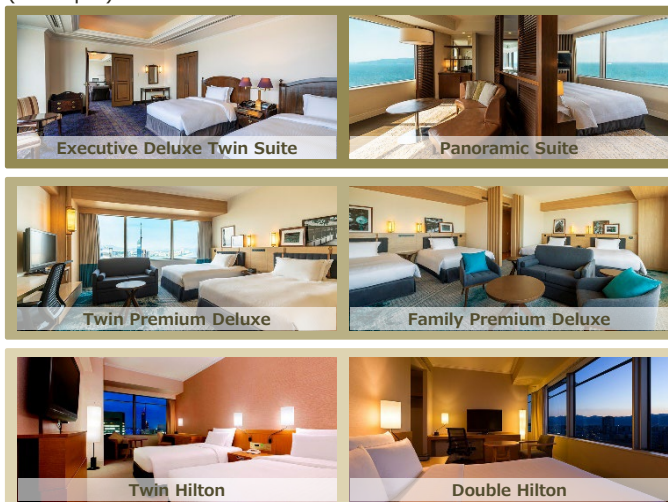
- ◆ Rooms are categorized into 3 ADR tiers, attracting guests from budget-conscious groups to luxury seekers
- ◆ The hotel offers 30 banquet and meeting rooms, including one of Japan's largest ballrooms, as well as restaurants, wedding facilities and a lounge, and extensive facilities such as stone bath and indoor/outdoor pools

Guest Room (1,052 rooms)

(Room Category)

Executive 21-33F*	115 rooms (11%)
Premium 17-29F	483 rooms (46%)
Regular 6-16F	454 rooms (43%)

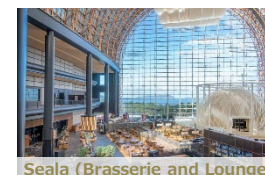
(Example)



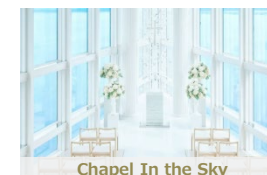
* 1 executive room on each of 7 to 20 floors

Ancillary Facilities

- 5 Restaurants
- 4 Wedding Facilities

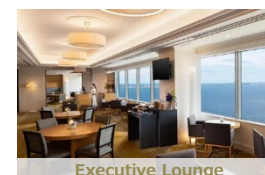


Seala (Brasserie and Lounge)



Chapel In the Sky

- Other Facilities



Executive Lounge

- Executive Lounge
- Sotokoto Club (pool facility)
- Fitness Center
- Stone Bath
- Seahawk Galleria (shopping arcade)

Banquet and Meeting Rooms (30 rooms)

Total event space	Maximum capacity	Largest room setup
5,907 m ²	3,500 guests (buffet style)	2,440 m ² (school style 1,700 guests)



Argos (2,428m)

*Reference: Top 5 hotels with large capacity banquet halls in Japan

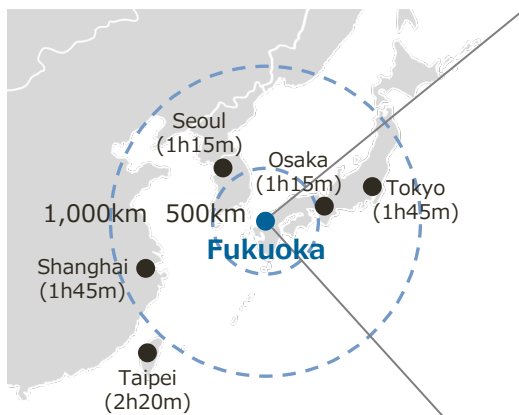
No.	Name of Hotel	No. of guest rooms	Maximum capacity (theatre style)	No. of banquet halls	Required time to airport ^(*) (approx.)
1	The Prince Park Tower Tokyo	603	3,600	15	20min
2	Hilton Fukuoka Sea Hawk	1,052	3,200	30	20min
3	Grand Nikko Tokyo Daiba	882	3,300	16	20min
4	Hotel New Otani Osaka	525	3,100	20	35min
5	Hotel Okura Kobe	474	3,000	9	20min

Source: Prepared by JHRA based on the data of "International Conference Statistics for 2023" by JNTO

(*) Based on the data from official websites of each hotel.

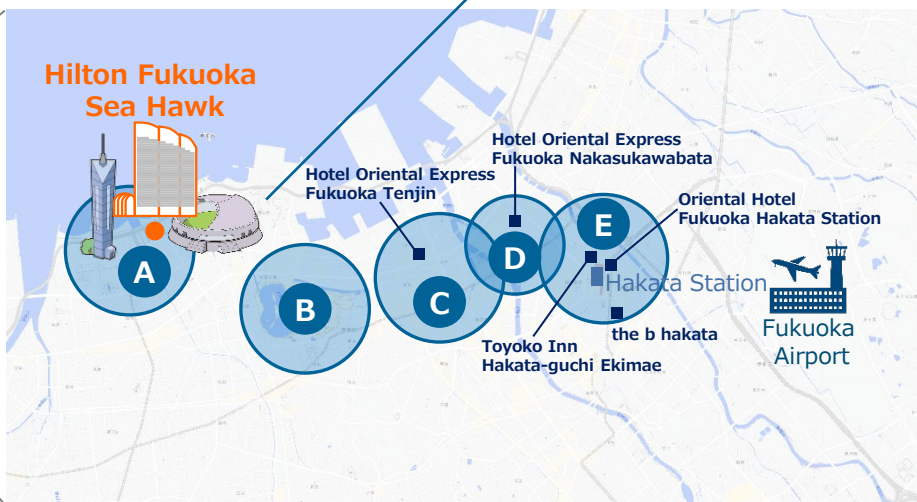
4. Fukuoka Market

- ◆ Fukuoka is one of Japan's leading gateway cities, with excellent accessibility from Tokyo and Osaka as well as major Asian cities such as Seoul, Shanghai and Taipei
- ◆ As shown in a map below, Fukuoka city features diverse neighboring areas with distinct characteristics, providing accessibility and catering to a wide range of tourism demands



* Travel time required from Fukuoka Airport to major Asian cities in parentheses

Source: Prepared by JHRA based on the website of Fukuoka Airport, "Domestic Flight Schedule" and "International Flight Schedule"



MIZUHO PayPay Dome Fukuoka



- One of the largest all-weather dome facilities in Kyushu
- Opened in 1993 as home of Fukuoka Softbank Hawks
- In addition to professional baseball games, numerous concerts and events are held
- No. of events in 2024^{(*)1}: 114
- No. of attendance in 2024^{(*)2}: 2.72 million

A Seaside Area



Stunning Hakata Bay with a relaxed resort atmosphere

B Ohori Park Area



A scenic park with museums and cultural sites, blending history, culture and art

C Tenjin Area



Kyushu's largest commercial district, where large-scale shopping complexes, retail stores and offices

D Nakasu-kawabata Area



A renowned entertainment district famous for its riverside food stalls serving Hakata's local delicacies

E Hakata Station Area



A key transportation hub serving as Kyushu's gateway

(*)1 Based on the event schedule data provided by Hilton Fukuoka Sea Hawk.

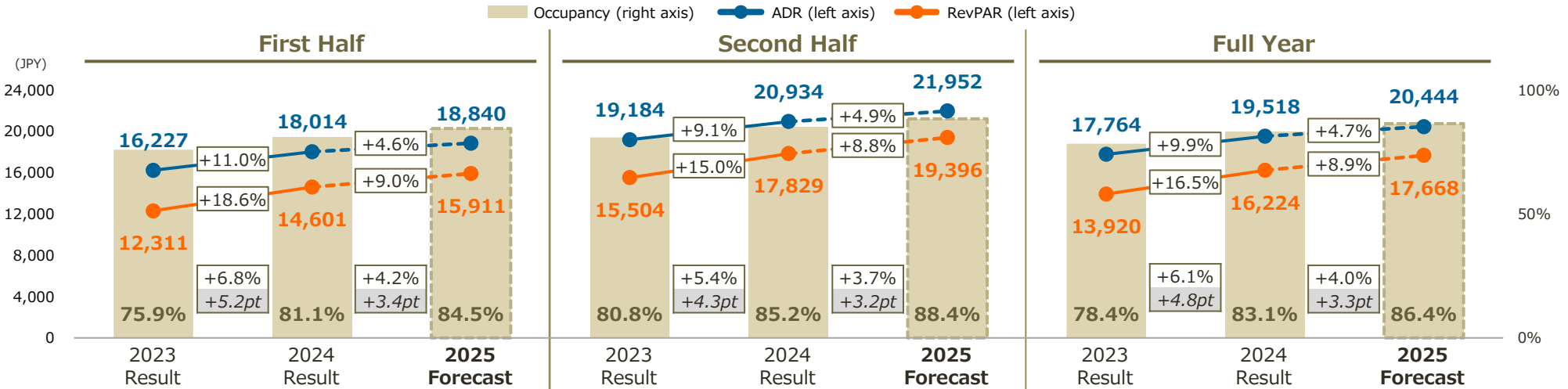
(*)2 Annual number of attendance for professional baseball official games based on data released by Fukuoka SoftBank Hawks Co., Ltd.

IV. Internal Growth

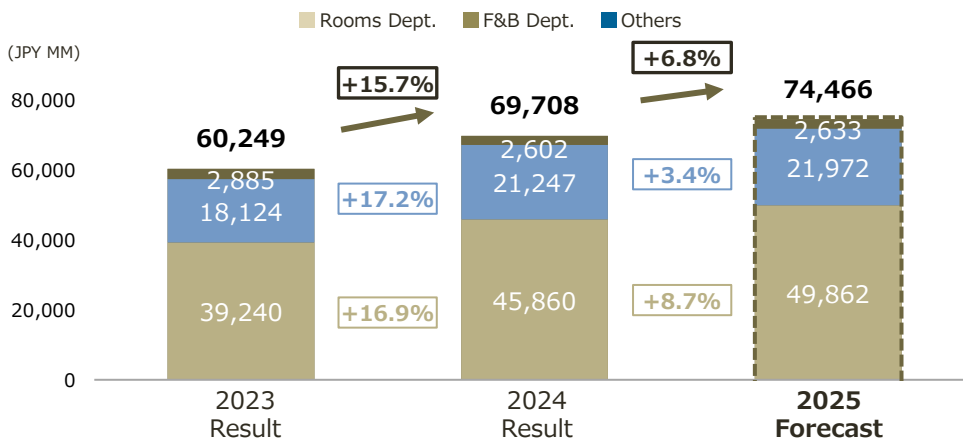
1. Hotel Performance Forecasts for FY2025 (28 Hotels with Variable Rent, etc.)

◆ RevPAR for 2025 is expected to increase by 8.9% YoY, driven by solid inbound demand. Growth in banquet and restaurant revenues will support higher F&B revenues, offsetting cost increases and ensure GOP margin growth

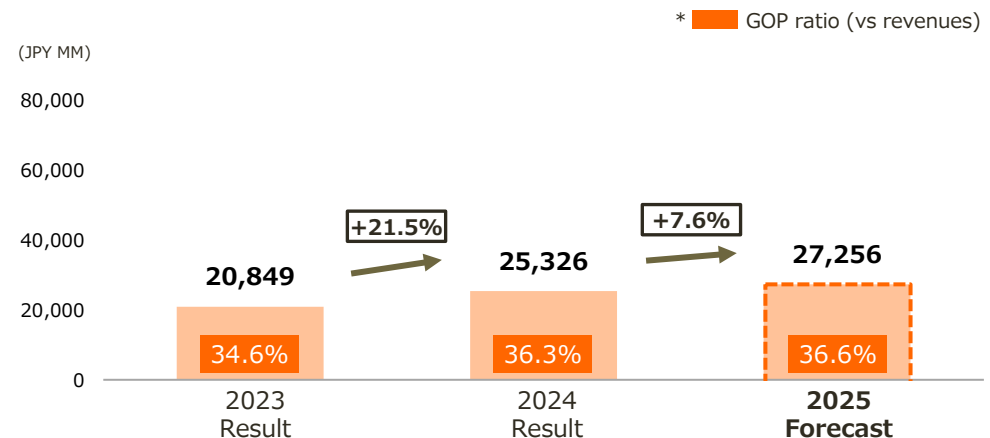
Result and Forecast of Key Performance Indicators (Rooms Dept.)



Revenues



GOP



(*) The 28 Hotels with Variable Rent, etc. refer to the following 24 hotels: Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila, Oriental Hotel Hiroshima, Oriental Hotel Universal City, Oriental Hotel Okinawa Resort & Spa, Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER CITY HIROSHIMA), Oriental Hotel Fukuoka Hakata Station, Holiday Inn Osaka Namba, Hotel Oriental Express Fukuoka Tenjin, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi, Hilton Tokyo Odaiba, Oriental Hotel Kyoto Rokujo, Hotel Oriental Express Fukuoka Nakasukawabata, Hotel JAL City Kannai Yokohama, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka, the b suidobashi, the b ikebukuro, the b hachioji and the b hakata

2. Renovation Case Studies (1)

- ◆ In 2024, invested JPY780 million to carry out the following renovations (CAPEX III)
- ◆ In addition to adding residential rooms and a laundry lounge, renovated the lobby, front desk and 1st-2nd floor tenant zones, reopening on December 21, 2024

Namba Oriental Hotel

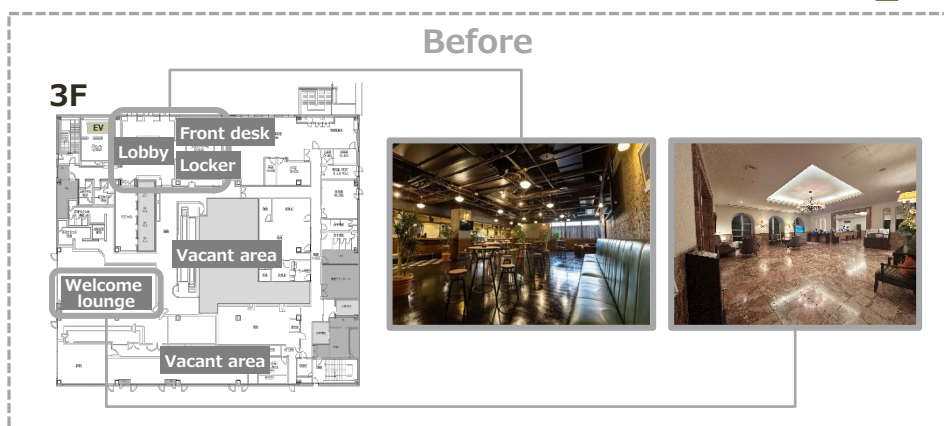
Overview of Renovation

- **Residential room**
9 spacious guest rooms, ranging from 47 to 52 m², have been designed to accommodate long-term stays and larger groups. Each room is fully equipped with essential amenities for mid-to-long term stays, including a kitchen, washer-dryer and microwave
- **Laundry lounge**
Available 24 hours a day, free of charge for all guests, it enhances convenience for long-term stays
- **Welcome lounge**
Added next to the front desk, upgraded into a relaxed and comfortable space for guests to unwind
- **Tenant area (1F and 2F)**
Redesigned with a refined and relaxing atmosphere, strategically optimizing the tenant mix

➔

- ✓ Enhancing the building's positioning through hotel and tenant area renovations
- ✓ Revenue growth by new residential rooms

➔





2. Renovation Case Studies (2)

Guest Room				
Name	Oriental Hotel Tokyo Bay	Kobe Meriken Park Oriental Hotel	Oriental Hotel Okinawa Resort & Spa	La'gent Stay Sapporo Odori
Overview of Renovation <ul style="list-style-type: none"> Improved merchantability by separating the toilet, wash basin and bathtub in prefabricated bathroom units Added beds by effectively utilizing the living room space, aiming to sell at a higher unit price by increasing DOR^{(*)1} 	 <ul style="list-style-type: none"> Established guest rooms with lounge access along with the renovation, aiming to sell at a higher unit price 	 <ul style="list-style-type: none"> Renovation of all guest rooms completed in April 2024 The rooms have been renovated into functional spaces that are ideal for long-term stays, making them perfect as a base for exploring "Yanbaru," a UNESCO World Natural Heritage site 	 <ul style="list-style-type: none"> Renovated 19 large residential-type guest rooms (39-49m²), adding extra beds to increase capacity from 2 to 3 to a maximum of 5 people, aiming to achieve high unit price sales through increased DOR 	
Renovation Period	May to Jul. 2023 May to Nov. 2024	May to Aug. 2023 Apr. to Aug. 2024	Sep. 2023 to Apr. 2024	Apr. 2024
No. of Rooms subject to Renovation	315/511 rooms	141/323 rooms	288/361 rooms	19/219 rooms
Total Renovation Cost	JPY1,374MM	JPY601MM	JPY1,433MM	JPY45MM
ADR after Renovation^{(*)2}	JPY32,586 ^{(*)3} (Aug. to Dec. 2024)	JPY24,105 (FY2024)	JPY36,502 (May to Dec. 2024)	JPY36,874 (May to Dec. 2024)
vs 2019	+45.8%	+32.5%	+49.7%	+79.3%

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

(*)2 The results represent the actual ADR outcomes for the renovated guest rooms. For Oriental Hotel Okinawa Report & Spa, the ADR results include all guest rooms, including those renovated before 2023.

(*)3 The results represent the actual ADR for the renovated guest rooms which the renovation was completed by July 2024.

Restaurant	
Oriental Hotel Tokyo Bay (Grand Reopening: November 1, 2023)	
	
Overview of Renovation	Renovated into an exciting space, featuring a new live kitchen, with a calm and gentle color scheme in its interior
Renovation Cost	JPY63MM
Per-customer Spending after Renovation (vs 2019)	+32.0% (FY2024)
Kobe Meriken Park Oriental Hotel (Grand Reopening: December 9, 2023)	
	
Overview of Renovation	Renovated into a high-quality space where you can enjoy the chef's signature dishes while taking in the spectacular view as if you were sailing on a cruise ship
Renovation Cost	JPY165MM
Per-customer Spending after Renovation (vs 2019)	+36.6% (FY2024)

3. Rebranding Case Studies

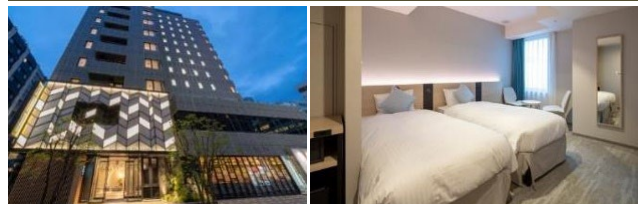
◆ After acquisition, significant revenue growth was achieved through rebranding and large-scale renovation utilizing HMJ's platform

Oriental Hotel Fukuoka Hakata Station (former Hotel Centraza Hakata)



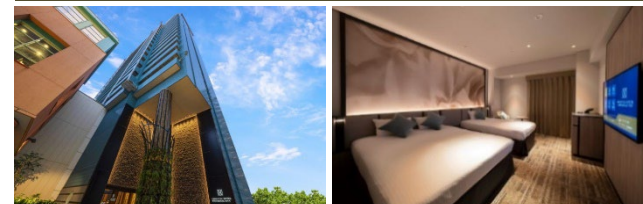
- Acquired in April 2016
- Reopened under a new brand in April 2019
- Upgraded hotel grade from mid-price to upper-middle
- Added 27 rooms, made all rooms accommodate 2 or more guests
- Built a new 24-hour gym, redesigned the roof into a garden

Hotel Oriental Express Fukuoka Tenjin (former HOTEL ASCENT FUKUOKA)



- Acquired in August 2016
- Completed full renovations in June 2021; reopened under a new brand
- Upgraded hotel grade from economy to mid-price
- Changed the lessee to the HMJ Group; the rent structure was changed from "fixed rent" to "fixed rent + variable rent" (Rent increase)

Oriental Hotel Universal City (former Hotel Keihan Universal City)



- Acquired in September 2012
- Reopened under a new brand in December 2021
- Completed full renovations in July 2022
- Changed the lessee to the HMJ Group; the rent structure was changed from "fixed rent + revenue sharing" to "fixed rent + variable rent" (Rent increase)

◆ Comparison between Pre-and Post-rebranding

	Pre-rebranding (2017)	Post-rebranding (2024 Forecast)	Percentage Change
Occupancy	94.6%	92.9%	(1.7pt)
ADR	JPY11,707	JPY24,912	+112.8%
RevPAR	JPY11,071	JPY23,138	+109.0%
Hotel Revenue	JPY2,464MM	JPY3,619MM	+46.9%
Rent	JPY865MM	JPY1,951MM	+125.5%
NOI	JPY623MM	JPY1,706MM	+173.5%

◆ Comparison between Pre-and Post-rebranding

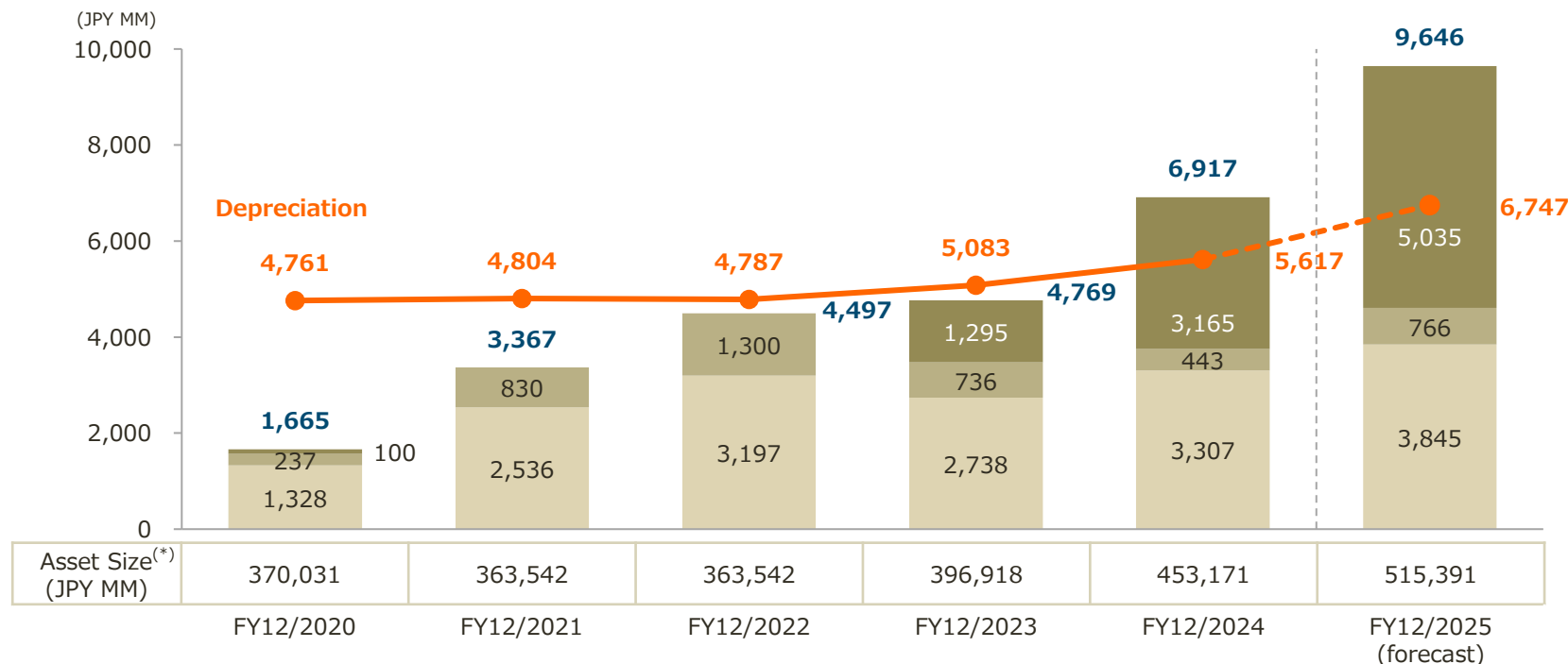
	Pre-rebranding (2019)	Post-rebranding (2024 Forecast)	Percentage Change
Occupancy	86.1%	92.7%	+6.6pt
ADR	JPY7,224	JPY13,636	+88.8%
RevPAR	JPY6,219	JPY12,636	+103.2%
Hotel Revenue	JPY632MM	JPY1,243MM	+96.9%
Rent	JPY334MM	JPY772MM	+131.0%
NOI	JPY302MM	JPY727MM	+140.7%

◆ Comparison between Pre-and Post-rebranding

	Pre-rebranding (2019)	Post-rebranding (2024 Forecast)	Percentage Change
Occupancy	95.7%	89.5%	(6.2pt)
ADR	JPY18,421	JPY29,657	+61.0%
RevPAR	JPY17,620	JPY26,562	+50.6%
Hotel Revenue	JPY2,122MM	JPY3,633MM	+71.2%
Rent	JPY700MM	JPY1,775MM	+153.5%
NOI	JPY668MM	JPY1,750MM	+161.7%

4. Capital Expenditure (CAPEX) and Depreciation

- ◆ In principle, JHR implements CAPEX within the depreciation amount
- ◆ For FY12/2025, JHR plan to invest JPY3.5 billion in CAPEX Ⅲ for OKINAWA HARBORVIEW HOTEL



CAPEX I
capital investment related to renewal of buildings, facilities, and equipment which is required to maintain proper values of properties

CAPEX II
capital investment for fixtures, furniture and equipment that are not directly related to building structures or facilities but necessary for operating hotels

CAPEX III
strategic capital investment for renewals of guest rooms, banquet rooms, restaurant and others in order to maintain or to improve the competitiveness of the hotels

CAPEX Ⅲ to be implemented in FY12/2025

Name	Detail	Purpose	Areas to be Renovated	Amount (plan)	Period (plan)
OKINAWA HARBORVIEW HOTEL	Full-scale renovation	Repositioning through full-scale upgrade, including revamped garden pool and lounge	Entire building	JPY3,500MM	Jan. to Nov. 2025
Oriental Hotel Tokyo Bay	Guest room renovation	Boosting ADR through room functionality improvement and DOR expansion	196/511 rooms	JPY900MM	Jan. to Nov. 2025
La'gent Stay Sapporo Odori	Guest room renovation	Boosting ADR through room functionality improvement and DOR expansion	200/219 rooms	JPY635MM	Apr. to Jul. 2025
Total				JPY5,035MM	-

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

5. Rent Revision

◆ In 2024, JHR successfully achieved rent increases at 7 hotels through rent negotiations with hotel tenants

Overview of Rent Revision in 2024

Hotel		Lease Type	Rent Type (post-revision)	Revision Details		Revision Month
Accor Group	• ibis Styles Kyoto Station	-	Management contract	Rent increase	Reduced hotel management fees for the Accor Group	Jan. 2025
	• ibis Styles Sapporo					Jan. 2025
	• Mercure Sapporo					Oct. 2024
	• Mercure Okinawa Naha					Apr. 2024
	• Mercure Yokosuka	Fixed-lease	Variable rent			Sep. 2024
Ishin Group	• the b ikebukuro • the b hachioji • the b hakata	Fixed-lease	Fixed rent + Variable rent	Virtually same rent	Increased the fixed rent ratio by raising fixed rents to near 2019 level	Aug. 2024
Others	• La'gent Stay Sapporo Odori	Fixed-lease	Variable rent	Rent increase	Changed the calculation formula	May 2024
	• Hotel Francs	Fixed-lease	Fixed rent + Variable rent	Rent increase	Introduce GOP-linked variable rent with fixed rent unchanged	Oct. 2024

Rent Revision Schedule for 2025

Hotel	Lease Type	Current Rent Type	Revision Month	
• R&B Hotel Ueno-hirokoji	Japanese lease	Fixed rent	Apr. 2025 (Contract expiration)	➡ Same rent (plan)
• Chisun Hotel Kamata	Fixed-lease	Variable rent	Dec. 2025 (Contract expiration)	
• MIMARU Tokyo Shinjuku West	Fixed-lease	Fixed rent + Variable rent	Apr. 2025 (Rent revision)	➡ Rent increase
• Southern Beach Hotel & Resort OKINAWA	Fixed-lease	Fixed rent + Variable rent	Dec. 2025 (Contract expiration)	

6. ESG Initiatives

- ◆ In the 2024 GRESB assessment, we were once again selected as Sector Leader. Additionally, we newly obtained DBJ Green Building Certification for 5 properties. As for green finance initiatives, we executed a total of JPY4.7 billion in green loans

External Certification

GRESB^(*1) Real Estate Assessment

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

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

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



CASBEE^(*2) Certification for Buildings (2 Properties)

Hilton Tokyo Odaiba



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

Oriental Hotel Fukuoka Hakata Station



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

DBJ Green Building Certification Program^(*4) (5 Properties)

Hilton Tokyo Narita Airport



Properties with exceptionally high environmental & social awareness



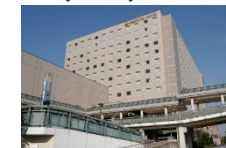
Kobe Meriken Park Oriental Hotel



Properties with exceptionally high environmental & social awareness



Oriental Hotel Tokyo Bay



Properties with exceptionally high environmental & social awareness



International Garden Hotel Narita



Properties with excellent environmental & social awareness



Hotel Nikko Nara



Properties with excellent environmental & social awareness



BELS^(*3) Evaluation (3 Properties)

Hotel Nikko Aliviva



Mercure Okinawa Naha



UAN kanazawa



Green Finance

- January 2024: Established a Green Finance Framework to facilitate funding for environmentally conscious projects
- March 2024: Executed a JPY3.3 billion green loan
- September 2024: Executed a JPY1.4 billion green loan

➡ Moving forward, we will continue leveraging funds procured under the framework to drive environmental improvements

Environmental Targets

- **30%** reduction of GHG emissions per floor area^(*5) in our portfolio by 2050 (GHG emissions intensity) compared to FY2017^(*6)

(*1) GRESB is an annual benchmarking program to evaluate ESG considerations of property companies and real estate funds. The GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of initiatives for sustainability of property companies, REITs and real estate funds, not of individual properties. GRESB rating is a relative evaluation based on comprehensive scores.

(*2) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for evaluating and rating the environmental performance of buildings. In addition to environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact, it comprehensively evaluates the quality of buildings, including consideration for interior comfort and landscaping.

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

(*4) DBJ Green Building Certification Program was launched by DBJ in April 2011 for the purpose of supporting the properties which give proper care to environment and society (Green Building).

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

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

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

V. Financial Conditions

1. Financial Conditions (1)

Basic Policy for LTV

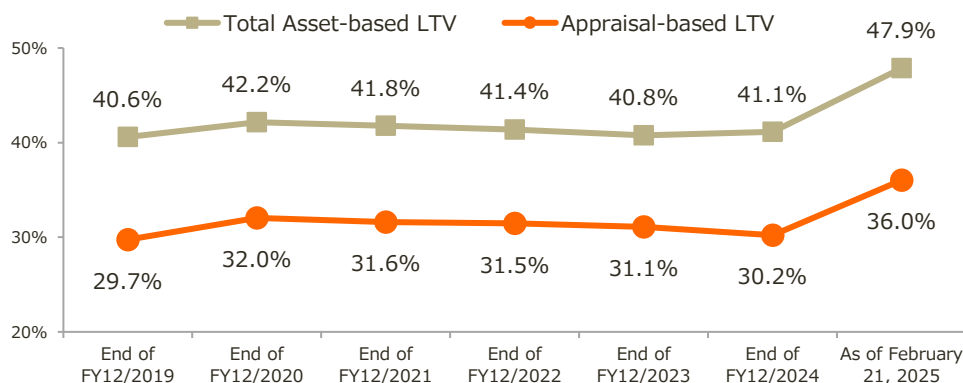
◆ Manage **appraisal-based LTV^(*)** as benchmark, with an **upper limit of 40%**

*Appraisal-based LTV = Total amount of interest-bearing debts / (Total assets + Unrealized gains or losses)

Main Financial Indicators

	End of FY12/2024	As of February 21, 2025
Total interest-bearing debts	JPY 205.2 Bn	JPY 269.5 Bn
Appraisal-based LTV	30.2%	36.0%
Fixed interest rate ratio	73.2%	75.7%
Average life of interest-bearing debts ^(*1)	3.3 years	3.6 years
Cost for interest-bearing debts ^(*2)	1.3%	1.5%
Free cash ^(*3)	JPY 11.7 Bn	JPY 10.9 Bn ^(*4)

Changes in LTV



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

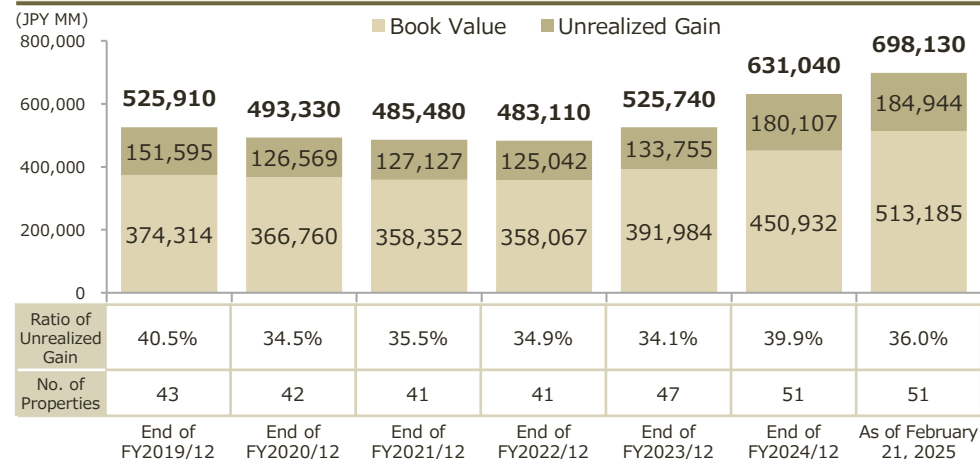
(*2) Weighted-average costs for interest-bearing debts (including up-front fee, etc.) as of the end of each period. Rounded off to one decimal place. The same shall apply hereinafter.

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

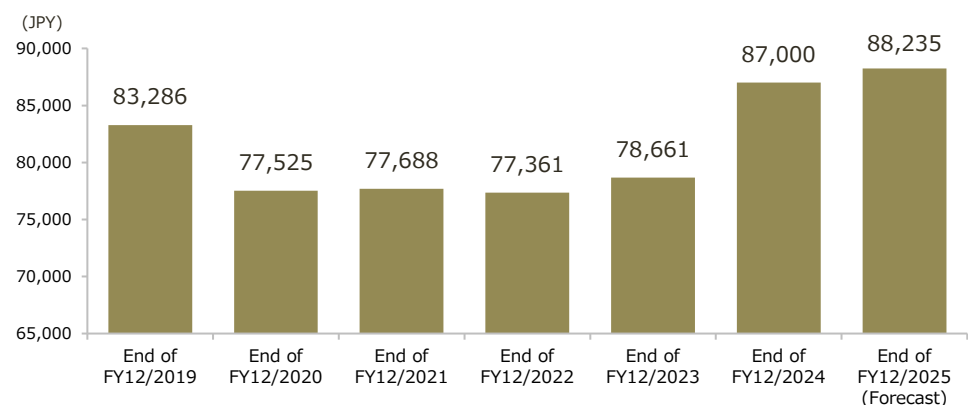
(*4) The figure represent the forecast as of the end of December 2025.

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

Changes in Appraisal Value (Unrealized Gain)



Changes in NAV per Unit^(*5)



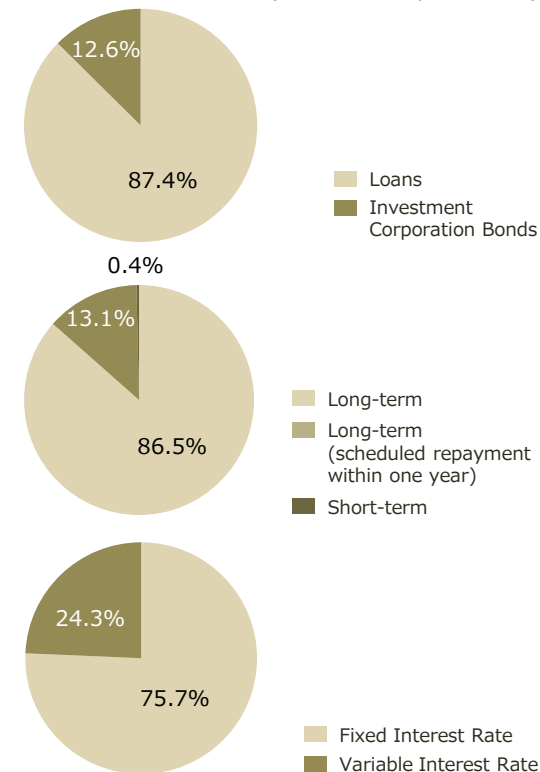
1. Financial Conditions (2)

Lender List for Interest-bearing Debt

Lenders/Bond Name	Balance (as of the end of December 2023)		Balance (as of the end of December 2024)		Variance	Balance after New Loan (as of February 21, 2025)		Variance
	Balance	%	Balance	%		Balance	%	
	(JPY MM)							
Sumitomo Mitsui Banking Corporation	35,033	20.0%	43,833	21.4%	8,800	61,833	22.9%	18,000
Mizuho Bank, Ltd.	22,846	13.0%	29,446	14.3%	6,600	43,896	16.3%	14,450
Sumitomo Mitsui Trust Bank, Limited	15,235	8.7%	18,535	9.0%	3,300	27,535	10.2%	9,000
SBI Shinsei Bank, Ltd.	18,858	10.8%	19,858	9.7%	1,000	20,358	7.6%	500
Resona Bank, Limited	10,382	5.9%	12,682	6.2%	2,300	17,182	6.4%	4,500
MUFG Bank, Ltd.	4,700	2.7%	10,000	4.9%	5,300	16,300	6.0%	6,300
Development Bank of Japan Inc.	6,355	3.6%	7,855	3.8%	1,500	10,755	4.0%	2,900
Aozora Bank, Ltd.	3,652	2.1%	4,452	2.2%	800	5,952	2.2%	1,500
Fukuoka Bank, Ltd.	4,636	2.6%	4,936	2.4%	300	4,936	1.8%	-
The Tokyo Star Bank, Limited	2,260	1.3%	2,260	1.1%	-	4,060	1.5%	1,800
The Chiba Bank, Ltd.	2,732	1.6%	3,032	1.5%	300	3,532	1.3%	500
The Nishi-Nippon City Bank, Ltd.	2,500	1.4%	2,800	1.4%	300	3,400	1.3%	600
Kansai Mirai Bank, Limited	800	0.5%	1,800	0.9%	1,000	2,600	1.0%	800
The Minato Bank, Ltd.	1,400	0.8%	1,900	0.9%	500	2,400	0.9%	500
The Nomura Trust and Banking Co., Ltd.	3,200	1.8%	2,000	1.0%	(1,200)	2,000	0.7%	-
Daiwa Next Bank, Ltd.	-	-	1,000	0.5%	1,000	2,000	0.7%	1,000
Hiroshima Bank, Ltd.	1,854	1.1%	1,854	0.9%	-	1,854	0.7%	-
Sompo Japan Insurance Inc.	1,000	0.6%	1,000	0.5%	-	1,000	0.4%	-
The Bank of Okinawa, Ltd.	-	-	500	0.2%	500	1,000	0.4%	500
Rakuten Bank, Ltd.	-	-	-	-	-	1,000	0.4%	1,000
The Shizuoka Bank, Ltd.	588	0.3%	788	0.4%	200	788	0.3%	-
Bank of The Ryukyus, Limited	-	-	500	0.2%	500	500	0.2%	-
The Higo Bank, Ltd.	-	-	-	-	-	500	0.2%	500
The Hokuriku Bank, Ltd.	300	0.2%	300	0.1%	-	300	0.1%	-
Total of Bank Loans	138,331	78.9%	171,331	83.5%	33,000	235,681	87.4%	64,350
Investment Corporation Bonds (for institutional investors)								
6th Investment Corporation Bonds without Collateral	3,000	1.7%	3,000	1.5%	-	3,000	1.1%	-
8th Investment Corporation Bonds without Collateral	1,100	0.6%	1,100	0.5%	-	1,100	0.4%	-
9th Investment Corporation Bonds without Collateral	1,000	0.6%	-	-	(1,000)	-	-	-
12th Investment Corporation Bonds without Collateral	2,000	1.1%	-	-	(2,000)	-	-	-
13th Investment Corporation Bonds without Collateral	2,800	1.6%	2,800	1.4%	-	2,800	1.0%	-
Total of Investment Corporation Bonds (for institutional investors)	9,900	5.6%	6,900	3.4%	(3,000)	6,900	2.6%	-
Investment Corporation Bonds (for individual investors)								
7th Investment Corporation Bonds without Collateral	9,000	5.1%	9,000	4.4%	-	9,000	3.3%	-
10th Investment Corporation Bonds without Collateral	10,000	5.7%	10,000	4.9%	-	10,000	3.7%	-
11th Investment Corporation Bonds without Collateral	8,000	4.6%	8,000	3.9%	-	8,000	3.0%	-
Total of Investment Corporation Bonds (for individual investors)	27,000	15.4%	27,000	13.2%	-	27,000	10.0%	-
Total of Investment Corporation Bonds	36,900	21.1%	33,900	16.5%	(3,000)	33,900	12.6%	-
Total of Interest-bearing Debt	175,231	100.0%	205,231	100.0%	30,000	269,581	100.0%	64,350

Breakdown of Interest-bearing Debt

(as of February 21, 2025)



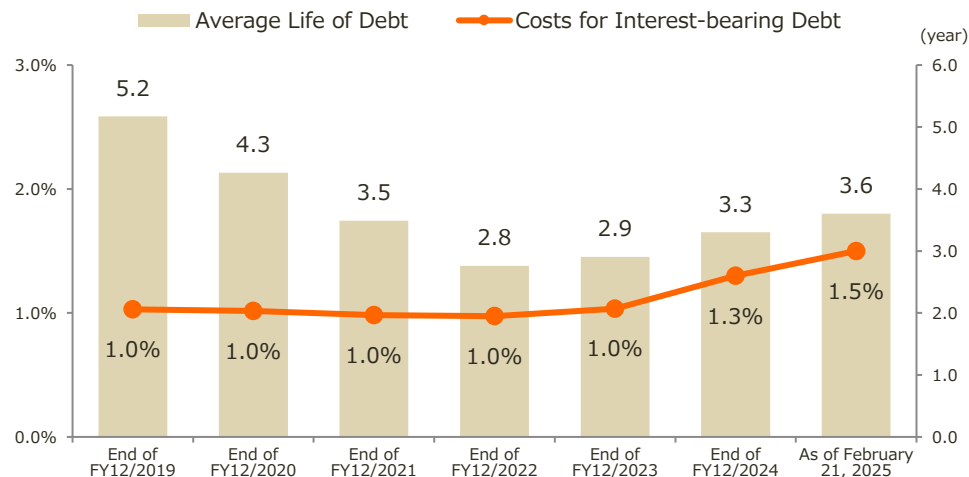
(*) Long-term represents debts with original maturity over one year, and short-term represents debts with original maturity within one year.

Status of Credit Rating

Japan Credit Rating Agency, Ltd. (JCR)	A+ (stable)
Rating and Investment Information, Inc. (R&I)	A (stable)

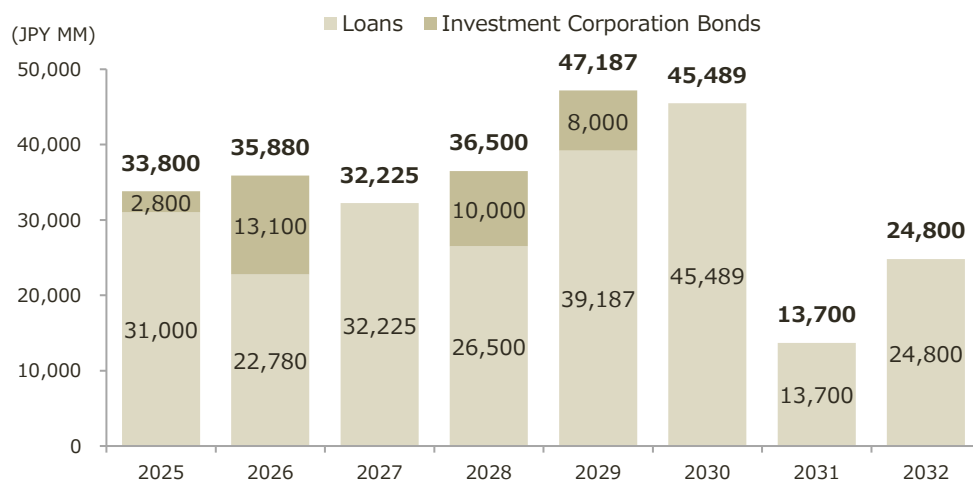
1. Financial Conditions (3)

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



Repayment Schedule of Interest-bearing Debt

(as of February 21, 2025)



Negative Goodwill

<Policy for Use of Negative Goodwill>

1. Add JPY262 million (50-year amortization) to dividends every fiscal year
2. In addition to above, increase dividends in response to the following

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

<Amount used in FY12/2024>

Dilution from PO	: JPY1,240MM
50-year amortization amount	: JPY262MM
Loss on retirement of noncurrent assets	: JPY236MM
Amortization of trademark rights	: JPY56MM
Total amount	: JPY1,795MM

Balance of Negative Goodwill after the end of December 2024^(*)	JPY6,959MM
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<Amount planned to be used in FY12/2025>

50-year amortization amount	: JPY262MM
Loss on retirement of noncurrent assets	: JPY100MM
Total amount	: JPY362MM

Estimated Balance of Negative Goodwill after the end of December 2025^(*)	JPY6,596MM
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(*) The amount after deducting the amount appropriated to dividend payment from the balance at the end of the period.

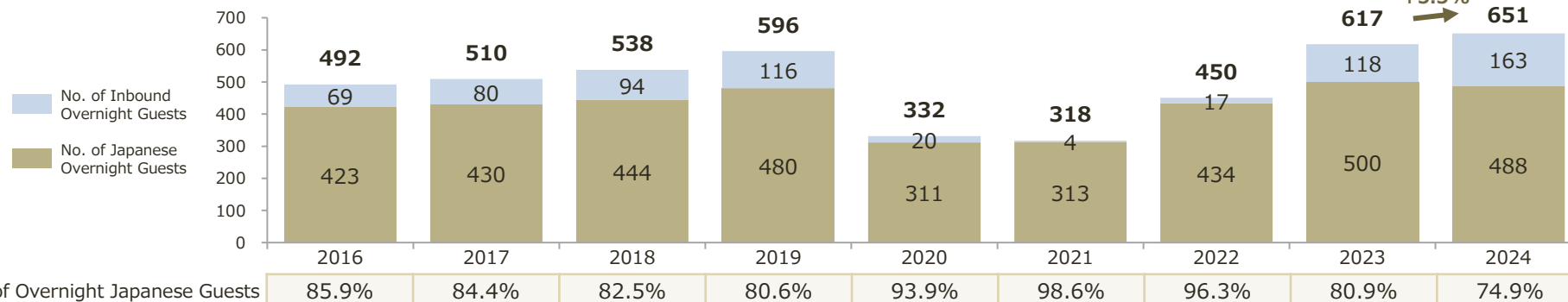
VI. Market Environment

1. Status of Domestic Accommodation Demand

◆ Since 2023, domestic lodging demand has remained solid and stable at levels comparable to 2019

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

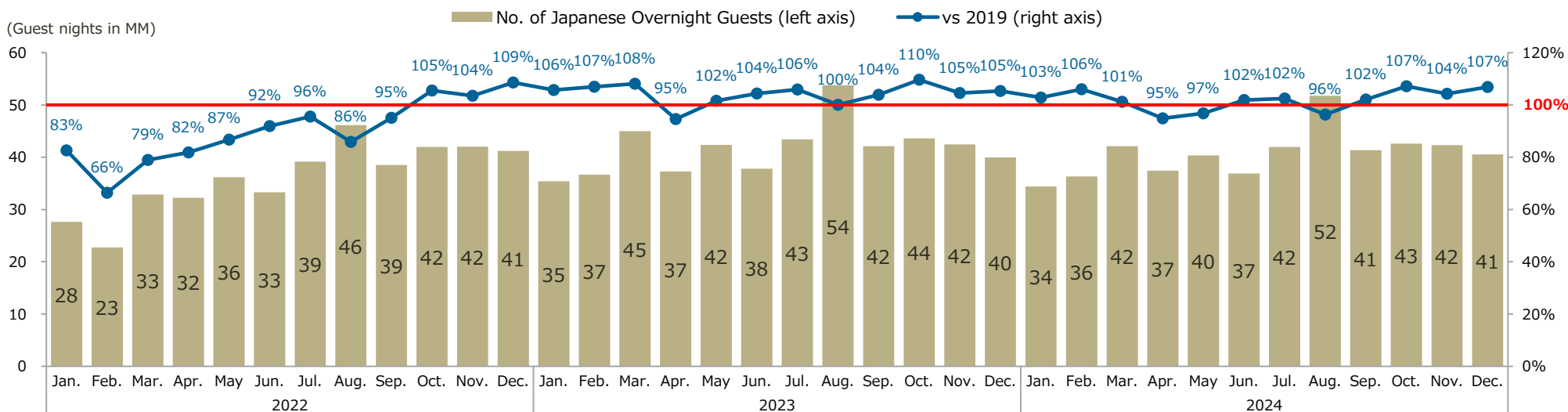
(Guest nights in MM)



* Ratio of Overnight Japanese Guests

Changes in Number of Japanese Overnight Guests in Domestic Accommodation Facilities (by month)^(*)

(Guest nights in MM)



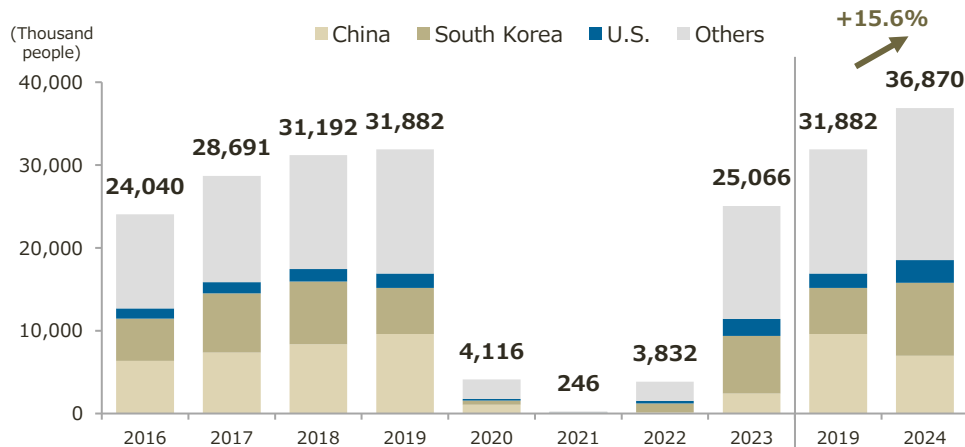
Source: "Statistics of Overnight Travel" by Japan Tourism Agency

(*) No. of inbound overnight guests, No. of Japanese overnight guests and the total number of overnight guests are rounded off to the nearest million. The figures from 2016 to 2023 are final, those for January 2024 to November 2024 are second preliminary figures, and those for December 2024 are first preliminary figures.

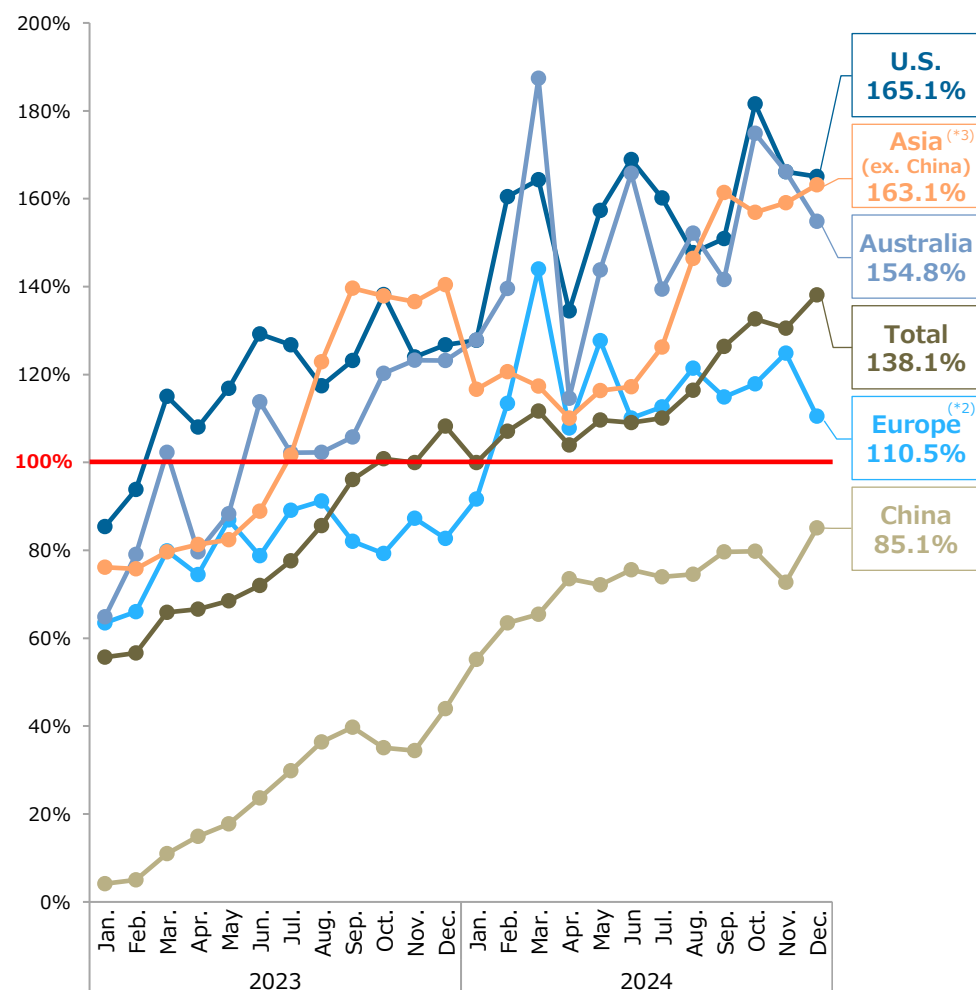
2. Status of Inbound Visitors

- ◆ Number of inbound visitors in 2024 surpassed pre-pandemic levels, reaching a record high of 36.87 million visitors
- ◆ There has been a notable increase in visitors from Asian countries (ex. China) as well as from Europe, the U.S. and Australia

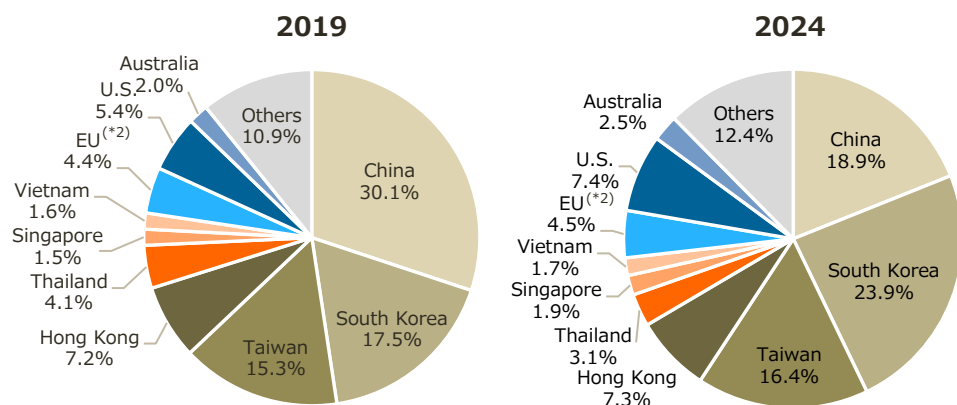
Changes in Number of Inbound Visitors^(*1)



Monthly Inbound Visitors since 2023 (vs 2019)^(*1)



Breakdown of Inbound Visitors by Country^(*1)



Source: Japan National Tourism Organization (JNTO)

^(*1) The number of inbound visitors is rounded off to the nearest thousand. The figures for 2016 through 2023 are final, those for January 2024 through October 2024 are provisional, and those for November and December 2024 are estimates.

^(*2) Europe refers to UK, France, Germany, Italy, Spain and Russia, for which Japan National Tourism Organization's "Inbound Visitors Statistics" releases estimates.

^(*3) Asia (ex. China) refers to South Korea, Taiwan, Hong Kong, Thailand, Singapore, Malaysia, Indonesia, the Philippines, Vietnam and India, for which Japan National Tourism Organization's "Inbound Visitors Statistics" releases estimates.

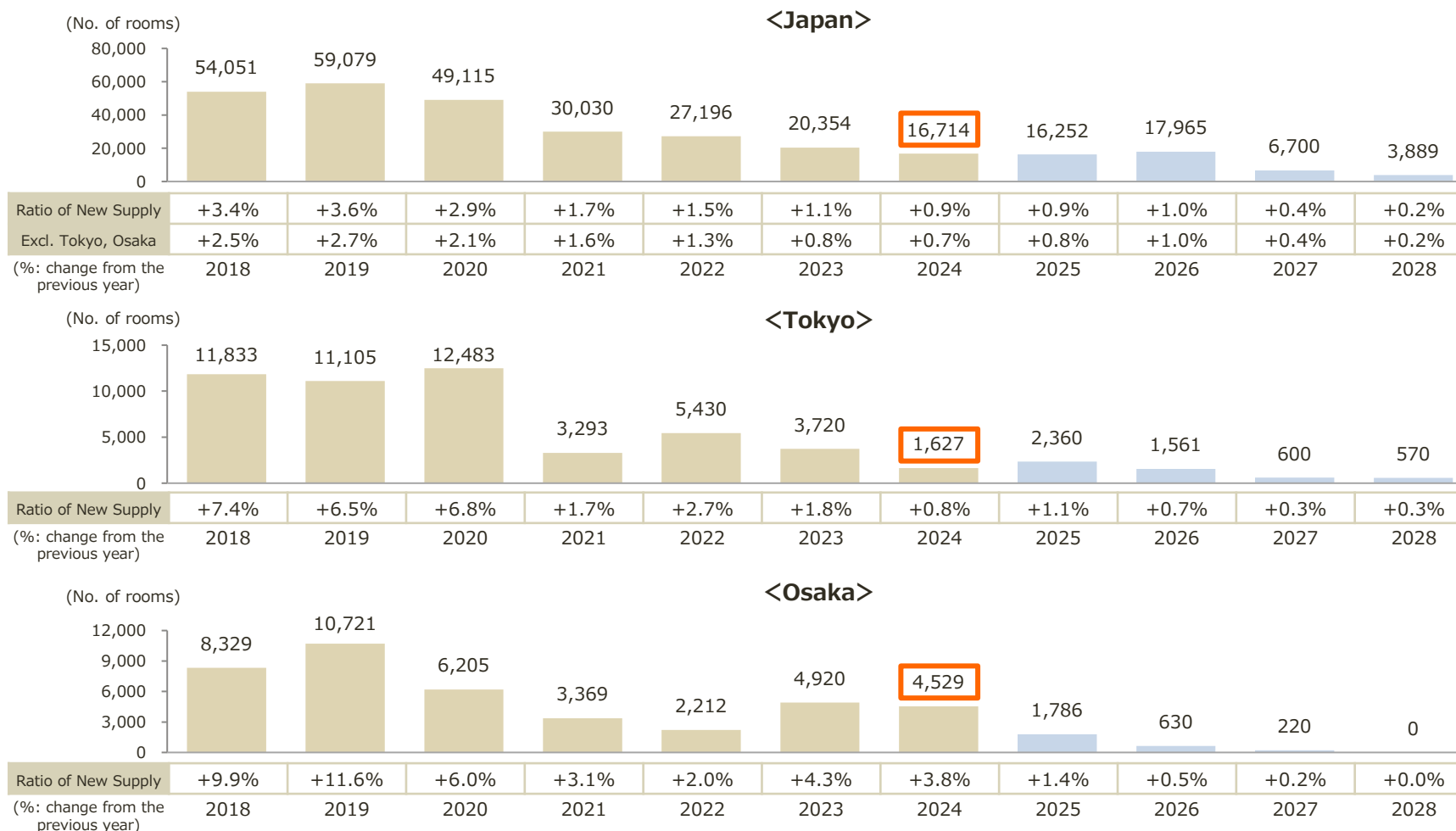
3. Status of New Supply of Hotels

◆ New supply in 2024 showed a slight increase of 0.9% year-on-year in Japan, and a similar level of growth is expected in 2025

Supply of Rooms in Hotels/Ryokans in Japan

As of the end of January 2025

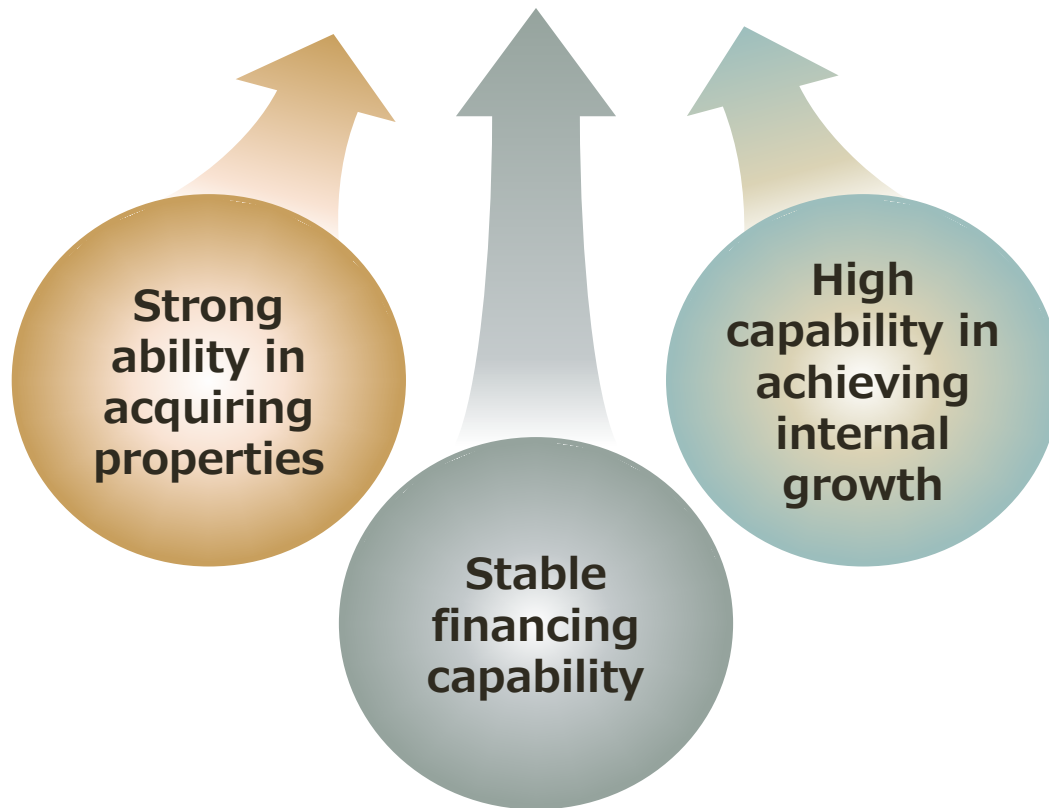
Actual Supply Forecast



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

Appendix 1
JHR's Characteristics and Strategy

Aim to increase dividend for mid to long term



Strong ability in acquiring properties

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

High capability in achieving internal growth

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

Stable financing capability

- Secure sound and stable finance
- Diversify financing methods

2. Simultaneous Pursuit of Stability and Upside Potential

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

Ensure Stable Revenue

Fixed rent structure

- ◆ Appropriate monitoring of hotel operation
- ◆ Capital expenditures to maintain competitiveness and asset value

Maintain and improve rent-paying capacity of tenants, etc.

Pursue Upside

Management contract structure

Variable rent structure

Revenue-sharing structure

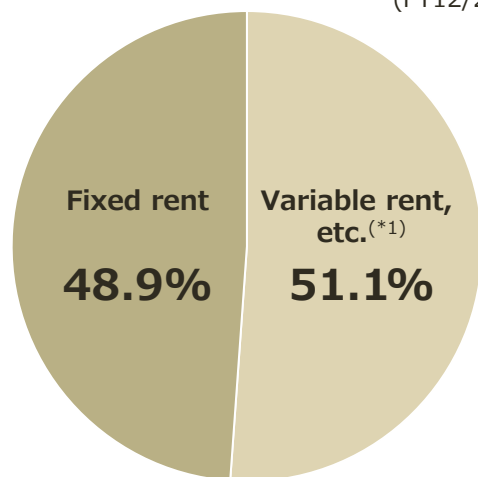
Active Asset Management Strategies

- ◆ Change in rent structures and rebranding
- ◆ Strategic capital expenditures, etc.

Increase in rental income, etc. through improvement in hotels' performance

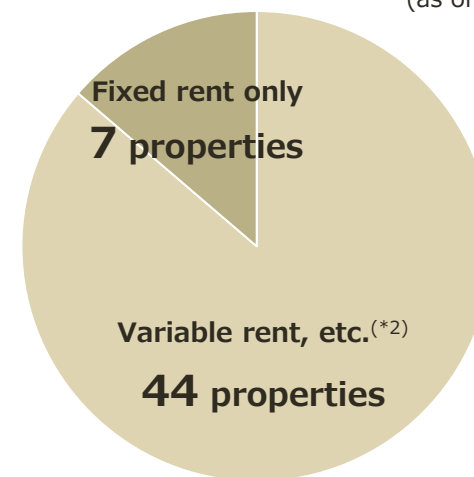
Proportion of Rental Income

(FY12/2025 forecast)



Proportion of Rent Structures

(as of February 25, 2025)



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

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

(*3) The proportion of rental income is based on the Financial Report for FY12/2024 dated February 25, 2025.

3. External Growth Strategy

Recognition of External Environment

Trend of the Hotel Investment Market

- The hotel market in Japan continues to experience strong growth, driven by robust domestic demand for accommodation and expanding inbound demand.
- As for the hotel transaction market, not only foreign funds, etc., but domestic investors, including J-REITs, consider hotel investment more actively with expectations for the hotel market's growth potential, as well as an easing attitude toward finance for hotel assets by financial institutions. Given these conditions, hotel transactions may become more active.
- For acquisition of hotels, it is important to differentiate each hotel since the competitiveness of hotels is becoming more evident in accordance with the hotel specifications, locations and the abilities of hotel operators.

Basic Policies

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



Key Measures

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

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

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

4. Internal Growth Strategy

Recognition of External Environment

Hotel Market Environment

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

Basic Policies

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



Key Measures

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

Recognition of External Environment

Trend of Financing Environment and Interest Rates

- In 2024, J-REIT public offerings showed a year-on-year decline in both number and total amount. The TSE REIT Index dropped by around 8% since the beginning of the year due to caution about rising interest rates following the normalization of monetary policy by the Bank of Japan.
- With hotel performance moving into a growth phase and expectations of further growth, financial institutions are taking a more positive stance.
- Certain caution remains required for further increases in interest rates due to the Bank of Japan's policy reviews and overseas factors.

Basic Policies

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



Key Measures

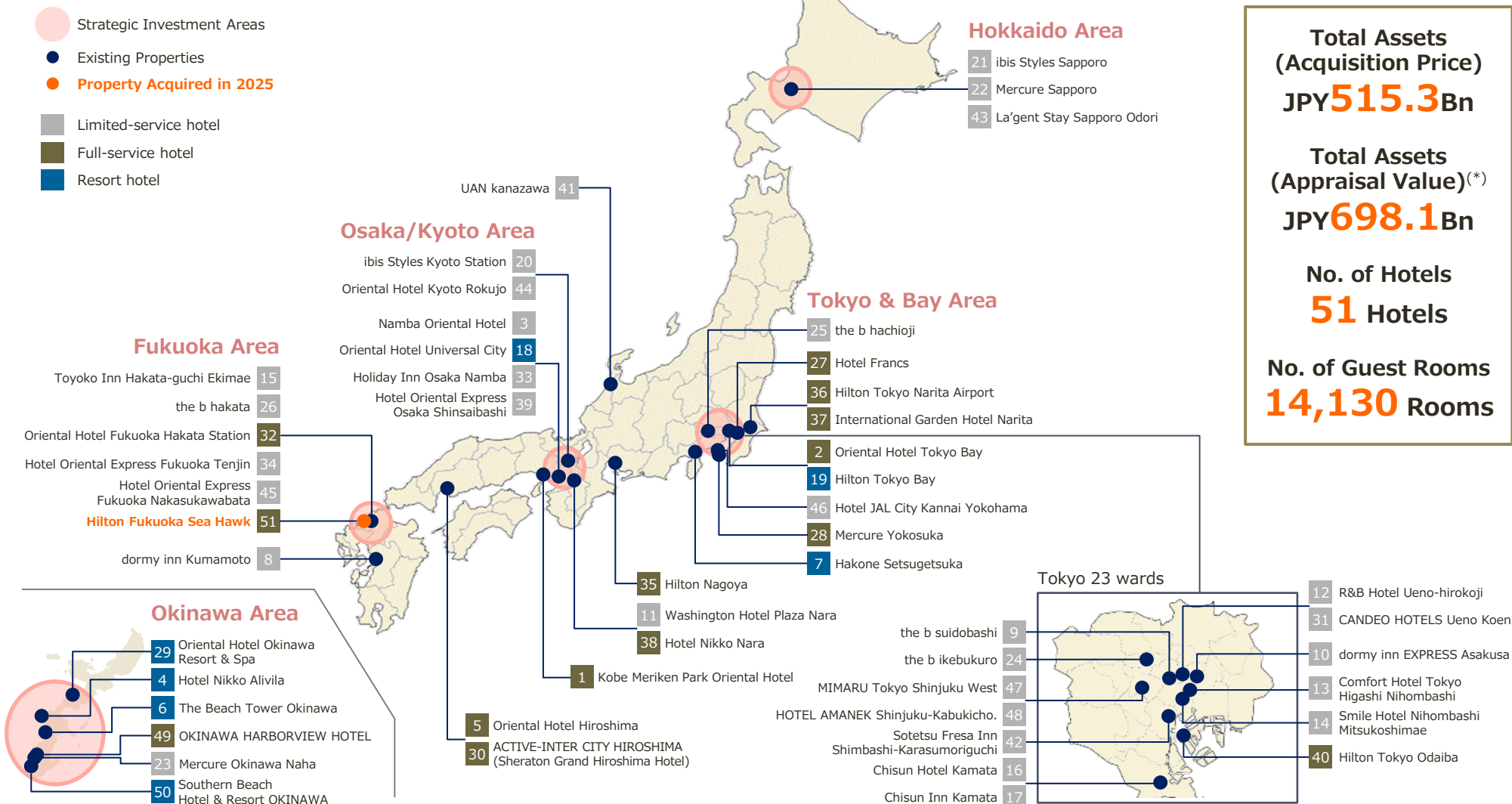
- Improve financial stability by fixing interest rates, etc., as necessary, while considering diversification of repayment dates
- Optimize financing costs amid rising interest rates
- Maintain appraisal-based LTV level at a maximum of 40%
- Maintain good relationship with financial institutions
- Diversify financing methods and promote green finance, including public offerings and issuance of investment corporation bonds

Appendix 2
Information of Properties

1. Portfolio Map

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

(as of February 25, 2025)



Total Assets (Acquisition Price)
JPY**515.3**Bn

Total Assets (Appraisal Value)^(*)
JPY**698.1**Bn

No. of Hotels
51 Hotels

No. of Guest Rooms
14,130 Rooms

(*) The appraisal value for properties held as of the end of December 2024 is based on the end-December 2024 appraisal; for the property acquired in 2025, the appraisal value is based on the appraisal at acquisition.

2. List of Portfolio

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

The 28 Hotels with Variable Rent, etc.

HMJ Group

Accor Group

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Isihin Group

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Acquisition in 2025

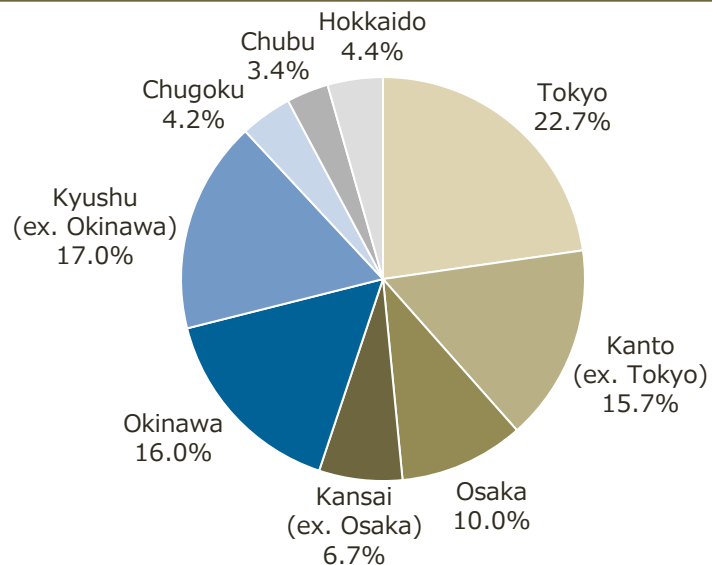
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3. Portfolio Diversification

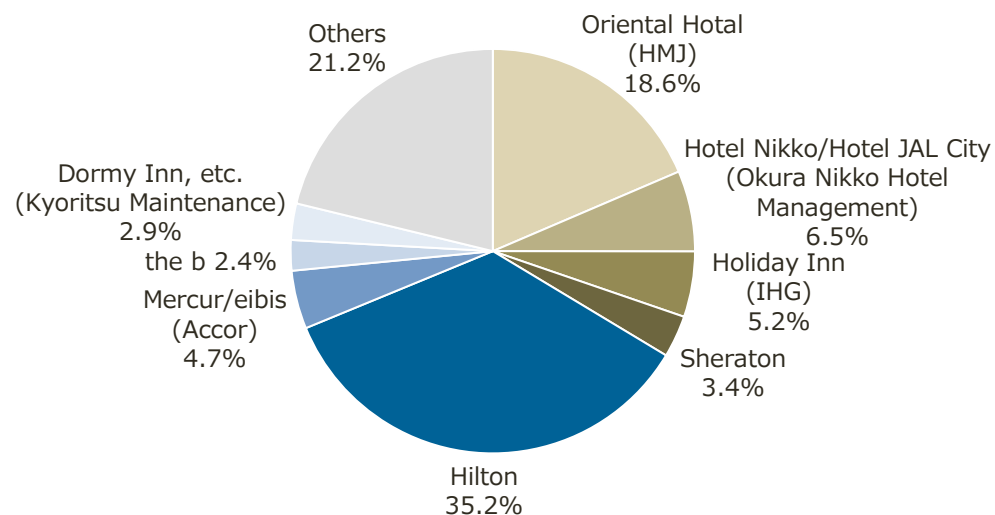
◆ Widely diversified and high-quality portfolio

(as of February 25, 2025)

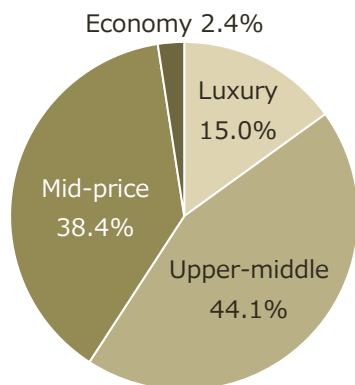
By Area(*)



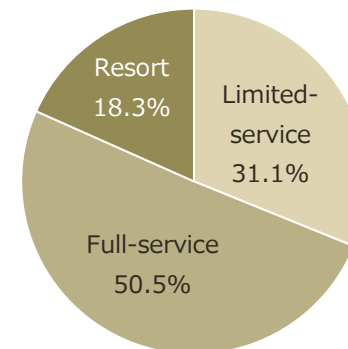
By Hotel Brand(*)



By Hotel Grade(*)



By Hotel Type(*)



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

4. Rent Structure

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

(FY12/2025 forecast)

Rent Structure ^(*1)		Fixed rent	Fixed rent + Revenue-sharing rent	Fixed rent + Variable rent	Variable rent	Management contract	Total
Type of Contract		Lease contract	Lease contract	Lease contract	Lease contract	Management contract	
Type of Rent	Fixed	○	○	○	-	-	-
	Variable	-	A certain percentage of sales exceeding the threshold	A certain percentage of hotel GOP	A certain percentage of hotel revenue or hotel GOP	Hotel GOP	-
Real Estate Operating Revenues ^(*2) (%)		JPY1,621MM (4.1%)	JPY3,492MM (8.9%)	JPY30,033MM (76.3%)	JPY2,246MM (5.7%)	JPY1,992MM (5.1%)	JPY39,386MM (100.0%)
(breakdown)	Fixed Rent ^(*3) (%)	JPY1,621MM (4.1%)	JPY2,741MM (7.0%)	JPY14,588MM (37.0%)	JPY127MM (0.3%)	JPY167MM (0.4%)	JPY19,246MM (48.9%)
	Variable Rent (%)	-	JPY751MM (1.9%)	JPY15,445MM (39.2%)	JPY2,119MM (5.4%)	JPY1,824MM (4.6%)	JPY20,140MM (51.1%)
CAPEX Paid by JHR ^(*4)		1. Renewal of building and facilities	1. Renewal of building and facilities (3. Strategic investment)	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	-
No. of Properties		7	5	30	5	4	51
Acquisition Price (%)		JPY24,806MM (4.8%)	JPY42,354MM (8.2%)	JPY396,579MM (76.9%)	JPY29,255MM (5.7%)	JPY22,397MM (4.3%)	JPY515,391MM (100.0%)
Hotels		The Beach Tower Okinawa CANDEO HOTELS Ueno Koen and other hotels	Hilton Tokyo Bay Smile Hotel Nihombashi Mitsukoshimae Comfort Hotel Tokyo Higashi Nihombashi UAN kanazawa Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	HMJ Group (21 Hotels) ^(*5) Ishin Group (4 Hotels) dormy inn Kumamoto Hotel Francs ^(*6) MIMARU Tokyo Shinjuku West HOTEL AMANEK Shinjuku-Kabukicho. Southern Beach Hotel & Resort OKINAWA	Hilton Nagoya Mercure Yokosuka Chisun Hotel Kamata Chisun Inn Kamata La'gent Stay Sapporo Odori	ibis Styles Kyoto Station ibis Styles Sapporo Mercure Sapporo Mercure Okinawa Naha	-

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

(*2) Based on the revenue forecast for FY12/2025, which was announced in the Financial Report dated February 25, 2025.

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

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

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

(*6) The rent structure for Hotel Francs is as follows: until September 2024, fixed rent only. On and after October 2024, a combination of fixed and variable rent has been applied.

5. Property List (1/2)

(as of February 25, 2025)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)	NOI Yield (actual) (*8)
									25th Period (as of June 30, 2024)		25th Period (as of December 31, 2024)						
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate					
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Hyogo	29.5	10,900	9,874	14,700	4.7%	14,800	4.8%	2.1%	982,765	737,108	336,062	6.8%
2	Oriental Hotel Tokyo Bay	Full-service	Upper-middle	511	Chiba	29.7	19,900	17,872	34,600	4.4%	35,100	4.3%	3.9%	2,153,476	2,027,142	1,521,887	10.2%
3	Namba Oriental Hotel	Limited-service	Mid-price	267	Osaka	28.8	15,000	15,501	32,300	4.0%	33,700	4.0%	2.9%	1,139,868	1,014,992	849,166	6.8%
4	Oriental Hotel Hiroshima	Full-service	Upper-middle	397	Hiroshima	30.8	18,900	17,610	29,100	4.7%	29,100	4.7%	3.7%	1,504,942	1,344,749	1,081,998	7.1%
5	Hotel Nikko Alivila	Resort	Luxury	227	Okinawa	31.3	4,100	3,985	4,330	4.9%	4,330	4.9%	0.8%	234,367	189,567	111,509	4.6%
6	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	20.8	7,610	6,425	10,200	4.3%	10,200	4.3%	1.5%	511,035	457,603	339,833	6.0%
7	Hakone Setsugetsuka	Resort	Mid-price	158	Kanagawa	18.2	4,070	3,511	5,580	4.6%	5,630	4.6%	0.8%	294,953	268,866	170,961	6.6%
8	dormy inn Kumamoto	Limited-service	Mid-price	291	Kumamoto	16.9	2,334	2,168	3,650	5.5%	3,900	5.5%	0.5%	272,008	248,960	192,676	10.7%
9	the b suidobashi	Limited-service	Mid-price	99	Tokyo	38.4	1,120	1,151	2,490	4.0%	2,510	4.0%	0.2%	168,464	157,525	132,819	14.1%
10	dormy inn EXPRESS Asakusa	Limited-service	Economy	75	Tokyo	27.8	999	909	1,350	3.8%	1,350	3.8%	0.2%	65,075	53,575	40,593	5.4%
11	Washington Hotel Plaza Nara	Limited-service	Mid-price	203	Nara	24.8	2,050	1,743	2,460	4.8%	2,460	4.8%	0.4%	150,000	132,000	94,000	6.5%
12	R&B Hotel Ueno-hirokoji	Limited-service	Economy	176	Tokyo	22.7	1,720	1,789	1,880	3.9%	1,880	3.9%	0.3%	97,291	81,453	61,718	4.7%
13	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	16.9	3,746	3,371	5,730	4.1%	5,910	4.1%	0.7%	310,275	277,499	238,055	7.4%
14	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	27.8	2,108	2,015	3,070	3.9%	3,170	3.9%	0.4%	165,787	147,535	125,868	7.0%
15	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	256	Fukuoka	23.3	1,652	1,328	2,770	4.4%	2,770	4.4%	0.3%	141,039	126,179	108,349	7.6%
16	Chisun Hotel Kamata	Limited-service	Economy	105	Tokyo	32.9	1,512	1,464	2,090	4.6%	2,090	4.6%	0.3%	164,270	149,651	111,023	9.9%
17	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	21.7	823	772	1,440	4.4%	1,450	4.4%	0.2%	95,975	88,427	75,739	10.7%
18	Oriental Hotel Universal City	Resort	Upper-middle	330	Osaka	23.5	6,753	7,330	22,300	4.7%	22,300	4.7%	1.3%	1,812,109	1,750,717	1,513,977	25.9%
19	Hilton Tokyo Bay	Resort	Luxury	828	Chiba	36.5	26,050	26,015	42,700	4.1%	42,800	4.1%	5.1%	2,491,986	2,207,450	2,010,273	8.5%
20	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kyoto	15.8	6,600	6,538	10,000	4.2%	10,000	4.2%	1.3%	412,452	367,032	334,121	5.6%
21	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	14.4	6,797	6,278	11,600	4.6%	11,300	4.7%	1.3%	552,351	446,732	363,186	6.6%
22	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	15.7	6,000	5,573	12,400	4.6%	12,400	4.6%	1.2%	761,448	509,539	418,319	8.5%
23	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	15.4	3,000	2,715	7,370	4.6%	7,400	4.6%	0.6%	298,282	246,336	172,172	8.2%
24	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	42.5	6,520	6,601	7,590	4.1%	7,810	4.0%	1.3%	395,247	363,975	332,079	5.6%
25	the b hachioji	Limited-service	Mid-price	196	Tokyo	38.4	2,610	2,686	2,720	5.0%	2,740	5.0%	0.5%	200,094	176,099	136,934	6.7%
26	the b hakata	Limited-service	Mid-price	175	Fukuoka	27.3	2,300	2,310	4,760	4.2%	6,110	4.2%	0.4%	303,434	289,503	267,241	12.6%
27	Hotel Francs	Full-service	Mid-price	222	Chiba	33.4	3,105	3,228	4,660	4.7%	5,160	4.7%	0.6%	358,452	298,200	239,740	9.6%
28	Mercure Yokosuka	Full-service	Upper-middle	160	Kanagawa	31.2	1,650	1,669	3,550	4.6%	3,640	4.6%	0.3%	365,220	248,487	208,727	15.1%
29	Oriental Hotel Okinawa Resort & Spa	Resort	Upper-middle	361	Okinawa	19.9	14,950	17,067	19,500	4.8%	19,700	4.8%	2.9%	1,039,622	917,753	367,380	6.1%

5. Property List (2/2)

(as of February 25, 2025)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)	NOI Yield (actual) (*8)
									25th Period (as of June 30, 2024)		25th Period (as of December 31, 2024)						
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate					
30	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Hiroshima	14.3	17,320	16,967	20,500	4.5%	20,500	4.5%	3.4%	1,667,385	1,153,851	906,695	6.7%
31	CANDEO HOTELS Ueno Koen	Limited-service	Mid-price	268	Tokyo	15.0	6,705	6,503	7,620	3.9%	7,630	3.9%	1.3%	349,971	322,516	275,974	4.8%
32	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Fukuoka	39.5	7,197	8,159	15,500	4.5%	15,700	4.6%	1.4%	1,951,873	1,706,100	1,323,984	23.7%
33	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	16.4	27,000	26,509	27,300	4.3%	27,300	4.3%	5.2%	1,248,275	1,196,568	1,071,182	4.4%
34	Hotel Oriental Express Fukuoka Tenjin	Limited-service	Mid-price	263	Fukuoka	25.7	5,248	5,713	7,470	4.6%	7,600	4.6%	1.0%	838,943	727,409	656,172	13.9%
35	Hilton Nagoya	Full-service	Luxury	460	Aichi	35.8	15,250	15,418	15,500	4.1%	15,500	4.1%	3.0%	1,394,700	740,035	542,265	4.9%
36	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Chiba	31.4	13,175	13,248	13,200	4.4%	13,200	4.4%	2.6%	651,192	575,051	340,185	4.4%
37	International Garden Hotel Narita	Full-service	Mid-price	463	Chiba	28.6	9,125	8,896	9,620	4.7%	9,650	4.7%	1.8%	491,055	447,699	279,662	4.9%
38	Hotel Nikko Nara	Full-service	Upper-middle	330	Nara	26.8	10,373	10,065	9,810	4.7%	9,990	4.7%	2.0%	546,224	489,828	336,305	4.7%
39	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	6.9	2,738	2,773	2,900	4.5%	2,900	4.5%	0.5%	229,823	215,071	197,939	7.9%
40	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	29.0	62,400	63,109	72,700	3.5%	72,700	3.5%	12.1%	3,005,582	2,631,891	2,308,811	4.2%
41	UAN kanazawa	Limited-service	Upper-middle	47	Ishikawa	7.3	2,050	2,042	2,340	4.5%	2,340	4.5%	0.4%	124,964	116,187	95,895	5.7%
42	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Limited-service	Mid-price	220	Tokyo	16.8	8,400	8,449	10,100	3.8%	10,200	3.7%	1.6%	420,291	358,513	335,252	4.3%
43	La'gent Stay Sapporo Odori	Limited-service	Mid-price	219	Hokkaido	8.5	10,020	10,418	11,500	4.2%	11,800	4.2%	1.9%	644,619	611,712	535,158	6.1%
44	Oriental Hotel Kyoto Rokujo	Limited-service	Mid-price	166	Kyoto	5.3	4,446	4,589	6,470	4.1%	6,650	4.1%	0.9%	365,985	349,367	311,736	7.9%
45	Hotel Oriental Express Fukuoka Nakasukawabata	Limited-service	Mid-price	183	Fukuoka	3.7	4,460	4,633	6,280	4.1%	6,280	4.1%	0.9%	389,774	371,737	345,137	8.3%
46	Hotel JAL City Kannai Yokohama	Limited-service	Mid-price	170	Kanagawa	18.2	4,000	4,033	4,570	4.0%	4,580	4.0%	0.8%	182,440	166,448	135,063	4.2%
47	MIMARU Tokyo Shinjuku West (*9)	Limited-service	Upper-middle	76	Tokyo	4.9	9,645	10,014	11,700	3.6%	12,800	3.6%	1.9%	224,474	222,715	208,557	-
48	HOTEL AMANEK Shinjuku-Kabukicho. (*9)	Limited-service	Mid-price	169	Tokyo	1.8	8,845	9,178	12,800	3.7%	12,900	3.7%	1.7%	250,520	248,552	236,359	-
49	OKINAWA HARBORVIEW HOTEL (*9)	Full-service	Mid-price	352	Okinawa	49.7	21,562	22,379	24,200	5.3%	24,200	5.2%	4.2%	440,416	437,485	340,557	-
50	Southern Beach Hotel & Resort OKINAWA (*9)	Resort	Mid-price	448	Okinawa	15.7	16,200	16,221	20,300	5.0%	20,300	4.9%	3.1%	335,261	333,286	234,474	-
51	Hilton Fukuoka Sea Hawk (*10)	Full-service	Upper-middle	1,052	Fukuoka	29.8	64,350	-	-	-	71,700	4.5%	12.5%	-	-	-	-
Total or Average		-	-	14,130	-	25.7	515,391	448,835	619,270	-	698,130	-	100.0%	33,196,647	28,747,492	22,973,987	-

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

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

(*3) The age of each property as of the end of December 2024. Average age is the weighted average calculated as follows: The sum of (acquisition price of each property x property age)/total acquisition price.

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

(*5) Book value as of the end of December 2024.

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

(*7) Actual for 12 months from January to December 2024. Since the lessees did not agree to disclose numbers in units of JPY1,000 for No. 11, the amounts are rounded down to the nearest JPY million.

(*8) NOI yield (actual) is calculated based on NOI (actual) for the full year FY12/2024. The NOI yields (actual) through No. 47 to 50 are not calculated as the properties were acquired during the period.

(*9) Since these properties were acquired in July 2024, the appraisal values at the end of June 2024 are the appraisal values at acquisition.

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

(*11) Washington Hotel Plaza Hakata, Nakasu was sold on January 30, 2025. The figures for Washington Hotel Plaza Hakata, Nakasu are not included in total or average figures.

6. Summary of Lease Contracts (1/3)

(as of the end of December 2024)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2024 to 2025)	
										Timing	Condition	2024	2025
1	Kobe Meriken Park Oriental Hotel	Fixed-lease	Fixed + Variable	Hotel Management Japan Co., Ltd.	Okura Nikko Hotel Management Co., Ltd.	15	Dec. 2034	For 5 HMJ Hotels JPY3,221MM/year + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified Structure	-	-
2	Oriental Hotel Tokyo Bay												
3	Namba Oriental Hotel												
4	Oriental Hotel Hiroshima												
5	Hotel Nikko Alivila												
6	The Beach Tower Okinawa	Fixed-lease	Fixed	Kyoritsu Maintenance Co., Ltd.		20	Jun. 2026	JPY511MM/year	The same rent will be applied until expiration of the contract.	-	-	-	To be expired (Jun.)
7	Hakone Setsugetsuka	Fixed-lease	Fixed			20	Oct. 2026	JPY294MM/year	The same rent will be applied until expiration of the contract.	-	-	-	To be expired (Oct.)
8	dormy inn Kumamoto	Fixed-lease	Fixed + Variable			3	Mar. 2026	JPY194MM/year + when Hotel GOP exceeds JPY400MM, the excess x 40% is paid	Rent can be modified through mutual agreement.	Apr. 2023	Same fixed rent + Introduced variable rent	-	To be expired (Mar.)
9	dormy inn EXPRESS Asakusa	Japanese Lease	Fixed			3	Mar. 2026	JPY63MM/year	Rent can be modified through mutual agreement every 3 years.	Apr. 2023	Same	-	To be expired (Mar.)
10	Washington Hotel Plaza Nara	Japanese Lease	Fixed	Washington Hotel K.K.		3	Mar. 2026	JPY131MM/year	Rent can be modified through mutual agreement.	Mar. 2023	Same	-	To be expired (Mar.)
11	R&B Hotel Ueno-hirokoji	Japanese Lease	Fixed			20	Apr. 2025	JPY96MM/year	Rent can be modified through mutual agreement.	Apr. 2011	Increased (+3.0%)	To be expired (Apr.)	-
12	Comfort Hotel Tokyo Higashi Nihombashi	Fixed-lease	Fixed + Revenue sharing	Greens Co., Ltd.		20	Jan. 2028	JPY242MM/year + Revenue-sharing rent	Rent can be modified through mutual agreement every 5 years.	Apr. 2018	Same (Introduced Revenue-sharing rent)	-	-
13	Smile Hotel Nihombashi Mitsukoshimae	Japanese Lease	Fixed + Revenue sharing	THE KAMOGAWA GRAND HOTEL, LTD.		3	Mar. 2026	JPY134MM/year + Revenue-sharing rent	Rent can be modified through mutual agreement.	Mar. 2023	Same	-	To be expired (Mar.)
14	Toyoko Inn Hakata-guchi Ekimae	Japanese Lease	Fixed	Toyoko Inn Co., Ltd.		30	Sep. 2031	JPY141MM/year	No rule has been stipulated.	Oct. 2007	Increased (+9.4%)	-	-
15	Chisun Hotel Kamata	Fixed-lease	Variable	Solare Hotels & Resorts Co., Ltd.	SHR Hotels, Co., Ltd.	5	Dec. 2025	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2021	Change in lessee and Modified Structure	To be expired (Dec.)	-
16	Chisun Inn Kamata	Fixed-lease	Variable			7	Dec. 2026	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2020	Same	-	To be expired (Dec.)
17	Oriental Hotel Universal City	Fixed-lease	Fixed + Variable	K.K. Osaka Sakurajima Operations (*)		10.5	Dec. 2031	JPY350MM/year + when Hotel AGOP exceeds JPY370MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jul. 2021	Change in lessee and Modified Structure	-	-
18	Hilton Tokyo Bay	Fixed-lease	Fixed + Revenue sharing	THE DAI-ICHI BUILDING CO., LTD.	Hilton International Company	6	Dec. 2028	JPY1,965MM/year + Revenue-sharing rent	Rent can be modified through mutual agreement.	Jan. 2019	Renewed (Increased)	-	-

6. Summary of Lease Contracts (2/3)

(as of the end of December 2024)

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

6. Summary of Lease Contracts (3/3)

(as of the end of December 2024)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/Hotel Consulting and Management Company	Lease/MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2025 to 2026)	
										Timing	Condition	2025	2026
38	Hotel Nikko Nara	Fixed-lease	Fixed + Variable	Hotel Management Co., Ltd. (*)	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2030	JPY420MM/year + when Hotel AGOP exceeds JPY440MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
39	Hotel Oriental Express Osaka Shinsaibashi	Fixed-lease	Fixed + Variable	K.K. HOTEL ORIENTAL EXPRESS (*)		10	Mar. 2028	JPY110MM/year + when Hotel AGOP exceeds JPY128MM, the excess x 91% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
40	Hilton Tokyo Odaiba	Fixed-lease	Fixed + Variable	Tokyo Humania Enterprise Inc. (*)		11	Dec. 2029	JPY1,600MM/year + when Hotel AGOP exceeds JPY1,660MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
41	UAN kanazawa	Fixed-lease	Fixed + Revenue sharing	Solare Hotels and Resorts Co., Ltd.	SHR Hotels Co., Ltd.	25	Oct. 2042	JPY108MM/year + when annual room sales exceeds JPY270MM, the excess x 30% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
42	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Fixed-lease	Fixed + Revenue sharing	Sotetsu Hotel Development Co., Ltd.	Sotetsu Hotel Management CO., LTD.	3	Mar. 2026	JPY204MM/year + Revenue-sharing rent	The same rent will be applied until expiration of the contract.	-	-	-	To be expired (Mar.)
43	La'gent Stay Sapporo Odori	Fixed-lease	Variable	AB Accommo. Co. Ltd.		3.6	Dec. 2027	Linked to Hotel GOP	The same rent will be applied until expiration of the contract.	May 2024	Changed calculation formula	-	-
44	Oriental Hotel Kyoto Rokujo	Fixed-lease	Fixed + Variable	Kyoto Horikawa Operations Co., Ltd. (*)		14.2	Dec. 2033	JPY171MM/year + when Hotel AGOP exceeds JPY183MM, the excess x 93.5% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
45	Hotel Oriental Express Fukuoka Nakasukawabata	Fixed-lease	Fixed + Variable	Fukuoka Tenyamachi Operations Co., Ltd. (*)		12.7	Dec. 2033	JPY174MM/year + when Hotel AGOP exceeds JPY189MM, the excess x 92% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
46	Hotel JAL City Kannai Yokohama	Fixed-lease	Fixed + Variable	K.K. Yokohama Yamashita-cho Operations (*)	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2033	JPY135MM/year + when Hotel AGOP exceeds JPY150MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
47	MIMARU Tokyo Shinjuku West	Fixed-lease	Fixed + Variable	Cosmos Initia Co., Ltd.		20	Feb. 2040	Fixed rent (Nondisclosure ^{(*)4}) + Variable rent (Linked to Hotel GOP)	Rent can be modified through mutual agreement every 5 years.	-	-	Rent revision (Apr.)	-
48	HOTEL AMANEK Shinjuku-Kabukicho.	Fixed-lease	Fixed + Variable	AMANEK Corporation		20	Mar. 2043	Fixed rent (Nondisclosure ^{(*)4}) + Variable rent (Linked to Hotel GOP)	Rent can be modified through mutual agreement every 5 years.	-	-	-	-
49	OKINAWA HARBORVIEW HOTEL	Fixed-lease	Fixed + Variable	THE HOTELIER GROUP NAHA K.K. (*)		19	Dec. 2034	[until July 31, 2026] JPY1,050MM/year [on and after August 1, 2026] JPY660MM/year + when Hotel AGOP exceeds JPY720MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
50	Southern Beach Hotel & Resort OKINAWA	Fixed-lease	Fixed + Variable	Okinawa Hotel Management Co., Ltd.		10	Dec. 2025	JPY600MM/year + Linked to Hotel GOP	In principle, the same rent will be applied until expiration of the contract.	-	-	To be expired (Dec.)	-
51	Hilton Fukuoka Sea Hawk (*5)	Fixed-lease	Fixed + Variable	Hawks Town Corporation (*)	Hilton Worldwide Manage Ltd.	10	Dec. 2034	JPY2,040MM/year + when Hotel AGOP exceeds JPY2,100MM, the excess x 95% is paid	Rent can be modified through mutual agreement	-	-	-	-

(*1) Rent structure is as follows:

- Fixed: Fixed rent
- Variable: Variable rent
- Management contract: Management contract
- Fixed + Variable: Property paying both fixed and variable rent
- Fixed + Revenue sharing: When the sales of the hotel exceed pre-determined amount, additional rent is paid

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

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

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

(*5) Since the property was acquired in February 2025, the summary of the lease contract at acquisition is shown.

7. Balance Sheet

(JPY MM)

	FY12/2023 End of Fiscal Year December 31, 2023	FY12/2024 End of Fiscal Year December 31, 2024	Variance		FY12/2023 End of Fiscal Year December 31, 2023	FY12/2024 End of Fiscal Year December 31, 2024	Variance
(as of)				(as of)			
ASSETS				LIABILITIES			
Current Assets	34,049	42,989	8,939	Current Liabilities	44,585	38,280	(6,304)
Cash and Deposits ^(*1)	28,515	36,029	7,514	Operating Accounts Payable	2,506	1,942	(564)
Operating Accounts Receivables	4,850	6,045	1,194	Short-term Loans	15,568	1,000	(14,568)
Others	684	914	230	Current Portion of Investment Corporation Bond	3,000	2,800	(200)
Noncurrent Assets	395,769	455,690	59,921	Current Portion of Long-term Loans Payable	21,521	30,000	8,479
Net Property and Equipment	360,081	419,202	59,121	Accounts Payable	1,130	1,564	434
Buildings in Trust ^(*2)	119,571	131,960	12,388	Advances Received	764	868	103
Land in Trust	237,641	283,826	46,184	Others	94	105	11
Others ^(*3)	2,867	3,415	547	Long-term Liabilities	140,390	177,247	36,857
Intangible Assets	32,271	32,038	(232)	Investment Corporation Bonds	33,900	31,100	(2,800)
Other Assets	3,416	4,449	1,032	Long-term Loans Payable	101,242	140,331	39,089
Leasehold and Security Deposits	152	152	–	Tenant Leasehold and Security Deposits	4,780	5,133	352
Others	3,264	4,297	1,032	Derivative Liabilities	1	–	(1)
Deferred Assets	136	250	114	Others	465	683	217
				TOTAL LIABILITIES	184,975	215,528	30,553
				NET ASSETS			
				Unitholders' Capital	199,051	232,708	33,656
				Capital Surplus	21,746	21,746	–
				Reserve for Temporary Difference Adjustment	9,600	8,754	(845)
				Reserve for Special Advanced Depreciation	1,174	1,174	–
				Unappropriated Retained Earnings	13,137	18,273	5,136
				Others	270	744	473
				TOTAL NET ASSETS	244,980	283,402	38,422
TOTAL ASSETS	429,955	498,930	68,975	TOTAL LIABILITIES AND NET ASSETS	429,955	498,930	68,975

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

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

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

Appendix 3

Investors Composition and Investment Unit Price

1. Major Unitholders and Classifications of Unitholders

Top 10 Major Unitholders

As of the end of June 2024

Rank	Name	No. of Units	% ^(*)
1	Custody Bank of Japan, Ltd. (Trust)	837,524	18.06
2	The Master Trust Bank of Japan, Ltd. (Trust)	822,909	17.74
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	240,391	5.18
4	BNYM AS AGT/CLTS 10 PERCENT	97,444	2.10
5	GOLDMAN SACHS INTERNATIONAL	89,657	1.93
6	SSBTC CLIENT OMNIBUS ACCOUNT	85,178	1.83
7	STATE STREET BANK WEST CLIENT - TREATY 505234	77,217	1.66
8	JP MORGAN CHASE BANK 385781	64,969	1.40
9	GOVERNMENT OF NORWAY	62,910	1.35
10	STATE STREET BANK AND TRUST COMPANY 505103	61,406	1.32
Total		2,439,605	52.61

As of the end of December 2024

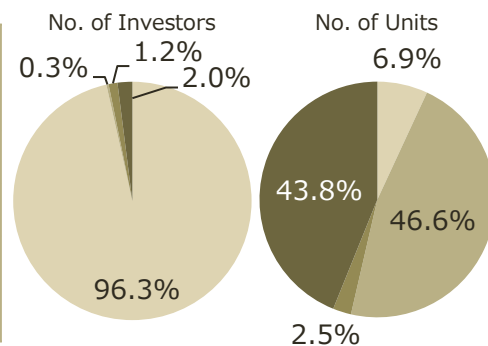
Rank	Name	No. of Units	% ^(*)
1	The Master Trust Bank of Japan, Ltd. (Trust)	897,268	17.60
2	Custody Bank of Japan, Ltd. (Trust)	877,544	17.21
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	267,306	5.24
4	STATE STREET BANK AND TRUST COMPANY 505325	107,687	2.11
5	STATE STREET BANK AND TRUST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

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

Classifications of Unitholders

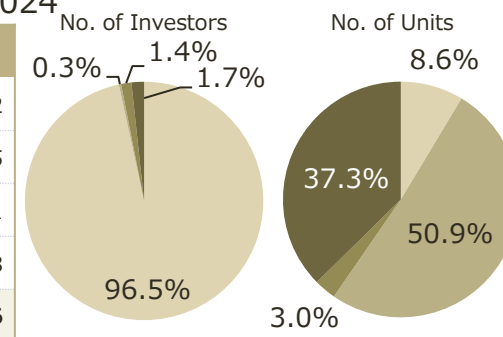
As of the end of June 2024

Owners	No. of Investors	No. of Units
Individuals & Others	24,963	321,946
Financial Institutions (Incl. Securities Firms)	87	2,163,786
Other Domestic Firms	336	119,579
Foreign Firms & Individuals	529	2,031,695
Total	25,915	4,637,006



As of the end of December 2024

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



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

2. Changes in Investment Unit Price and Market Capitalization

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

Price of the investment unit:
JPY72,000

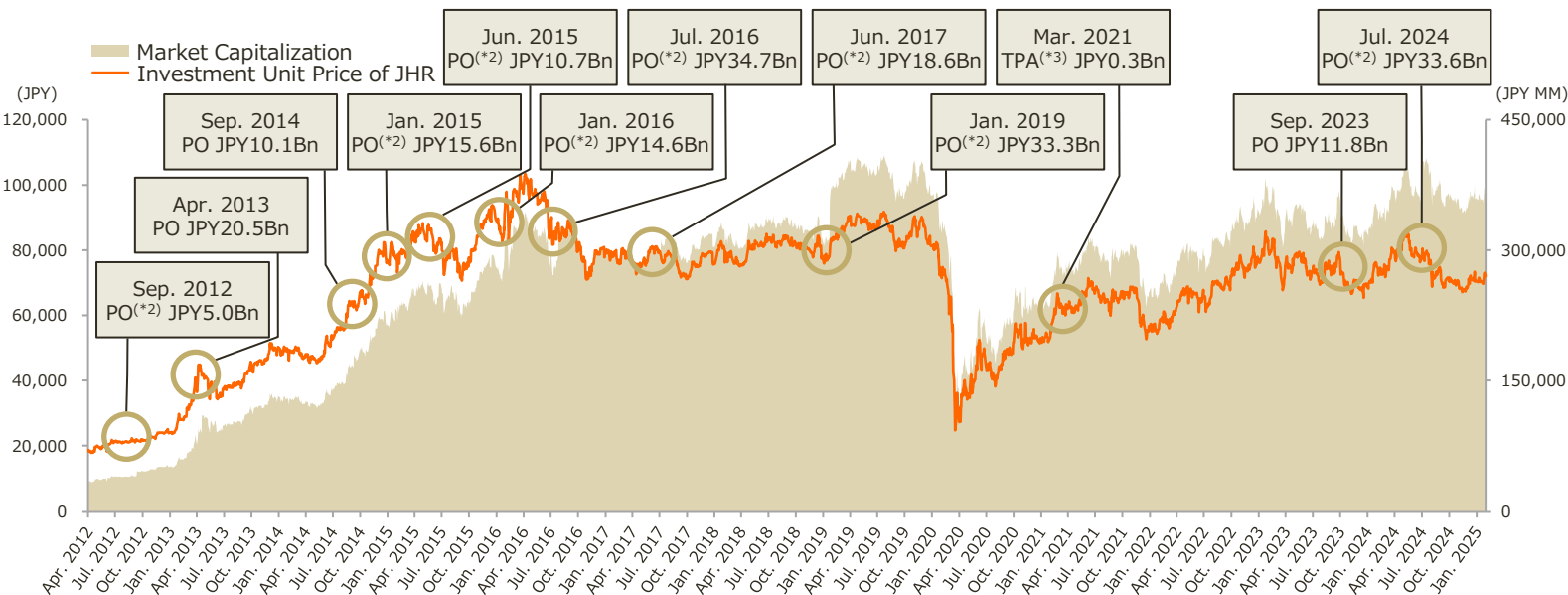
Total market capitalization:
JPY366.9Bn

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

(*1) Price of the real estate investment securities may fall depending on the fluctuations of price of the real estate under management or profitability, etc., and investors may suffer losses. Investors may also suffer losses through the bankruptcy or deteriorated financial condition of the issuer. For the risks of investing in JHR's investment securities, please refer to JHR's securities report dated March 21, 2024, and the mid-term financial report dated September 20, 2024.

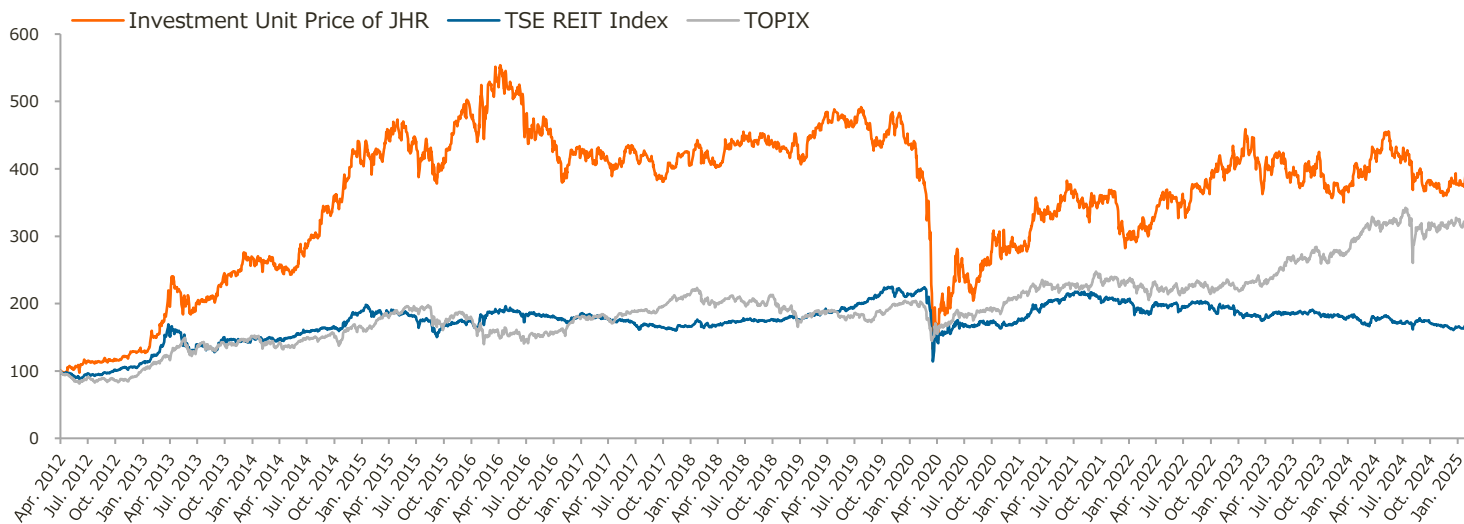
(*2) Including OA

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



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

(*1) JHR unit price, TSE REIT index and TOPIX are indexed to the closing price on April 2, 2012, which equals the base value of 100. REIT Index of TSE is an index of a weighted average of the market capitalization of all REITs listed on TSE.



Appendix 4

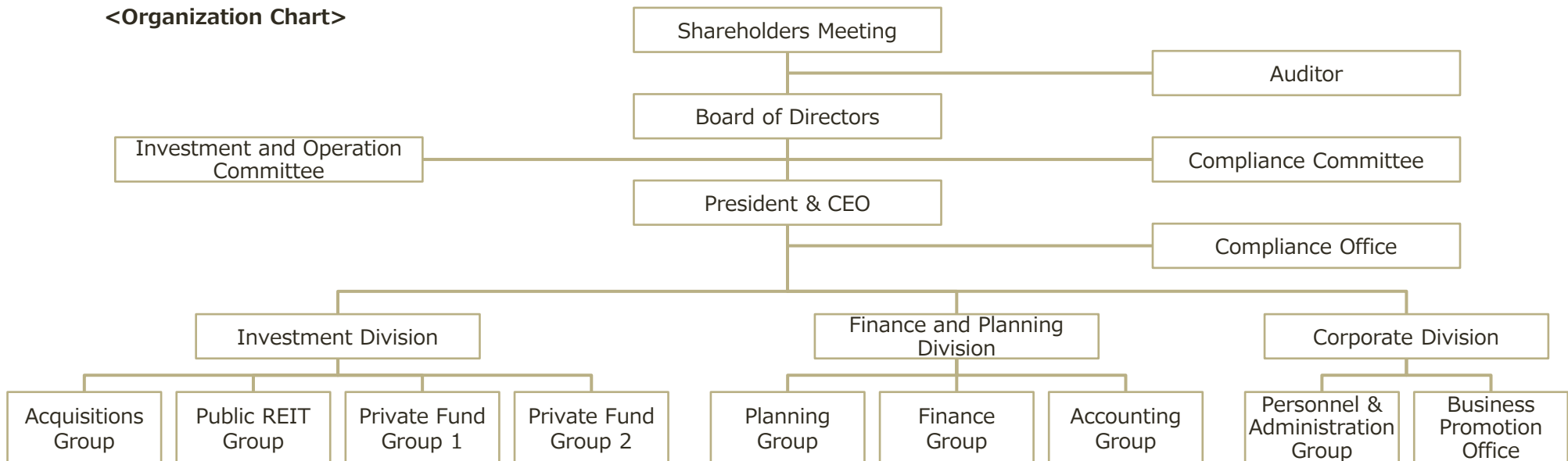
Summary of the Asset Management Company

1. Summary of the Asset Management Company

(as of February 25, 2025)

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

<Organization Chart>



Mission Statement

Connecting hotels, people, and the future

We explore the possibility of hotels.

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

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

We connect hotels, people, and a bright future.

Ideas behind the new mission statement

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

Code of Conduct

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

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

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

Challenge

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



Teamwork

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

Advanced Expertise

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

Ensured Independence

- ◆ There is no seconded employee from sponsor in JHRA.
- ◆ JHRA's Board of Directors of the Asset Management Company comprises a total of 5 directors: 3 directors unaffiliated with the sponsor, 2 part-time directors affiliated with the sponsor, and 1 part-time auditor unaffiliated with the sponsor. This structure ensures a highly independent management, a key characteristic of JHRA.
- ◆ We established a more rigorous decision-making process for transactions with sponsor-related parties. In principle, JHRA undergoes deliberations and resolutions by the Investment and Operation Committee, the Compliance Committee which includes an outside specialist authorized to dismiss proposals, and the Board of Directors Meeting of JHRA. In addition, in cases where JHR conducts transactions with sponsor-related parties, such transactions shall be conducted upon the approval and resolution by the Board of Directors Meeting at JHR. The officers of JHR are all third parties unrelated to the sponsor-related parties.
- ◆ Since our main sponsor, SC Capital Partners Group is also an independent asset management company, it fully understands and respects the importance of JHRA's independency. JHRA conducts asset management business based upon its judgment.

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