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February 25, 2026

## Financial Report for the Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

### Japan Hotel REIT Investment Corporation

Listing: Tokyo Stock Exchange  
Securities code: 8985  
URL: <https://www.jhrth.co.jp/en/>  
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Asset Management Company: Japan Hotel REIT Advisors Co., Ltd.  
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Scheduled date to file Securities Report: March 24, 2026

Scheduled date to start dividend payment: March 19, 2026

Preparation of supplementary material on financial report: Yes

Schedule for presentation of financial results: Yes (Institutional investors and analysts only)

(Amounts are rounded down to the nearest million yen)

### 1. Status summary of operation and assets for the fiscal year ended December 31, 2025 (January 1, 2025 – December 31, 2025)

#### (1) Operating results

(Percentages show changes from the previous year)

	Operating revenue		Operating income		Ordinary income		Net income	
	JPY1M	%	JPY1M	%	JPY1M	%	JPY1M	%
Fiscal year ended								
December 31, 2025	45,564	36.1	31,052	49.4	26,748	46.4	27,145	48.6
December 31, 2024	33,481	26.0	20,779	38.4	18,273	39.1	18,272	39.1

	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	JPY	%	%	%
Fiscal year ended				
December 31, 2025	5,325	9.4	5.0	58.7
December 31, 2024	3,755	6.9	3.9	54.6

(Note) Net income per unit is calculated based on the period-average number of investment units issued.

#### (2) Cash distributions

	Dividend per unit (Excess of earnings exclusive)	Total dividends (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings	Total dividends from excess of earnings	Payout ratio	Dividend to net assets
	JPY	JPY1M	JPY	JPY1M	%	%
Fiscal year ended						
December 31, 2025	5,061	25,795	—	—	95.0	8.9
December 31, 2024	3,937	20,066	—	—	109.8	7.3

(Note 1) The source of dividends for the fiscal year ended December 31, 2025, is calculated by adding ¥468 million of reversal of reserve for temporary difference adjustment to the net income and subtracting ¥1,818 million of reserve for tax purpose reduction entry.

(Note 2) The source of dividends for the fiscal year ended December 31, 2024, is calculated by adding ¥1,795 million of reversal of the reserve for temporary difference adjustment to unappropriated retained earnings.

(Note 3) Payout ratio is calculated using the following formula, rounded off to one decimal place.

Total dividends (total dividends from excess of earnings exclusive) / Net income x 100

### (3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
Fiscal year ended	JPY1M	JPY1M	%	JPY
December 31, 2025	576,683	293,114	50.8	57,507
December 31, 2024	498,930	283,402	56.8	55,601

(Note) Net assets per unit are calculated based on the total number of investment units issued and outstanding at the end of the fiscal year.

### (4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	JPY1M	JPY1M	JPY1M	JPY1M
December 31, 2025	33,752	(71,868)	44,067	41,981
December 31, 2024	22,758	(64,736)	49,492	36,029

## 2. Operating forecast for the fiscal year ending December 31, 2026 (January 1, 2026 – December 31, 2026)

(Percentages show changes from the previous year)

	Operating revenue		Operating income		Ordinary income		Net income		Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
	JPY1M	%	JPY1M	%	JPY1M	%	JPY1M	%	JPY	JPY
Midterm	21,699	1.0	13,821	(4.4)	10,814	(12.6)	10,814	(15.3)	—	—
Full year	50,979	11.9	34,255	10.3	27,912	4.4	27,911	2.8	5,177	—

(Reference) Estimated net income per unit for the fiscal year ending December 31, 2026 (full year): ¥4,796

(Calculated based on the estimate of period-average number of investment units of 5,818,683.)

(Note) The source of the dividend payment is planned to be calculated by adding ¥3,071 million of reversal of reserve for temporary difference adjustment to the net income.

### \* Other

(1) Changes in accounting policies, changes in accounting estimates, and restatement of financial statements for prior period after error corrections

(a) Changes in accounting policies due to revisions to accounting standards and other regulations: No Change

(b) Changes in accounting policies due to other reasons than above (a): No change

(c) Changes in accounting estimates: No change

(d) Restatement of financial statements for prior period after error corrections: No change

(2) Total number of investment units issued and outstanding

(a) Total number of investment units issued and outstanding at the end of the fiscal year

(including investment units owned by Japan Hotel REIT Investment Corporation (JHR))

As of December 31, 2025 5,097,006 units

As of December 31, 2024 5,097,006 units

(b) Number of JHR's own investment units held at the end of the fiscal year

As of December 31, 2025 0 unit

As of December 31, 2024 0 unit

(Note) For the number of investment units serving as the basis of computation of net income per unit, please refer to "Notes on per unit information" on page 41.

\* Financial reports are exempt from the audit by a certified public accountant or an auditing firm.

### \* Special items

Forward-looking statements presented in this financial report including operating forecasts are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially from these forecasts due to a number of factors.

Moreover, this forecast is not intended to guarantee any dividend amount. For use of assumptions of operating forecast and notes, please see "1. Operating results (1) Operating results (B) Outlook for the next fiscal year" on page 6 and "Assumptions of the operating forecast for the midterm of the fiscal year ending December 31, 2026 (27th period) and the full fiscal year ending December 31, 2026 (27th period)" on page 14.

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# 1. Operating results

## (1) Operating results

### (A) Overview of the fiscal year under review

#### a. Brief history and principal activities

Japan Hotel REIT Investment Corporation (JHR) was established under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trusts Act”) on November 10, 2005, and was listed on the Real Estate Investment Trust (REIT) section of the Tokyo Stock Exchange (Securities code: 8985) on June 14, 2006.

JHR entrusts asset management to Japan Hotel REIT Advisors Co., Ltd. (hereinafter referred to as the “Asset Management Company”). Focusing on importance as social infrastructure and profitability as investment real estate of hotels, JHR primarily invests in real estate which are wholly or partially used as hotels or real estate equivalents of such real estate or related assets that are backed by such real estate or real estate equivalents (hereinafter referred to as “Real Estate for Hotels, etc.”).

JHR, the former Nippon Hotel Fund Investment Corporation, merged with Japan Hotel and Resort, Inc. with an effective date of April 1, 2012 (hereinafter referred to as the “Merger”), and changed its name to Japan Hotel REIT Investment Corporation. Since the Merger through the end of the fiscal year under review, JHR has carried out eleven public offerings for capital increase and continuously acquired “highly competitive hotels” in mainly “strategic investment areas” where domestic and inbound leisure demand can be expected over the medium to long term.

By implementing the aforementioned growth strategy, JHR has expanded its asset size while improving the quality of its portfolio through new property acquisitions of 37 properties amounting to ¥429,077 million (acquisition price basis) in total since the Merger through the end of the fiscal year under review. As a result, JHR had a portfolio of 51 properties with a combined acquisition price of ¥515,391 million, and the total number of investment units issued and outstanding stood at 5,097,006 units at the end of the fiscal year under review.

#### b. Investment performance for the fiscal year under review

Throughout the period under review (the 12-month period from January 1, 2025 to December 31, 2025), the Japanese economy continued to show a gradual recovery trend against a backdrop of factors such as an increase in capital investment and an improvement in the employment situation, although it was affected by U.S. trade policy.

Regarding the domestic accommodation and tourism market, in addition to strong domestic accommodation demand, the number of foreign visitors to Japan (hereinafter referred to as “inbound visitors”) is estimated to reach 42.68 million in 2025, representing a year-on-year increase of 15.8% according to the Japan National Tourism Organization (JNTO), marking a new record for the highest annual number of inbound visitors. Rumors of a major disaster occurring in Japan in July 2025 led to a temporary decline in inbound visitors, particularly from Hong Kong. Additionally, the Chinese government’s request in November 2025 for its citizens to refrain from traveling to Japan had some impact on inbound visitors from China starting that month. However, the strong trend of inbound demand for Japan itself remained unchanged, and an increase in the number of inbound visitors continued. Moreover, based on the preliminary figures from the Overnight Travel Statistics Survey (Japan Tourism Agency), the number of Japanese overnight guests at domestic accommodations in 2025 was 476 million (down 3.8% year-on-year), showing a steady trend, while the number of foreign overnight guests in 2025 was 177 million (up 7.8% year-on-year), exceeding the previous year’s level. As a result, the total number of overnight guests at domestic accommodation facilities in 2025 was 653 million (down 0.9% year-on-year).

Against this favorable backdrop, JHR sold the Washington Hotel Plaza Hakata, Nakasu (sale price: ¥4,610 million) in January 2025 and acquired the Hilton Fukuoka Sea Hawk (acquisition price: ¥64,350 million) in February 2025. By selling the Washington Hotel Plaza Hakata, Nakasu, which had limited potential for rent increases due to a standard lease agreement with only fixed rent, and acquiring the Hilton Fukuoka Sea Hawk, a highly competitive hotel in a region where domestic and international leisure demand is expected to grow in the medium to long term, JHR has improved the quality of its portfolio.

For internal growth, JHR has worked to increase revenue by raising average room rates through guest room renovations as well as effective marketing measures and meticulous revenue management to capture high-end domestic and overseas leisure demand, through maintaining close communication with the lessees and operators of each hotel. At the same time, JHR continued to work on measures to reduce operating costs and other efforts to improve profitability.

In addition, as part of its internal growth strategy, JHR implemented strategic CAPEX (capital expenditure) to improve earnings and strengthen competitiveness. By implementing strategic CAPEX, which involves selecting hotels with high growth potential and increasing revenue from guest rooms, restaurants, etc., JHR has worked to improve hotel revenue through renovations.

As a result of these initiatives, with regard to the performance of the hotels owned by JHR, the RevPAR (Note 2) of the 28 Hotels with Variable Rent, etc. (Note 1) for the fiscal year under review was ¥18,545 (up 14.3% year-on-year), and GOP (Note 3) was ¥29,497 million (up 16.5% year-on-year), both increasing significantly compared to the previous year.

For further details of sales, GOP (gross operating profit) and other operating indexes for the 28 Hotels with Variable Rent, etc., please refer to “<Reference Information 2> Hotel operation indexes, sales and GOP (Gross Operating Profit)” on page 21.

(Note 1) The 28 Hotels with Variable Rent, etc., refer to the following 28 hotels. The same shall apply hereinafter.

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  
the b hakata

(Note 2) RevPAR represents Revenue Per Available Room, which is calculated by dividing total room sales (including service charges) for a given period by the total number of guest rooms available for sale during the same period. The same shall apply hereinafter.

(Note 3) GOP refers to Gross Operating Profit, which is the amount remaining after deducting expenses related to hotel operations, such as personnel costs and general administrative expenses from hotel sales. The same shall apply hereafter.

#### c. Funding status

In the fiscal year under review, JHR newly borrowed ¥64,350 million to fund the acquisition of Hilton Fukuoka Sea Hawk in February 2025. For these loans, the maximum period was set at approximately seven years, with the aim of extending the borrowing period and staggering the repayment due dates for the respective loans over that time.

Additionally, JHR borrowed a total of ¥31,000 million to refinance existing loans due for repayment in the fiscal year under review, achieving refinancing through long-term loans with maturities up to nine years. Of this amount, ¥19,400 million was refinanced with green loans. In addition, for the ¥2,800 million thirteenth unsecured investment corporation bonds that matured in September 2025, JHR issued ¥1,800 million of the fourteenth unsecured investment corporation bonds (green bonds) and ¥800 million of the fifteenth unsecured investment corporation bonds in September 2025 to allocate to the redemption, and the remaining amount was covered using cash on hand.

Of the total funds raised, ¥87,350 million was procured at fixed interest rates or rates fixed through swap agreements.

Consequently, as of the end of the fiscal year under review, the balance of interest-bearing debt totaled ¥269,381 million, including current portion of long-term loans payable of ¥22,780 million, long-term loans payable of ¥212,901 million, current portion of investment corporation bonds of ¥13,100 million and investment corporation bonds of ¥20,600 million. As a result, the appraisal-based LTV (Note) at the end of the fiscal year under review stood at 35.3%, and the ratio of fixed interest rate to total interest-bearing debt at the end of the fiscal year under review was at 80.1%.

(Note) Appraisal-based LTV at the end of the fiscal year under review = Balance of interest-bearing debt at the end of the period/ (Total assets at the end of the period + unrealized gains and losses) x 100  
 Unrealized gains and losses are calculated by deducting the total book value of assets held at the end of the period from the total appraisal value at the end of the fiscal year under review as the date of appraisal. The same shall apply hereinafter.  
 The total asset-based LTV at the end of the fiscal year under review is 46.7%.  
 Total asset-based LTV at the end of the fiscal year under review = Balance of interest-bearing debt at the end of the period/Total assets at the end of the period x 100

JHR's issuer ratings as of the end of the fiscal year under review are as follows:

Rating agency	Rating details	
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating: A+	Outlook: Positive
Rating and Investment Information, Inc. (R&I)	Issuer Rating: A	Rating Outlook: Positive

d. Financial results

As a result of the abovementioned asset management, for the year under review, JHR recorded operating revenue of ¥45,564 million, operating income of ¥31,052 million, ordinary income of ¥26,748 million, and net income of ¥27,145 million. Furthermore, of the gain on sale of real estate properties, JHR decided to internally reserve ¥1,818 million as reserve for advanced depreciation.

With regard to dividends, it was decided that ¥25,795 million, which excluded fractions of less than one yen of dividend per unit from ¥25,798 million, an amount calculated by deducting the above-mentioned reserve for advanced depreciation of ¥1,818 million and adding a reversal of reserve for temporary difference adjustment (appropriation for dividends) of ¥468 million to unappropriated retained earnings of ¥27,147 million, would all be distributed. Consequently, the dividend per unit came to ¥5,061.

(B) Outlook for the next fiscal year

a. Investment policies and issues to be addressed

Regarding the outlook for the Japanese economy, although it is necessary to closely monitor factors such as continued price increases and downside risks to the economy due to U.S. trade policy, improvements in the employment and income environment, along with the effects of various government policies, are expected to support a gradual recovery.

With regard to the domestic accommodation and tourism market, domestic accommodation demand is expected to remain strong. Although inbound demand is expected to be affected by trends in China for a certain period, JHR believes that robust inbound demand continues due to the increase in inbound visitors from other countries and regions.

JHR will aim to increase sales in accommodation business by proactively capturing demand in the robust accommodation market, continuing to implement effective marketing initiatives and meticulous revenue management, and capturing domestic and international leisure demand at high average room rates. At the same time, in non-accommodation business, JHR will strive to increase sales through effective initiatives in both physical aspects (renovation, etc.) and non-physical aspects (service improvement, etc.). In terms of costs, JHR will continue to operate efficiently by reviewing hotel operations in collaboration with lessees and operators, as it has done in the past, while optimizing resources and striving to improve profitability. Furthermore, JHR plans to select hotels with particularly high growth potential and implement renovations using strategic CAPEX with the aim of increasing revenue from rooms and other sources.

JHR expects that inbound accommodation demand will continue to increase over the medium to long term, driven by the significant potential for overseas travel demand globally. Consequently, JHR considers that the tourism and accommodation market is expected to grow. JHR considers that the asset management capability of the Asset Management Company will particularly lead to the differentiation of the hotels' performance, in addition to their locations, competitiveness and their operator's capability (including the operator's ability to differentiate the hotels they operate from other hotels, improve

profitability including cost management and capture demand).

Recognizing this environment, JHR, along with the Asset Management Company, will continue to implement a differentiation strategy that leverages its experience as a J-REIT specializing in hotels and will manage its properties according to the following policy.

#### Internal growth

JHR will secure stability mainly through fixed rents and upside potential through the implementation of an active asset management strategy that actively seeks to improve property profitability and asset value through various means, including the adoption of brands that match the characteristics of the hotel and collaboration with the HMJ Group (Note).

(Note) HMJ stands for Hotel Management Japan Co., Ltd. (hereinafter referred to as “HMJ”), which is a group company of the Asset Management Company. HMJ and its subsidiaries are collectively referred to as the “HMJ Group.” The same shall apply hereinafter.

For fixed-rent properties, JHR will continue to focus on setting and maintaining appropriate rents, considering either the market rent level where each hotel is situated, or the lessee's creditworthiness and capacity to bear rent. Additionally, JHR intends to increase rents (including the introduction of revenue-sharing rent) in alignment with the accommodation market's conditions.

For hotels under variable rent contracts and under a management contract structure, JHR is working to increase variable rent, etc. by implementing active asset management strategies.

#### (a) Properties under variable rent contracts

JHR works to enhance the profitability of its properties under variable rent contracts through its active asset management strategies. JHR has adopted world-leading international brands such as Hilton, Sheraton, Mercure and Holiday Inn as well as leading brands in Japan including Oriental Hotel (brand of the HMJ Group) and Hotel Nikko and, together with excellent operators, aims to increase variable rent, etc. through improved performance of these hotels.

JHR collaborates with the operators to boost hotel performance by requesting them to implement marketing strategies to attract domestic and inbound visitors considering the growth potential of their demand, measures to maintain and increase room rates, and realization of synergy effects such as cost reductions by managing multiple properties.

Meanwhile, JHR will continue to work closely with the lessees and operators of each hotel to create attractive products and provide added value by fully utilizing the characteristics of the owned properties, effective marketing measures, and expansion of sales channels in order to capture domestic and overseas demand in the future. In addition, JHR will continue its efforts for cost management and operational rationalization and promote various measures to improve hotel revenues.

Moreover, JHR will strive to improve hotel earnings by accurately grasping the conditions in the domestic accommodation and tourism market, including the changing needs of guests, and implementing strategic CAPEX as necessary. The renovations of all guest rooms at Oriental Hotel Tokyo Bay, which began in 2023, and at La'gent Stay Sapporo Odori, which began in 2024, were completed in 2025. In addition, at OKINAWA HARBORVIEW HOTEL, a large-scale renovation of the entire hotel, including the pool, guest rooms, and restaurants, has been underway since 2025. Renovations of the guest rooms, restaurants, and other areas (excluding the pool) were completed in 2025, and the pool renovation is scheduled for completion in the first half of 2026. Furthermore, a large-scale renovation of the entire Hilton Tokyo Odaiba is planned from 2026 to 2027. Additionally, at Hilton Fukuoka Sea Hawk, acquired in 2025, renovations of guest rooms, the Executive Lounge, and other areas are scheduled to begin sequentially from 2026.

(b) Properties under fixed rent contracts

JHR will monitor operating conditions of these hotels appropriately and pay careful attention to each lessee's ability to bear the cost of rent. JHR will negotiate rent increases and the introduction of variable rent with hotels whose performance and rent-bearing capacity have recovered in order to increase JHR's revenue from these hotels. In addition, JHR will continuously execute investment to maintain and renew facilities and equipment in order to ensure each hotel becomes prominent in the market and to maintain and enhance asset value.

External growth

In terms of external growth strategy, JHR will continue targeting acquisition of highly competitive real estate for hotels, etc. (Hotel Assets) in areas which can expect "domestic and inbound leisure demand" over the medium to long term. In addition, JHR will build a portfolio which can secure stable revenues with future growth potential in mind in order to achieve upside gains.

Upon acquiring properties, JHR will focus on infrastructure aspects of the relevant Hotel Assets such as buildings and facilities, services aspects such as the credibility of the hotel lessee and operator (including the ability of the hotel lessee to bear the cost of rent) as well as operation and management capabilities, and the properties' locational superiority that serves as the base for stability in demand and growth potential.

Specifically, JHR will aim to invest in "full-service hotels" and "resort hotels" that pose barriers to new opening due to such factors as operation and management know-how required for operating the hotels and limitations in terms of invested capital and location. As for "limited-service hotels," JHR emphasizes the credibility and operation capabilities of the hotel lessee and operator as well as the building age, location, guestroom composition, profitability, etc. of the properties. Moreover, JHR will take a particularly selective approach to hotels specialized for accommodation and of a budget type (low price zone) that mainly offers single rooms and where the source of competitiveness relies only on prices.

In the hotel trading market, against the backdrop of a recovery and growth expectations in the hotel industry, along with an active lending stance by financial institutions, not only for foreign investors but also domestic investors, including J-REITs, are actively considering investments in hotels. This could lead to an increase in active buying and selling of hotels. Going forward, while closely monitoring market trends from many angles, JHR will flexibly respond to changes in earnings structures of hotels and the investment environment by leveraging the strengths and advantages it has cultivated as a J-REIT specializing in hotel investment and JHR will aim to expand asset size that accompanies improvement of the portfolio quality through acquiring highly competitive properties, while utilizing the operation platform of the HMJ Group as necessary.

Finance strategy

JHR will focus on enhancing financial stability and soundness and intends to maintain and improve the relationship of trust with the financial institutions with which it does business through close communication, which will strengthen the lender formation.

Amid expectations for further growth in the hotel market, JHR will continue to pay attention to borrowing costs while aiming to maintain a certain ratio of fixed interest rate debt, extend loan maturities, and stagger repayment deadlines. At the same time, JHR will strengthen its financial base by inviting new lenders and appropriately controlling capital expenditures. Regarding LTV, JHR's policy is to control leverage by appraisal-based LTV and to operate with a cap of 40% for the appraisal-based LTV in principle. In addition, JHR will further diversify its financing methods, including consideration of issuing investment corporation bonds and utilizing green finance.

#### Policy on handling of negative goodwill

From the fiscal year ended December 31, 2017 (18th period), JHR started appropriation for dividends through reversal of reserve for temporary difference adjustment in connection with partial amendments to the “Ordinance on Accounting of Investment Corporations” (Cabinet Office Ordinance No. 47 of 2006, as amended; hereinafter referred to as the “Ordinance on Accountings of Investment Corporations”) and the “Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations” of The Investment Trusts Association, Japan. JHR stipulated a policy to reverse ¥262 million (hereinafter called the “50-year amortization amount of negative goodwill”), which is an amount equivalent to 2% (1/50) of the balance of the reserve for temporary difference adjustment for the fiscal year ended December 31, 2017, to pay out as dividends every year, with the balance of the reserve for temporary difference adjustment remaining at the time of reversal set as the maximum reversal amount (Note).

Furthermore, in cases of incurrence of losses caused by property dispositions, impairment loss of assets, dilution of dividend per unit due to the issuance of new investment units through public offerings, etc., loss on retirement of noncurrent assets, and suspension of sales and such due to large-scale renovations with significant impact on revenues, JHR stipulated a policy to reverse additional portion of the negative goodwill on top of the 50-year amortization amount of negative goodwill (¥262 million) (Note).

(Note) The policy may change due to a resolution of the board of directors, and it does not guarantee the method of reversing the reserve for temporary difference adjustment, and amounts to be reversed, etc., in the future.

#### Initiatives for sustainability

In recent years, consideration for ESG (Environment, Social and Governance) has grown in importance in the investment management industry from the standpoint of long-term sustainability. JHR recognizes that conducting real estate investment management that considers ESG is important to maximize unitholder value and to further raise the attractiveness of JHR. In addition, JHR believes that it is indispensable to establish favorable relationships with its stakeholders, including unitholders, hotel guests, lessees, operators, business partners such as property managers, local communities, and officers and employees of the Asset Management Company, and to fulfill our social responsibilities expected from each of them.

In order to put these ideas into practice, JHR, together with the Asset Management Company, has established “Sustainability Policy” as guidance for its ESG initiatives, promoting efforts based on this policy. JHR will continue to recognize its social responsibility toward the community as a J-REIT specializing in hotels and will actively engage in social contribution activities.

#### ■ Identification of Materiality (Key Issues) Related to ESG

In December 2021, JHR identified ESG-related materiality (Key Issues) for JHR from two perspectives: stakeholder expectations and the impact on JHR’s business.

#### ■ Acquisition of Third-party Certifications Related to ESG and Green Buildings

JHR has acquired the following third-party certifications related to ESG and green buildings to ensure the reliability and objectivity of its efforts to reduce environmental impact.

- GRESB (Note 1) Real Estate Assessment

JHR achieved a “3 Stars” in the 2025 GRESB Real Estate Assessment and received a “Green Star” for the eighth consecutive year.

- BELS (Note 2) Certification

JHR acquired the Building-Housing Energy-efficiency Labeling System (BELS) Certification for Hotel Nikko Alivila and Mercure Okinawa Naha in February 2018 and for UAN Kanazawa in February 2024, bringing the total number of BELS-certified properties in JHR’s portfolio to three.

- CASBEE (Note 3) Certification for Buildings

In April 2020, Hilton Tokyo Odaiba obtained the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Certification for Buildings, marking the first such recognition for an existing hotel property, and it re-obtained

the certification in December 2024. In May 2021, Oriental Hotel Fukuoka Hakata Station also received the CASBEE Certification for Buildings.

• DBJ Green Building Certification (Note 4)

In January 2025, Kobe Meriken Park Oriental Hotel and Oriental Hotel Tokyo Bay obtained the DBJ Green Building Certification; in August 2025, Oriental Hotel Okinawa Resort & Spa, Hotel Oriental Express Fukuoka Tenjin, and MIMARU Tokyo Shinjuku West obtained the certification; and in December 2025, Hilton Tokyo Bay and Hilton Fukuoka Sea Hawk obtained the certification. With these acquisitions, the number of JHR hotels that have acquired this certification has increased to 10.

■ Initiatives for Climate Change

In November 2021, The Asset Management Company has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), and has joined the TCFD Consortium, an organization of Japanese companies that support the TCFD recommendations. In August 2022, JHR disclosed its efforts to address the four disclosure themes recommended by the TCFD, including the financial impact of climate change scenario analysis. JHR is also progressively clarifying its numerical targets by establishing and disclosing a CO2 reduction target by 2050 in February 2023.

■ Formulation of Green Finance Framework

In January 2024, JHR formulated the Green Finance Framework as a framework for financing environmentally friendly projects. Under the framework, JHR borrowed ¥4,400 million in March 2025, ¥14,000 million in September 2025, and ¥1,000 million in November 2025 as green loans, and issued ¥1,800 million as green bonds in September 2025. JHR will continue to strive to promote initiatives for environmental improvement by utilizing funds procured under the framework.

■ Initiatives in collaboration with hotel lessees, etc.

JHR collaborates with hotel lessees, etc. to engage in activities that utilize the characteristics of hotels, such as local environmental conservation activities, community culture and arts activities, and childcare support.

■ Initiatives for employees

The Asset Management Company develops a comfortable and appealing work environment and provides ongoing professional education and training opportunities so that officers and employees may feel highly motivated to improve quality and have an incentive to work over the medium to long term.

■ Release of ESG Report

Since March 2023, JHR has been publishing an ESG report annually. Together with Asset Management Company, JHR will continue to actively promote and expand various sustainability initiatives and disclosures.

(Note 1) GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) considerations of real estate companies and funds. It evaluates initiatives for the sustainability of real estate companies, REITs and real estate funds, not of individual properties. The GRESB Rating makes relative assessment based on total scores, with 5 Stars being the highest ranking.

(Note 2) 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.

(Note 3) 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.

(Note 4) DBJ (Development Bank of Japan) Green Building Certification is a certification program established by Development Bank of Japan Inc. (DBJ) to support environmentally and socially conscious real estate management (“Green Buildings”).

b. Significant subsequent events

(a) Conclusion of contract on acquisition of asset

JHR concluded a purchase and sale agreement regarding acquisition of the following asset on February 25, 2026.

Name of asset for anticipated acquisition	HYATT REGENCY TOKYO
Asset category	Real estate beneficial interest in trust and movable assets associated with the hotel
Asset type	Hotel
Location	2-7-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Anticipated acquisition date	March 13, 2026
Seller	GK Midtown Tokyo
Anticipated acquisition price (Note)	¥126,000 million

(Note) The acquisition price does not include expenses for acquisition, settlement of property tax and city planning tax, and consumption taxes.

(b) Resolution on borrowing of funds

JHR resolved on February 25, 2026 to conduct new borrowings as follows, in order to partly fund the acquisition of HYATT REGENCY TOKYO as described above in “(a) Conclusion of contract on acquisition of asset.”

Names of loan	Lenders	Amount of the new loan (JPY1M)	Interest rate (Note)	Borrowing date	Maturity date	Collateral / method of repayment
Term Loan 127	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Development Bank of Japan Inc. The Chiba Bank, Ltd.	22,000	Base interest rate + 0.250%	March 13, 2026	March 15, 2027	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date
Term Loan 128	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Resona Bank, Limited Development Bank of Japan Inc. Daiwa Next Bank, Ltd.	8,000	Base interest rate + 0.275%	March 13, 2026	March 31, 2028	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date
Term Loan 129	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Resona Bank, Limited Development Bank of Japan Inc. Daiwa Next Bank, Ltd. Kansai Mirai Bank, Limited	10,000	Base interest rate + 0.350%	March 13, 2026	March 29, 2030	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date
Term Loan 130	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Resona Bank, Limited Development Bank of Japan Inc. The Chiba Bank, Ltd. Daiwa Next Bank, Ltd. Kansai Mirai Bank, Limited	25,000	Base interest rate + 0.400%	March 13, 2026	March 31, 2031	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date

(Note) The base interest rate to be applied to the calculation period of the interest to be paid on the interest payment date will be JBA Japanese Yen TIBOR for one month as of two business days prior to the immediately preceding interest payment date (or, two business days prior to the

borrowing date as to the first interest calculation period). However, as to Term Loan 127, the base interest rate to be applied will be JBA Japanese Yen TIBOR for twelve months as of two business days prior to the borrowing date.

(c) Resolution on issuance of new investment units

JHR resolved to issue new investment units at the Board of Directors meetings held on February 25, 2026, as outlined below. The issue price and other conditions will be determined at the Board of Directors meetings to be held later.

(i) Issuance of new investment units (domestic public offering and overseas offering)

Number of investment units to be issued : 848,991 units (maximum) (Note 1)

Payment date : Any day between March 9, 2026 and March 11, 2026

(Note 1) Total of 807,000 units to be underwritten and 41,991 units, the maximum number of investment units to be additionally issued subject to an option granted to the overseas underwriters.

(ii) Issuance of new investment units (third-party allotment) (Note 2)

Number of investment units to be issued : 38,709 units (maximum)

Payment date : April 7, 2026

Allottee : SMBC Nikko Securities Inc.

(Note 2) There may be cases where there is no subscription for the number of investment units of the third-party allotment, in whole or in part. As a result, there may be cases where the final number of investment units of the third-party allotment is reduced by that extent or the issuance itself does not take place at all due to forfeiture.

(iii) Use of the proceeds

The proceeds will be allocated to partially fund the acquisition of HYATT REGENCY TOKYO as described in “(a) Conclusion of contract on acquisition of asset” above. The remainder of the proceeds will be retained as cash on hand to partially fund future acquisitions of specified assets or for repairs and capital expenditures to maintain and improve the competitiveness of existing properties.

c. Operating forecast

JHR estimates its operating forecast for the midterm of the fiscal year ending December 31, 2026 (27th period) and the full year ending December 31, 2026 (27th period) as follows. For the assumptions of the operating forecast, please refer to “Assumptions of the operating forecast for the midterm of the fiscal year ending December 31, 2026 (27th period) and the full fiscal year ending December 31, 2026 (27th period)” on page 14.

Midterm of the fiscal year ending December 31, 2026 (27th period)

Operating revenue	¥21,699 million
Operating income	¥13,821 million
Ordinary income	¥10,814 million
Net income	¥10,814 million

Full year of the fiscal year ending December 31, 2026 (27th period)

Operating revenue	¥50,979 million
Operating income	¥34,255 million
Ordinary income	¥27,912 million
Net income	¥27,911 million
Dividend per unit	¥5,177
Dividend per unit resulting from excess of earnings	¥—

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. As such, actual operating revenue, operating income, ordinary income, net income (net income for midterm period), dividend per unit, and dividend per unit resulting from excess of earnings may vary due to changes in the circumstances. Furthermore, the forecasts are not intended to guarantee any dividend amount.

Assumptions of the operating forecast for the midterm of the fiscal year ending December 31, 2026 (27th period) and full fiscal year ending December 31, 2026 (27th period)

Item	Assumptions				
Calculation Period	<ul style="list-style-type: none"> <li>Midterm of the fiscal year ending December 2026 (27th Period): January 1, 2026 through June 30, 2026 (181 days)</li> <li>Full fiscal year ending December 2026 (27th Period): January 1, 2026 through December 31, 2026 (365 days)</li> </ul>				
Assets under Management	<ul style="list-style-type: none"> <li>The 51 properties owned by JHR as of today and the following property (Asset for Anticipated Acquisition), for a total of 52 properties are assumed.</li> </ul> <p data-bbox="331 472 699 499">&lt; Asset for Anticipated Acquisition &gt;</p> <table border="1" data-bbox="320 499 1311 577"> <thead> <tr> <th data-bbox="320 499 651 537">Anticipated acquisition date</th> <th data-bbox="651 499 1311 537">Name of asset</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 537 651 577">March 13, 2026</td> <td data-bbox="651 537 1311 577">HYATT REGENCY TOKYO</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>It is assumed that there will be no change (acquisition of new property or disposition of the existing properties, etc.) in assets under management other than the above through the end of the fiscal year ending December 2026 (27th period). However, changes in the actual assets under management may take place.</li> </ul>	Anticipated acquisition date	Name of asset	March 13, 2026	HYATT REGENCY TOKYO
Anticipated acquisition date	Name of asset				
March 13, 2026	HYATT REGENCY TOKYO				
Number of issued investment units	<ul style="list-style-type: none"> <li>In addition to the number of investment units issued as of today (5,097,006 units), it is assumed that all 887,700 new investment units will be issued through the domestic public offering and the overseas offering (up to 848,991 units) (investment units to be purchased and underwritten by the domestic and the overseas underwriters in the Offering and all additional new investment units to be issued upon the exercise of the over-allotment option granted to the overseas underwriters) and by way of third party allotment (up to 38,709 units) determined by the resolution at the JHR's Board of Directors meeting held today. Dividend per unit is calculated based on the expected outstanding 5,984,706 investment units as of the end of the fiscal year ending December 2026 (27th Period).</li> <li>It is assumed that there will be no additional issuance of investment units or purchase of own investment units other than the above until the end of the fiscal year ending December 2026 (27th Period).</li> </ul>				

Item	Assumptions																																																																																			
Operating Revenue	<ul style="list-style-type: none"> <li>Operating revenue is calculated based on the conditions of the lease and other effective contracts, etc., considering the competitiveness of hotels, market environment, and other factors. If there are lease contracts with facilities other than hotels, such as commercial facilities and offices, operating revenue calculated based on the said lease contracts is included.</li> </ul>																																																																																			
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(*3) The rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA, is disclosed.																																																																																				
(*4) The management contract system is adopted. The management contract system refers to the operation of the hotel property owned by JHR by entrusting the operation of the hotel to the trustee and incorporating the results of the operation into JHR as income from real estate management. Each hotel's GOP amount is recognized in operating revenues as income from management contracts.																																																																																				

Item	Assumptions					
Operating Revenue	(2) Other hotels with variable rent, etc. <span style="float: right;">(Unit: millions of yen)</span>					
	(Unit: millions of yen)					
		Midterm		Full year		
	dormy inn Kumamoto	30		120		
	Comfort Hotel Tokyo Higashi Nihombashi	86		86		
	Smile Hotel Nihombashi Mitsukoshimae	43		43		
	Chisun Hotel Kamata	89		176		
	Chisun Inn Keikyū Kamata	54		102		
	Hilton Tokyo Bay	Undisclosed (*5)		Undisclosed (*5)		
	Hotel Francs	82		164		
	Hilton Nagoya	Undisclosed (*5)		Undisclosed (*5)		
	Hilton Tokyo Odaiba	—(*6)		—(*6)		
	UAN kanazawa	6		23		
	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	186		484		
	La'gent Stay Sapporo Odori	300		665		
	MIMARU Tokyo Shinjuku West	Undisclosed (*5)		Undisclosed (*5)		
	HOTEL AMANEK Shinjuku-Kabukicho	Undisclosed (*5)		Undisclosed (*5)		
	OKINAWA HARBORVIEW HOTEL	—		450		
	Total	1,702		4,707		
		(*5) Undisclosed, since tenants that concluded lease contracts do not agree to disclose rent revenue, etc.				
	(*6) A large-scale renovation is planned for Hilton Tokyo Odaiba from February 2026 to the end of December 2027 (hereinafter called the "Renovation"). Since no variable rent is expected during the renovation period, it is indicated as "—".					
	(3) Asset for Anticipated Acquisition (HYATT REGENCY TOKYO)					
	Rent is based on fixed rent and variable rent. Calculation method for variable rent is as follows:					
	Variable rent = [Amount calculated based on AGOP (*7) of the hotel – JPY2,980 million] × 97.5%					
	However, if calculated amount is below zero, the variable rent will be zero.					
	(Unit: millions of yen)					
	Fixed rent (*8)		Variable rent		Total	
	Midterm	Full year	Midterm	Full year	Midterm	Full year
	1,090	2,890	1,147	3,248	2,237	6,138
	(*7) AGOP (Adjusted GOP = GOP after adjustment) is the amount calculated by subtracting certain fees and other items from GOP. GOP (gross operating profit) is the remainder after expenses incurred in hotel operation, such as personnel costs and general administrative expenses, etc., are deducted from total sales. The same shall apply hereinafter.					
	(*8) The annual fixed rent will be JPY3,600 million. The rent for the period ending December 2026 for the Asset for Anticipated Acquisition is an estimated amount for 294-day from March 13, 2026 to December 31, 2026.					
	• The following is the breakdown of variable rent and income from management contracts. <span style="float: right;">(Unit: millions of yen)</span>					
	Midterm		Full year			
	29 Hotels with Variable Rent, etc.		7,378		19,358	
	Other hotels with variable rent, etc.		1,702		4,707	
	Asset for Anticipated Acquisition		1,147		3,248	
	Office and commercial tenants		12		28	
	Total		10,241		27,342	
	(*9) For details of variable rent, please refer to "3. Reference Information; (1) Information on values of assets under management, etc. B. Assets under management; (C) Other major assets under management; b. Rent structures of hotels with variable rent, etc."					

Item	Assumptions
Operating Expenses	<ul style="list-style-type: none"> <li>• With respect to real estate operating expenses, which constitute a major part of the operating expenses, expenses other than depreciation, are calculated based on historical data, and variable factors of costs are reflected in the calculation.</li> <li>• It is assumed that the JPY2,600 million will be recognized as expenses for fixed asset taxes, city planning taxes, etc. In general, fixed asset tax and city planning tax and other taxes and public dues on assets acquired during the fiscal year are settled with the previous owners on a pro rata basis of the holding period. For JHR, such settlement amount is included in the acquisition price. Therefore, the fixed asset tax and city planning tax, etc. of the Asset for Anticipated Acquisition will not be recorded in the costs for the relevant calculation period.</li> <li>• Capital expenditure is assumed to be JPY12,907 million (JPY8,080 million for capital expenditure I, JPY1,097 million for capital expenditure II, and JPY3,728 million for capital expenditure III) for the fiscal year ending December 2026 (27th Period).</li> <li>• (*) JHR classifies capital expenditures into the following 3 categories. (I) Capital investment related to renewal of equipment and facilities of buildings which is required to maintain proper values of properties, (II) capital investment for fixtures, furniture and equipment that are not directly related to building structure or facilities but necessary for operating hotels, and (III) strategic capital investment such as renovating guest rooms, etc. for improving the competitiveness of the hotels.</li> <li>• Depreciation is calculated using the straight-line method including the planned capital expenditures above and is assumed to be JPY7,893 million.</li> <li>• Repair expenses for buildings are recognized as expenses in the assumed amount necessary for each operating period. Please note that the repair expenses of each operating period may differ materially from the forecast amount for various reasons, such as (1) Emergency repair expenses may be necessary due to damage to buildings from unexpected causes; (2) The amount of repair expenses generally tends to increase in difference over time; and (3) Repair expenses are not required on a regular basis.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>• ¥6,342 million is expected for borrowing-related costs, including interest expense, amortization for financing fees, arrangement fees, and other non-operating expenses.</li> </ul>
Interest-bearing Debt	<ul style="list-style-type: none"> <li>• Borrowings associated with the acquisition of Asset for Anticipated Acquisition are assumed to be JPY65,000 million.</li> <li>• The balance of interest-bearing debt (sum of borrowings and investment corporation bonds) as of today is JPY269,355 million and is expected to be JPY334,355 million as of March 31, 2026 after the acquisition of the Asset for Anticipated Acquisition. In the fiscal year ending December 2026 (27th Period), it is assumed that a new borrowing of JPY6,000 million will be made to partially fund the large-scale renovation of Hilton Tokyo Odaiba, resulting in a balance of interest-bearing debt (sum of borrowings and investment corporation bonds) of JPY340,355 million as of the end of the fiscal year ending December 2026 (27th Period).</li> <li>• The amount of loans due by the end of the fiscal year ending December 2026 (27th Period) is JPY20,254 million, but the entire amount is assumed to be refinanced, or investment corporation bonds are assumed to be issued.</li> <li>• The amount of investment corporation bonds due by the end of the fiscal year ending December 2026 (27th Period) is JPY13,100 million, but the entire amount is assumed to be refinanced through borrowings or the issuance of investment corporation bonds.</li> </ul>

Item	Assumptions																										
Dividend per Unit	<ul style="list-style-type: none"> <li>Dividend per unit for the fiscal year ending December 2026 (27th period) is calculated based on the following assumptions.</li> </ul> <table border="1" data-bbox="316 286 1281 678"> <tr> <td>Unappropriated retained earnings</td> <td>¥27,911 million</td> </tr> <tr> <td>Reversal of reserve for temporary difference adjustment (negative goodwill)</td> <td></td> </tr> <tr> <td>    50-year amortization amount of negative goodwill (*1)</td> <td>¥262 million</td> </tr> <tr> <td>    Loss on retirement of noncurrent assets (*2)</td> <td>¥50 million</td> </tr> <tr> <td>    Large-scale renovation (*3)</td> <td>¥1,859 million</td> </tr> <tr> <td>    Depreciation related to Asset for Anticipated Acquisition (*4)</td> <td>¥416 million</td> </tr> <tr> <td>    Correspondence to dilution (*5)</td> <td>¥483 million</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Distributable amount</td> <td>¥30,983 million</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total number of investment units issued</td> <td>5,984,706 units</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Dividend per unit</td> <td>¥5,177</td> </tr> </table> <ul style="list-style-type: none"> <li>(*1) JPY262 million (hereinafter called “50-year amortization amount of negative goodwill”) will be paid out as dividends, with the remaining balance of the reserve for temporary difference adjustment (negative goodwill) set as the maximum amount, for every fiscal year.</li> <li>(*2) Amount recognized as a loss on retirement of non-current assets will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.</li> <li>(*3) With regard to Hilton Tokyo Odaiba, considering the expected impact of the Renovation on dividends, JHR plans to allocate JPY1,859 million from the reserve for temporary difference adjustment (negative goodwill) to offset the loss of variable rent, etc. In the event of changes to the Renovation period, the amount of reversal from the reserve for temporary difference adjustment (negative goodwill) may be revised.</li> <li>(*4) JHR plans to allocate the reserve for temporary difference adjustment (negative goodwill) to cover the depreciation expenses for equipment, etc. related to the Asset for Anticipated Acquisition.</li> <li>(*5) For the dividend per unit for the fiscal year ending December 2026 (27th Period), JHR plans to reverse a reserve for temporary difference adjustment (negative goodwill) in order to cope with dilution of investment units through the issuance of new investment units due to the acquisition of the Asset for Anticipated Acquisition.</li> </ul> <ul style="list-style-type: none"> <li>Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from transfer of assets under management, change of tenants, etc. at hotels, change in the business environment of hotel business for hotel tenants, etc., unexpected repairs, and actual number of new investment units issued, etc.</li> <li>The remaining balance of the reserve for temporary difference adjustment (negative goodwill) after the appropriation of the reserve for temporary difference adjustment (negative goodwill) for dividends for the fiscal year ending December 2026 (27th period) is expected to be ¥ 3,418 million.</li> </ul>	Unappropriated retained earnings	¥27,911 million	Reversal of reserve for temporary difference adjustment (negative goodwill)		50-year amortization amount of negative goodwill (*1)	¥262 million	Loss on retirement of noncurrent assets (*2)	¥50 million	Large-scale renovation (*3)	¥1,859 million	Depreciation related to Asset for Anticipated Acquisition (*4)	¥416 million	Correspondence to dilution (*5)	¥483 million	<hr/>		Distributable amount	¥30,983 million	<hr/>		Total number of investment units issued	5,984,706 units	<hr/>		Dividend per unit	¥5,177
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Asset for Anticipated Acquisition	<ul style="list-style-type: none"> <li>The operating status of the Asset for Anticipated Acquisition for the fiscal year ending December 2026 is assumed as follows.</li> </ul> <p data-bbox="316 1397 628 1424">&lt;HYATT REGENCY TOKYO&gt;</p> <p data-bbox="783 1426 1002 1453">(Unit: millions of yen)</p> <table border="1" data-bbox="309 1451 1002 1688"> <thead> <tr> <th></th> <th>Fiscal year ending December 2026</th> </tr> </thead> <tbody> <tr> <td>Operating days</td> <td>294 days</td> </tr> <tr> <td>Operating revenue</td> <td>6,138</td> </tr> <tr> <td>NOI (*1)</td> <td>5,949</td> </tr> <tr> <td colspan="2">&lt;Reference&gt;</td> </tr> <tr> <td>Appraisal NOI (*1) (*2)</td> <td>6,192</td> </tr> <tr> <td>Appraisal NOI yield (%) (*2) (*3)</td> <td>4.9</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>(*1) <math>NOI = \text{Real estate operating revenue} - \text{Real estate operating costs} + \text{Depreciation} + \text{Loss on retirement of non-current assets} + \text{Asset retirement obligations expenses}</math></li> <li>(*2) NOI for Anticipated Acquisition is calculated based on the NOI, which is the assumption in calculating the revenue value through the direct capitalization method in the real estate appraisal reports as of January 31, 2026.</li> <li>(*3) <math>\text{Appraisal NOI yield} = \text{Appraisal NOI} / \text{Anticipated acquisition price (126,000 million yen)}</math></li> </ul>		Fiscal year ending December 2026	Operating days	294 days	Operating revenue	6,138	NOI (*1)	5,949	<Reference>		Appraisal NOI (*1) (*2)	6,192	Appraisal NOI yield (%) (*2) (*3)	4.9												
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Item	Assumptions
Dividend per Unit Resulting from Excess of Earnings	<ul style="list-style-type: none"> <li>• It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.</li> </ul>
Others	<ul style="list-style-type: none"> <li>• It is assumed that revision in law, tax system, accounting standard, regulations of the listing, and regulations of the Investment Trusts Association, Japan that may impact the forecast above will not be made.</li> <li>• It is assumed that unforeseen significant events will not occur in the general economy, real estate market and hotel business environment, etc.</li> <li>• The numerical values are rounded down to the nearest millions of yen in the assumptions above.</li> </ul>

<Reference Information 1> Highlights of the operating and dividend forecasts

Operating and dividend forecasts for the fiscal year ending December 31, 2026 (27th period) vs previous results and factors causing variance

(Unit: Millions of yen)

	FY12/2026 (27th Period)	FY12/2026 (27th Period)	Difference		Existing properties	Asset for anticipated acquisition (*1)	Factors Causing Variance
	Previous Forecast (A)	Current Forecast (B)	(B)-(A)	% of increase/ decrease			
<b>Properties</b>	No. of Properties	51	52	1	—	—	1
	Acquisition Price	515,391	641,391	126,000	24.4%	—	126,000
<b>Profit and Loss</b>	<b>Operating Revenue</b>	44,840	50,979	6,138	13.7%	—	6,138
	Real Estate Operating Revenue	44,840	50,979	6,138	13.7%	—	6,138
	Fixed Rent	19,671	22,561	2,890	14.7%	—	2,890
	Composition	44.9%	45.2%				
	Variable Rent	24,094	27,342	3,248	13.5%	—	3,248
	Composition	55.1%	54.8%				
	Other Income	1,075	1,075	—	—	—	—
	NOI (*2)	39,828	45,778	5,949	14.9%	—	5,949
	NOI after Depreciation (*2)	32,591	37,832	5,241	16.1%	—	5,241
	Operating Income	29,455	34,255	4,799	16.3%		
Ordinary Income	24,219	27,912	3,693	15.2%			
Net Income	24,218	27,911	3,693	15.3%			
<b>Dividend</b>	Amount of Reversal from Reserve for Temporary Difference Adjustment (Negative Goodwill)	2,171	3,071	900	41.4%	Amount of reversal from reserve for temporary difference adjustments Previous Forecast: 50-year amortization amount on negative goodwill: JPY262MM Loss on retirement of noncurrent assets: JPY50MM Large-scale renovation: JPY1,859MM Current Forecast: 50-year amortization amount on negative goodwill: JPY262MM Loss on retirement of noncurrent assets: JPY50MM Large-scale renovation: JPY1,859MM Depreciation related to Asset for Anticipated Acquisition: JPY416MM Correspondence to dilution: JPY483MM	
	Total Dividends	26,387	30,982	4,595	17.4%		
	No. of Unit Issued (Unit)	5,097,006	5,984,706	887,700	17.4%		
	Dividend per Unit (JPY)	5,177	5,177	—	—		

(\*1) Stating the amount of the impact (forecast) by the acquisition of the Asset for Anticipated Acquisition.

(\*2) Each is calculated using the following formula. The same shall apply hereinafter.

NOI (Net Operating Income) = Real estate operating revenue - Real estate operating costs + Depreciation and amortization + Loss on retirement of noncurrent assets + Asset retirement obligation cost.

NOI after depreciation = Real estate operating revenue - Real estate operating costs.

<Reference Information 2> Hotel operation indexes, sales and GOP (Gross Operating Profit)

The numeral figures are based on figures obtained from hotel lessees, etc. Please note that these figures have not been audited or subject to other procedures. No guarantee is made as to the accuracy or completeness of the figures and information.

ADR (Note 1) and RevPAR (Note 2) are rounded off to the nearest yen. Sales and GOP are rounded off to the nearest million yen. Occupancy rate and comparison with the previous period are rounded off to one decimal place.

<1> 28 Hotels with Variable Rent, etc.

		Fiscal year ended December 2025		Fiscal year ending December 2026	
		Actual	Comparison with previous year	Forecast	Comparison with previous year
Occupancy rate	First half of the year	85.2%	4.1pt	—	—
	Second half of the year	87.8%	2.6pt	—	—
	Full year	86.5%	3.4pt	—	—
ADR (JPY)	First half of the year	20,062	11.4%	—	—
	Second half of the year	22,755	8.7%	—	—
	Full year	21,440	9.8%	—	—
RevPAR (JPY)	First half of the year	17,087	17.0%	—	—
	Second half of the year	19,978	12.1%	—	—
	Full year	18,545	14.3%	—	—
Sales (JPY1M)	First half of the year	36,187	15.3%	—	—
Rooms Dept.		23,914	16.5%	—	—
F&B Dept.		10,964	13.4%	—	—
Others		1,310	9.0%	—	—
Sales (JPY1M)	Second half of the year	41,927	9.4%	—	—
Rooms Dept.		28,423	12.2%	—	—
F&B Dept.		12,006	3.7%	—	—
Others		1,498	7.0%	—	—
Sales (JPY1M)	Full year	78,114	12.1%	—	—
Rooms Dept.		52,337	14.1%	—	—
F&B Dept.		22,969	8.1%	—	—
Others		2,808	7.9%	—	—
GOP (JPY1M)	First half of the year	12,922	18.0%	—	—
	Second half of the year	16,575	15.3%	—	—
	Full year	29,497	16.5%	—	—

(Note 1) ADR refers to the average guest room unit sales price (Average Daily Rate), which is calculated by dividing total room sales (including service charges) for a given period by the total number of guest rooms sold for the same period. The same shall apply hereinafter.

(Note 2) RevPAR represents Revenue Per Available Room, which is calculated by dividing total room sales (including service charges) for a given period by the total number of guest rooms available for sale during the same period. The same shall apply hereinafter.

<2> 29 Hotels with Variable Rent, etc.

		Fiscal year ended December 2025	Fiscal year ending December 2026	
		Actual	Forecast	Comparison with previous year
Occupancy rate	First half of the year	82.1%	82.9%	0.8pt
	Second half of the year	85.0%	86.8%	1.8pt
	Full year	83.6%	84.8%	1.3pt
ADR (JPY)	First half of the year	19,264	19,764	2.6%
	Second half of the year	22,155	23,195	4.7%
	Full year	20,746	21,533	3.8%
RevPAR (JPY)	First half of the year	15,817	16,379	3.6%
	Second half of the year	18,830	20,130	6.9%
	Full year	17,336	18,270	5.4%
Sales (JPY1M)		37,547	38,587	2.8%
First half of the year	Rooms Dept.	25,133	26,026	3.6%
	F&B Dept.	10,993	11,036	0.4%
	Others	1,421	1,525	7.3%
	Sales (JPY1M)		44,343	46,788
Second half of the year	Rooms Dept.	30,416	32,516	6.9%
	F&B Dept.	12,227	12,584	2.9%
	Others	1,700	1,688	(0.7%)
	Sales (JPY1M)		81,890	85,375
Full year	Rooms Dept.	55,549	58,542	5.4%
	F&B Dept.	23,220	23,620	1.7%
	Others	3,121	3,213	2.9%
	Sales (JPY1M)		13,660	14,095
GOP (JPY1M)	Second half of the year	17,923	19,421	8.4%
	Full year	31,583	33,516	6.1%

<3> Asset for Anticipated Acquisition (HYATT REGENCY TOKYO)

		Fiscal year ended December 2025	Fiscal year ending December 2026	
		Actual	Forecast	Comparison with previous year
RevPAR (JPY)	Full year	30,887	47,469	53.7%
Sales (JPY1M)		11,156	16,708	49.8%
Full year	Rooms Dept.	8,027	12,336	53.7%
	F&B Dept.	3,038	4,282	41.0%
	Others	91	90	(1.4%)
GOP (JPY1M)	Full year	3,883	7,746	99.5%

(Note) Large-scale renovation was implemented from May 2024 to July 2025 during which guest rooms were unavailable.

## 2. Financial statements

### (1) Balance sheets

(thousands of yen)

	As of December 31, 2024	As of December 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	22,933,399	26,388,683
Cash and deposits in trust	13,095,721	15,592,444
Operating accounts receivable	6,045,486	7,970,249
Prepaid expenses	784,753	982,882
Income taxes receivable	450	11,481
Derivative assets	51,924	23,866
Other current assets	77,567	25,189
Total current assets	42,989,303	50,994,797
Noncurrent assets		
Property and equipment, at cost		
Machinery and equipment	1,106,862	1,387,952
Accumulated depreciation	(543,513)	(656,939)
Machinery and equipment, net	563,348	731,012
Tools, furniture and fixtures	8,067,457	9,404,302
Accumulated depreciation	(5,224,232)	(5,892,049)
Tools, furniture and fixtures, net	2,843,225	3,512,253
Construction in progress	9,116	—
Buildings in trust	*1 167,775,037	*1 191,150,641
Accumulated depreciation	(39,603,644)	(44,461,856)
Buildings in trust, net	128,171,393	146,688,785
Structures in trust	3,707,056	3,805,070
Accumulated depreciation	(807,962)	(896,977)
Structures in trust, net	2,899,093	2,908,093
Machinery and equipment in trust	869,784	884,751
Accumulated depreciation	(305,742)	(344,040)
Machinery and equipment in trust, net	564,041	540,711
Tools, furniture and fixtures in trust	129,718	129,718
Accumulated depreciation	(114,514)	(115,982)
Tools, furniture and fixtures in trust, net	15,204	13,736
Land in trust	283,826,532	330,376,769
Construction in progress in trust	310,797	134,439
Net property and equipment	419,202,753	484,905,800
Intangible assets		
Software	185,267	194,446
Trademark rights	299,142	—
Leasehold rights in trust	27,324,752	27,324,752
Fixed-term leasehold rights in trust	4,225,172	4,089,967
Other intangible assets	3,881	3,201
Total intangible assets	32,038,215	31,612,367
Investments and other assets		
Security deposits	12,520	12,520
Leasehold and security deposits in trust	139,668	139,668
Long-term prepaid expenses	2,972,175	3,636,487
Derivative assets	1,033,701	4,968,392
Reserve fund for repairs and maintenance	291,801	249,298
Total investments and other assets	4,449,867	9,006,367
Total noncurrent assets	455,690,836	525,524,536
Deferred assets		
Investment unit issuance costs	184,303	105,609
Investment corporation bond issuance costs	66,343	58,610
Total deferred assets	250,647	164,220
Total assets	498,930,787	576,683,553

(thousands of yen)

	As of December 31, 2024	As of December 31, 2025
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	1,942,107	4,010,343
Short-term loans payable	1,000,000	—
Current portion of investment corporation bonds	2,800,000	13,100,000
Current portion of long-term loans payable	30,000,000	22,780,000
Accrued expenses	763,229	879,670
Income taxes payable	1,210	1,210
Consumption taxes payable	800,314	1,065,969
Advances received	868,275	857,060
Dividends payable	10,275	12,953
Deposits received	32,290	2,688
Other current liabilities	63,203	198,217
Total current liabilities	38,280,906	42,908,112
Long-term liabilities		
Investment corporation bonds	31,100,000	20,600,000
Long-term loans payable	140,331,000	212,901,000
Tenant leasehold and security deposits	1,040,520	1,040,520
Tenant leasehold and security deposits in trust	4,092,485	4,161,611
Deferred tax liabilities	341,537	1,614,286
Asset retirement obligations	341,696	343,350
Total long-term liabilities	177,247,240	240,660,769
<b>Total liabilities</b>	<b>215,528,147</b>	<b>283,568,881</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	232,708,699	232,708,699
Surplus		
Capital surplus	21,746,398	21,746,398
Voluntary reserve		
Reserve for temporary difference adjustment	*2 8,754,629	*2 6,959,044
Reserve for advanced depreciation	1,174,860	1,174,860
Total voluntary reserve	9,929,490	8,133,905
Unappropriated retained earnings (undisposed loss)	18,273,964	27,147,695
Total surplus	49,949,853	57,027,999
<b>Total unitholders' equity</b>	<b>282,658,552</b>	<b>289,736,699</b>
Valuation and translation adjustments		
Deferred gains (losses) on hedges	744,087	3,377,972
Total valuation and translation adjustments	744,087	3,377,972
<b>Total net assets</b>	<b>*3 283,402,640</b>	<b>*3 293,114,671</b>
<b>Total liabilities and net assets</b>	<b>498,930,787</b>	<b>576,683,553</b>

## (2) Statements of income

(thousands of yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
<b>Operating revenue</b>		
Real estate operating revenue	*1 32,389,622	*1 42,074,300
Other real estate operating revenue	*1 1,091,575	*1 1,143,969
Gain on sale of real estate properties	—	*2 2,346,230
<b>Total operating revenue</b>	<b>33,481,197</b>	<b>45,564,500</b>
<b>Operating Expenses</b>		
Real estate operating costs	*1 10,322,705	*1 11,565,998
Asset management fee	2,031,462	2,501,217
Asset custody and administrative service fee	119,695	142,609
Directors' compensation	17,400	18,000
Other operating expenses	210,018	284,131
<b>Total operating expenses</b>	<b>12,701,283</b>	<b>14,511,956</b>
<b>Operating income</b>	<b>20,779,914</b>	<b>31,052,543</b>
<b>Non-operating income</b>		
Interest income	2,941	82,638
Gain on forfeiture of unclaimed dividends	949	1,135
Gain on insurance claims	191	—
Interest on tax refunds	217	87
Gain on derivative instruments	532	—
<b>Total non-operating income</b>	<b>4,832</b>	<b>83,860</b>
<b>Non-operating Expenses</b>		
Interest expense	1,305,347	2,841,609
Interest expense on investment corporation bonds	278,327	276,840
Borrowing costs	838,112	1,153,408
Amortization of investment corporation bond issuance costs	29,613	26,369
Amortization of investment unit issuance costs	47,401	78,694
Other	12,879	11,464
<b>Total non-operating expenses</b>	<b>2,511,681</b>	<b>4,388,387</b>
<b>Ordinary income</b>	<b>18,273,065</b>	<b>26,748,017</b>
<b>Extraordinary income</b>		
Subsidy income	*3 213,025	—
Gain on sale of trademark rights	—	398,251
<b>Total extraordinary income</b>	<b>213,025</b>	<b>398,251</b>
<b>Extraordinary loss</b>		
Loss on advanced depreciation of property and equipment	*4 212,779	—
<b>Total extraordinary loss</b>	<b>212,779</b>	<b>—</b>
<b>Income before income taxes</b>	<b>18,273,311</b>	<b>27,146,269</b>
Income taxes – current	1,210	1,210
<b>Total income taxes</b>	<b>1,210</b>	<b>1,210</b>
<b>Net income</b>	<b>18,272,101</b>	<b>27,145,059</b>
Retained earnings brought forward	1,863	2,636
Unappropriated retained earnings (undisposed loss)	18,273,964	27,147,695

## (3) Statements of changes in net assets

For the year ended December 31, 2024

(thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary reserve			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Reserve for advanced depreciation	Total voluntary reserve			
Balance, January 1, 2024	199,051,879	21,746,398	9,600,013	1,174,860	10,774,874	13,137,051	45,658,325	244,710,204
Changes of items during the year:								
Issuance of new investment units	33,656,820							33,656,820
Reversal of reserve for temporary difference adjustment			(845,384)		(845,384)	845,384	—	—
Dividends paid						(13,980,573)	(13,980,573)	(13,980,573)
Net income						18,272,101	18,272,101	18,272,101
Net changes in items other than unitholders' equity								
Total changes in items during the year	33,656,820	—	(845,384)	—	(845,384)	5,136,912	4,291,528	37,948,348
Balance, December 31, 2024	232,708,699 <sup>*1</sup>	21,746,398	8,754,629	1,174,860	9,929,490	18,273,964	49,949,853	282,658,552

	Valuation and translation adjustments		Total net assets
	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance, January 1, 2024	270,099	270,099	244,980,303
Changes of items during the year:			
Issuance of new investment units			33,656,820
Reversal of reserve for temporary difference adjustment			—
Dividends paid			(13,980,573)
Net income			18,272,101
Net changes in items other than unitholders' equity	473,988	473,988	473,988
Total changes in items during the year	473,988	473,988	38,422,336
Balance, December 31, 2024	744,087	744,087	283,402,640

For the year ended December 31, 2025

(thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary reserve			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Reserve for advanced depreciation	Total voluntary reserve			
Balance, January 1, 2025	232,708,699	21,746,398	8,754,629	1,174,860	9,929,490	18,273,964	49,949,853	282,658,552
Changes of items during the year:								
Reversal of reserve for temporary difference adjustment			(1,795,584)		(1,795,584)	1,795,584	—	—
Dividends paid						(20,066,912)	(20,066,912)	(20,066,912)
Net income						27,145,059	27,145,059	27,145,059
Net changes in items other than unitholders' equity								
Total changes in items during the year	—	—	(1,795,584)	—	(1,795,584)	8,873,731	7,078,146	7,078,146
Balance, December 31, 2025	232,708,699 <sup>*1</sup>	21,746,398	6,959,044	1,174,860	8,133,905	27,147,695	57,027,999	289,736,699

	Valuation and translation adjustments		Total net assets
	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance, January 1, 2025	744,087	744,087	283,402,640
Changes of items during the year:			
Reversal of reserve for temporary difference adjustment			—
Dividends paid			(20,066,912)
Net income			27,145,059
Net changes in items other than unitholders' equity	2,633,884	2,633,884	2,633,884
Total changes in items during the year	2,633,884	2,633,884	9,712,031
Balance, December 31, 2025	3,377,972	3,377,972	293,114,671

(4) Statements of cash dividends

Classification	For the year ended December 31, 2024	For the year ended December 31, 2025
I. Unappropriated retained earnings	¥18,273,964,433	¥27,147,695,820
II. Reversal of voluntary reserve		
Reversal of reserve for temporary difference adjustment	*1 ¥1,795,584,763	*1 ¥468,716,659
III. Dividends	¥20,066,912,622	¥25,795,947,366
[Dividend per unit]	[¥3,937]	[¥5,061]
IV. Provision of voluntary reserve		
Reserve for advanced depreciation	—	¥1,818,000,000
V. Retained earnings carried forward	¥2,636,574	¥2,465,113
Method of calculating the amount of dividends	In accordance with the monetary distribution policy stipulated in Article 34, paragraph 1 of JHR's Articles of Incorporation, amount of dividend must exceed 90% of JHR's distributable profit that is defined by Article 67-15 of the Act on Special Measures Concerning Taxation. It was decided that ¥20,066,912,622, which excludes fractions of less than one yen of dividend per unit from ¥20,069,549,196, an amount calculated by adding a reversal of reserve for temporary difference adjustment of ¥1,795,584,763 to unappropriated retained earnings of ¥18,273,964,433, would all be distributed. The monetary distribution in excess of earnings stipulated in Article 34, paragraph 1 (4) of JHR's Articles of Incorporation will not be made.	In accordance with the monetary distribution policy stipulated in Article 34, paragraph 1 of JHR's Articles of Incorporation, amount of dividend must exceed 90% of JHR's distributable profit that is defined by Article 67-15 of the Act on Special Measures Concerning Taxation. It was decided that ¥25,795,947,366, which excludes fractions of less than one yen of dividend per unit from ¥25,798,412,479, an amount calculated by adding a reversal of reserve for temporary difference adjustment of ¥468,716,659 to the amount obtained by deducting reserve for advanced depreciation (defined by Article 65-8 of the Act on Special Measures Concerning Taxation) of ¥1,818,000,000 from unappropriated retained earnings of ¥27,147,695,820, would all be distributed. The monetary distribution in excess of earnings stipulated in Article 34, paragraph 1 (4) of JHR's Articles of Incorporation will not be made.

## (5) Statements of cash flows

(thousands of yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
<b>Cash flows from operating activities</b>		
Income before income taxes	18,273,311	27,146,269
Depreciation and amortization	5,617,944	6,694,710
Loss on retirement of noncurrent assets	236,895	206,116
Loss (profit) on derivative instruments	(532)	—
Subsidy income	(213,025)	—
Loss on advanced depreciation of property and equipment	212,779	—
Amortization of investment corporation bond issuance costs	29,613	26,369
Amortization of investment unit issuance costs	47,401	78,694
Decrease of property and equipment due to sale	—	195
Decrease of property and equipment in trust due to sale	—	2,094,231
Interest income	(2,941)	(82,638)
Interest expense	1,583,675	3,118,450
Interest on tax refunds	(217)	(87)
Gain on sale of trademark rights	—	(398,251)
(Increase) decrease in operating accounts receivable	(1,194,855)	(1,924,762)
(Increase) decrease in prepaid expenses	(158,445)	(198,128)
(Increase) decrease in long-term prepaid expenses	(406,427)	(664,311)
Increase (decrease) in operating accounts payable	(236,909)	237,851
Increase (decrease) in accrued expenses	112,480	100,447
Increase (decrease) in consumption taxes payable	330,059	265,655
Increase (decrease) in advances received	103,636	(11,215)
Increase (decrease) in deposits received	22,324	(29,602)
Other	(7,784)	132,313
Subtotal	24,348,984	36,792,307
Interest received	2,941	74,994
Interest paid	(1,592,184)	(3,102,456)
Interest received on tax refunds	217	87
Income taxes - refunded (paid)	(1,621)	(12,241)
Net cash provided by (used in) operating activities	22,758,337	33,752,690
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,747,680)	(1,460,458)
Purchase of property and equipment in trust	(63,439,292)	(71,109,494)
Purchase of intangible assets	(75,007)	(33,806)
Proceeds from sale of intangible assets	—	692,720
Payments of reserve fund for repairs and maintenance	(40,625)	(40,625)
Proceeds from tenant leasehold and security deposits in trust	363,897	282,218
Repayments of tenant leasehold and security deposits in trust	(11,098)	(199,144)
Subsidies received	213,025	—
Net cash provided by (used in) investing activities	(64,736,782)	(71,868,590)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	1,800,000	—
Repayments of short-term loans payable	(16,368,000)	(1,000,000)
Proceeds from long-term loans payable	69,089,000	95,350,000
Repayments of long-term loans payable	(21,521,000)	(30,000,000)
Proceeds from investment corporation bonds	—	2,600,000
Repayments of investment corporation bonds	(3,000,000)	(2,800,000)
Payments for investment corporation bond issuance costs	—	(18,636)
Proceeds from issuance of investment units	33,465,493	—
Dividends paid	(13,973,015)	(20,063,456)
Net cash provided by (used in) financing activities	49,492,477	44,067,907
Net increase (decrease) in cash and cash equivalents	7,514,032	5,952,007
Cash and cash equivalents at beginning of year	28,515,088	36,029,120
Cash and cash equivalents at end of year	*1 36,029,120	*1 41,981,128

(6) Notes on going concern assumption

Not applicable.

(7) Notes on matters concerning significant accounting policies

1. Method of depreciation and amortization of noncurrent assets	<p>(1) Property and equipment (including trust accounts) Property and equipment are amortized using the straight-line method. The useful lives of major property and equipment components are as follows:</p> <table border="0"><tr><td>Machinery and equipment</td><td>2 to 17 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 26 years</td></tr><tr><td>Buildings in trust</td><td>2 to 64 years</td></tr><tr><td>Structures in trust</td><td>2 to 64 years</td></tr><tr><td>Machinery and equipment in trust</td><td>3 to 32 years</td></tr><tr><td>Tools, furniture and fixtures in trust</td><td>2 to 27 years</td></tr></table> <p>(2) Intangible assets Intangible assets are amortized using the straight-line method. The amortization period of major intangible assets is as follows.</p> <table border="0"><tr><td>Software (for internal use)</td><td>5 years as internally usable years</td></tr><tr><td>Trademark rights</td><td>10 years</td></tr></table> <p>Fixed-term leasehold rights in trust are amortized using the straight-line method based on remaining period (41 years) of the contract.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized using the straight-line method.</p>	Machinery and equipment	2 to 17 years	Tools, furniture and fixtures	2 to 26 years	Buildings in trust	2 to 64 years	Structures in trust	2 to 64 years	Machinery and equipment in trust	3 to 32 years	Tools, furniture and fixtures in trust	2 to 27 years	Software (for internal use)	5 years as internally usable years	Trademark rights	10 years
Machinery and equipment	2 to 17 years																
Tools, furniture and fixtures	2 to 26 years																
Buildings in trust	2 to 64 years																
Structures in trust	2 to 64 years																
Machinery and equipment in trust	3 to 32 years																
Tools, furniture and fixtures in trust	2 to 27 years																
Software (for internal use)	5 years as internally usable years																
Trademark rights	10 years																
2. Accounting for deferred assets	<p>(1) Investment unit issuance costs Investment unit issuance costs are amortized using the straight-line method over three years.</p> <p>(2) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the interest method over the respective term of the bond.</p>																
3. Standards for recognition of revenues and expenses	<p>(1) Revenue recognition The details of main performance obligations concerning revenue generated from contracts concluded with JHR's customers and the ordinary time to fulfil such performance obligations (ordinary time to recognize revenue) are as follows:</p> <p>(a) Sale of real estate properties For the proceeds from sale of real estate properties, JHR recognizes revenue when the purchaser who is a customer obtains control of the relevant real estate properties, etc. as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate, etc. The amount obtained by deducting "Cost of sale of real estate properties," which is the book value of real estate properties, etc. sold, and "Other related sales expenses," which are the various expenses directly required in the sale, from "Proceeds from sale of real estate properties," which are the sales proceeds of real estate properties, etc., is indicated as "Gain on sales of real estate properties" or "Loss on sales of real estate properties" in the statements of income.</p> <p>(b) Utilities income For utilities income, JHR recognizes revenue in accordance with the supply of electricity, water, etc. to the lessee who is a customer based on the lease contracts of real estate properties, etc. and agreements incidental to it.</p> <p>(2) Treatment of property taxes and other taxes For taxes imposed on properties under management such as property taxes, city planning taxes, and depreciable asset taxes, the imposed amounts are allocated to the respective period and expensed as "Real estate operating costs." Cash paid for property taxes and city planning taxes, etc. to the transferor of real properties, etc. at acquisition is not recorded as "Real estate operating costs" but capitalized as part of the acquisition cost of the relevant property. The amount of such taxes capitalized in the acquisition cost of real estate properties, etc., was ¥63,636 thousand for the year ended December 31, 2024 and ¥294,794 thousand for the year ended December 31, 2025.</p>																

4. Method of hedge accounting	(1) Method of hedge accounting Deferred hedge accounting is applied. (2) Hedging instruments and hedged items Hedging instruments Interest rate swaps Hedged items Interest rates on loans payable (3) Hedging policy JHR enters into certain derivative transactions in accordance with its financial policy in order to manage risks, which is provided in the Articles of Incorporation. (4) Method for assessing hedge effectiveness JHR evaluates hedge effectiveness by comparing the cumulative changes in cash flow of hedging instruments and the hedged items and assessing the ratio between the changes.
5. Scope of funds (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents in the statements of cash flows consist of cash on hand, cash in trust accounts, bank deposit and trust deposit, which can be withdrawn at any time, and short-term investments with a maturity of three months or less when purchased, which can easily be converted to cash and subject to minimal risk of change in value.
6. Other significant matters serving as the basis for preparing financial statements	Accounting treatment of beneficial interests in trust with real estate, etc. as their assets For trust beneficial interests in real estate, etc., all assets and liabilities held in trust accounts as well as all income generated and expenses incurred from assets in trust are presented in the accompanying balance sheet and income statement accounts accordingly. The following material items of the trust accounts recorded in the relevant accounts are presented separately on the balance sheets. (a) Cash and deposits in trust (b) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust (c) Leasehold rights in trust; Fixed-term leasehold rights in trust; Leasehold and security deposits in trust (d) Tenant leasehold and security deposits in trust

(8) Notes on significant accounting estimates

[Notes on significant accounting estimates]

Valuation of noncurrent assets

1. Amounts recorded in the financial statements

	(thousands of yen)	
	For the year ended December 31, 2024	For the year ended December 31, 2025
Property and equipment, at cost	419,202,753	484,905,800
Intangible assets	32,038,215	31,612,367
Impairment loss	—	—

2. Information on the nature of significant accounting estimates for identified items

In accordance with the accounting standard for impairment of noncurrent assets, JHR has adopted the accounting treatment to reduce the book value of noncurrent assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to decline in profitability.

In adopting the accounting treatment, the respective properties owned by JHR are regarded as a single asset group, and judgment is made whether it is required to recognize impairment losses when indications of impairment are deemed to exist for the group due to a significant decline in the market value and such.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, the underlying rent, occupancy rate and real estate operating costs, etc. are calculated by comprehensively taking into account the market trends and transaction cases of similar properties, etc.

Each property's performance and market price may be affected by trends in the real estate leasing market and the real estate trading market. Therefore, any change in the assumptions used in the estimates may affect JHR's assets and earnings in the next fiscal year.

(9) Notes to financial statements

Disclosure of notes on “securities,” “share of (profit) loss of entities accounted for using equity method,” “related-party transactions” and “retirement benefits” is omitted because the significance of disclosure in the financial report is minimal.

[Notes to balance sheets]

- \*1. The accumulated advanced depreciation of property and equipment deducted from acquisition costs due to government subsidies received, etc.

(thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Buildings in trust	230,645	230,645

- \*2. Matters concerning provision and reversal of reserve for temporary difference adjustment

As of December 31, 2024

(thousands of yen)

	Amount of initial accrual	Balance at beginning of period	Amount of provision during period	Amount of reversal during period	Balance at end of period	Grounds for provision and reversal
Dividend reserve (Note)	13,127,153	9,600,013	—	845,384	8,754,629	Allocation for dividend

(Note) Dividend reserve indicates the remaining balance of the amount subdivided into gain on negative goodwill, which was recorded as a dividend reserve before the fiscal year ended December 2016, and is scheduled for reversal every fiscal year starting from the fiscal year following the fiscal year in which the reserve was made in an amount that shall be no less than that in equal amounts every fiscal year over a period of no more than 50 years.

As of December 31, 2025

(thousands of yen)

	Amount of initial accrual	Balance at beginning of period	Amount of provision during period	Amount of reversal during period	Balance at end of period	Grounds for provision and reversal
Dividend reserve (Note)	13,127,153	8,754,629	—	1,795,584	6,959,044	Allocation for dividend

(Note) Dividend reserve indicates the remaining balance of the amount subdivided into gain on negative goodwill, which was recorded as a dividend reserve before the fiscal year ended December 2016, and is scheduled for reversal every fiscal year starting from the fiscal year following the fiscal year in which the reserve was made in an amount that shall be no less than that in equal amounts every fiscal year over a period of no more than 50 years.

- \*3. Minimum net assets as required by Article 67, Paragraph 4 of the Investment Trusts Act

(thousands of yen)

	As of December 31, 2024	As of December 31, 2025
	50,000	50,000

[Notes to statements of income]

\*1. Components of real estate operating revenue and real estate operating costs

(thousands of yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
<b>A. Real estate operating revenue</b>		
Real estate operating revenue		
Fixed rent	16,134,811	19,293,647
Variable rent	14,521,350	20,632,007
Income from management contracts	1,733,460	2,148,645
Total	<u>32,389,622</u>	<u>42,074,300</u>
Other real estate operating revenue		
Parking lots	135,624	150,407
Other incidental revenue	82,746	45,441
Utilities	743,628	799,709
Other	129,576	148,411
Total	<u>1,091,575</u>	<u>1,143,969</u>
Total real estate operating revenue	<u>33,481,197</u>	<u>43,218,269</u>
<b>B. Real estate operating costs</b>		
Real estate operating costs		
Land lease and other rent expenses	858,995	859,000
Property taxes	2,083,766	2,250,736
Outsourcing expenses (Note)	473,699	470,084
Nonlife insurance	105,371	169,514
Depreciation and amortization	5,617,944	6,694,710
Loss on retirement of noncurrent assets	236,895	206,116
Repairs	59,747	14,693
Utilities	779,798	825,874
Trust fees	49,596	48,475
Other	56,888	26,792
Total real estate operating costs	<u>10,322,705</u>	<u>11,565,998</u>
<b>C. Net real estate operating income (A – B)</b>	<u>23,158,492</u>	<u>31,652,271</u>

(Note) Outsourcing expenses include management fees of ¥154,688 thousand for the year ended December 31, 2024, and ¥130,401 thousand for the year ended December 31, 2025.

\*2. Breakdown of gain on sale of real estate properties

For the year ended December 31, 2024

Not Applicable.

For the year ended December 31, 2025

(thousands of yen)

Washington Hotel Plaza Hakata, Nakasu	
Proceeds from sale of properties	4,610,000
Cost of sale of properties	2,094,427
Other selling expenses	169,342
Gain on sale of real estate properties	<u>2,346,230</u>

\*3. Breakdown of subsidy income

For the year ended December 31, 2024

Subsidy income consists of income from subsidies for regional collaborative revitalization and high value-added development of tourist destinations and the tourism industry, as well as subsidies for CO2 emission control measures.

For the six months ended December 31, 2025

Not applicable.

\*4. Loss on advanced depreciation of property and equipment represents the amount directly deducted from the acquisition cost upon receipt of subsidies, and the breakdown is as follows.

(thousands of yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Buildings in trust	212,779	—

[Notes to statements of changes in net assets]

\*1. Total number of investment units authorized, and issued and outstanding

	For the year ended December 31, 2024	For the year ended December 31, 2025
Total number of investment units authorized	20,000,000 units	20,000,000 units
Total number of investment units issued and outstanding	5,097,006 units	5,097,006 units

[Notes to statements of cash dividends]

\*1. Reserve for temporary difference adjustment

For the year ended December 31, 2024

By application of the transitional measures of Paragraph 3 of the Supplementary Provisions of the “Ordinance on Accounting of Investment Corporations” (Cabinet Office Ordinance No. 27 of 2015), ¥13,127,153,216 in dividend reserve that is the remaining balance of the amount subdivided into gain on negative goodwill recorded in prior fiscal years is set aside as reserve for temporary difference adjustment on the statements of cash dividends for the year ended December 31, 2016. Starting from the fiscal year following the fiscal year in which the reserve was made, reversal of the concerned reserve amount in an amount that shall be no less than the 50-year straight-line amortization amount (¥262,543,065) of the remaining balance of the amount when the reserve was made, is required. In this fiscal year under review, reversal of ¥1,795,584,763 has been decided, which is the amount calculated by adding ¥236,895,613 equivalent to loss on retirement of noncurrent assets and ¥56,089,150 equivalent to amortization of trademark right and ¥1,240,000,000 as an adjustment to mitigate dilution of distributions per investment unit arising from the public offering of new investment units to ¥262,600,000 of the reversal.

For the year ended December 31, 2025

By application of the transitional measures of Paragraph 3 of the Supplementary Provisions of the “Ordinance on Accounting of Investment Corporations” (Cabinet Office Ordinance No. 27 of 2015), ¥13,127,153,216 in dividend reserve that is the remaining balance of the amount subdivided into gain on negative goodwill recorded in prior fiscal years is set aside as reserve for temporary difference adjustment on the statements of cash dividends for the year ended December 31, 2016. Starting from the fiscal year following the fiscal year in which the reserve was made, reversal of the concerned reserve amount in an amount that shall be no less than the 50-year straight-line amortization amount (¥262,543,065) of the remaining balance of the amount when the reserve was made, is required. In this fiscal year under review, reversal of ¥468,716,659 has been decided, which is the amount calculated by adding ¥206,116,659 equivalent to loss on retirement of noncurrent assets to ¥262,600,000 of the reversal.

[Notes to statements of cash flows]

\*1. Relation of balance of cash and cash equivalents at end of year and the amount in balance sheet accounts

(thousands of yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Cash and deposits	22,933,399	26,388,683
Cash and deposits in trust	13,095,721	15,592,444
Cash and cash equivalents	36,029,120	41,981,128

[Notes on lease transactions]

Operating leases (as lessor)

Minimum rental revenue under non-cancellable operating leases

(thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Due within one year	1,021,632	693,654
Due after one year	2,855,941	2,389,301
Total	3,877,574	3,082,955

[Notes on financial instruments]

1. Matters concerning status of financial instruments

(1) Policy for financial instruments

JHR is an investment corporation set forth in Article 2, paragraph 12 of the Investment Trusts Act, managing investments mainly in specified assets as prescribed in the Investment Trusts Act. As a policy, JHR procures funds through issuance of investment units, etc. and loans from financial institutions in order to make investments in specified assets. JHR does not utilize surplus funds to invest in financial instruments except for short-term deposits and other equivalent short-term financial instruments. JHR may enter into derivative transactions in order to hedge against interest rate risk, but not for speculative trading purposes.

(2) Details of financial instruments, their risks, and risk management system

Operating accounts receivable is operating receivables and is exposed to credit risks of clients. As for the risks, JHR is managing payment dates and balances by each client with an aim to grasp concerns in collecting due to deterioration in their financial status and other factors in early stage and reduce the risks.

The floating rate loans payable are exposed to risks of interest rate fluctuations. In order to mitigate interest rate risk, JHR may enter into derivative transactions, if necessary, to fix the interest expense.

Derivative transactions are conducted principally in accordance with rules prescribed by JHR and risk management rules applied by the Asset Management Company. Derivative transactions are arranged by the section in charge of finance at the Asset Management Company by using financial institutions with high credit ratings through approval and resolution by authorized personnel and a meeting committee structure set forth in its decision-making standards and resolution of JHR's board of directors.

Loans payable are exposed to liquidity risks. The section in charge of finance at the Asset Management Company prepares and updates projections and actual cash flows on a monthly basis to manage liquidity risks and monitor compliance with restrictive covenants set forth in the loan contracts. JHR manages liquidity risks by managing the ratio of short-term and long-term loans payable considering the current financial environment through approval and resolution by authorized personnel and meeting committee structure in the Asset Management Company and resolution of JHR's board of directors.

(3) Supplementary explanation on matters concerning fair value, etc. of financial instruments

Regarding the contract amount, etc. of derivative transactions in "2. Matters concerning fair value, etc. of financial instruments" the amount itself does not indicate certain scale of market risk exposure related to derivative transactions.

2. Matters concerning fair value of financial instruments

Carrying amounts of financial instruments on the balance sheets, their fair values, and the differences were as follows. The notes on “Cash and deposits,” “Cash and deposits in trust,” “Operating accounts receivable” and “Short-term loans payable” are omitted as these are settled within a short period of time and thus the fair value approximates the book value.

For the year ended December 31, 2024

(thousands of yen)			
	Carrying amount	Fair value	Difference
(1) Current portion of investment corporation bonds	2,800,000	2,779,840	(20,160)
(2) Current portion of long-term loans payable	30,000,000	29,999,854	(145)
(3) Investment corporation bonds	31,100,000	29,005,280	(2,094,720)
(4) Long-term loans payable	140,331,000	140,297,827	(33,172)
Total liabilities	204,231,000	202,082,802	(2,148,197)
(5) Derivative transactions (*)	1,085,625	1,085,625	—

For the year ended December 31, 2025

(thousands of yen)			
	Carrying amount	Fair value	Difference
(1) Current portion of investment corporation bonds	13,100,000	12,999,497	(100,503)
(2) Current portion of long-term loans payable	22,780,000	22,780,000	—
(3) Investment corporation bonds	20,600,000	19,910,398	(689,602)
(4) Long-term loans payable	212,901,000	212,631,125	(269,874)
Total liabilities	269,381,000	268,321,020	(1,059,979)
(5) Derivative transactions (*)	4,992,259	4,992,259	—

(\*) Receivables and payables arising from derivative transactions are presented on a net basis and amounts in parenthesis denote net payables.

(Note) Methods to measure fair value of financial instruments, and derivative transactions.

(1) Current portion of investment corporation bonds; (3) Investment corporation bonds

The fair value of these instruments is measured based on the market price.

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

For long-term loans payable with floating interest rates, the book value is presented as the fair value because the interest rate is periodically revised, which results in the fair value approximating the book value. For long-term loans payable with fixed interest rates, the present value is calculated by discounting the total principal and interest at the assumed rate for similar new borrowings.

(5) Derivative transactions

Please refer to “Notes on derivative transactions” below.

3. Schedule for redemption of investment corporation bonds and repayment of long-term loans payable after the end of the fiscal year under review.

As of December 31, 2024

(thousands of yen)						
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	2,800,000	13,100,000	—	10,000,000	8,000,000	—
Long-term loans payable	30,000,000	12,180,000	32,225,000	26,500,000	24,737,000	44,689,000
Total	32,800,000	25,280,000	32,225,000	36,500,000	32,737,000	44,689,000

As of December 31, 2025

(thousands of yen)						
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	13,100,000	—	10,000,000	8,000,000	800,000	1,800,000
Long-term loans payable	22,780,000	32,225,000	37,100,000	39,187,000	45,489,000	58,900,000
Total	35,880,000	32,225,000	47,100,000	47,187,000	46,289,000	60,700,000

[Notes on derivative transactions]

1. Derivative transactions to which hedge accounting is not applied

As of December 31, 2024  
Not applicable.

As of December 31, 2025  
Not applicable.

2. Derivative transactions to which hedge accounting is applied

For derivative transactions in which hedge accounting is applied, the contract amounts or the principal amounts equivalent to the principal provided in the contract, etc. as of the year-end account closing dates were as follows:

As of December 31, 2024

(thousands of yen)						
Method of hedge accounting	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method to measure the fair value
				Of which, due after one year		
Deferral method	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	110,539,000	92,039,000	1,085,625	The fair value is measured at the quoted price, etc. obtained from the counterparty financial institutions.

As of December 31, 2025

(thousands of yen)						
Method of hedge accounting	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method to measure the fair value
				Of which, due after one year		
Deferral method	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	171,389,000	167,139,000	4,992,259	The fair value is measured at the quoted price, etc. obtained from the counterparty financial institutions.

[Notes on tax-effect accounting]

1. Components of deferred tax assets and liabilities by cause

	(thousands of yen)	
	As of December 31, 2024	As of December 31, 2025
Deferred tax assets:		
Valuation difference on assets accepted through merger	1,652,444	1,586,845
Amortization of fixed-term leasehold of land	376,295	418,831
Asset retirement obligations	32,786	36,398
Amortization of trademark right	66,171	—
Total gross deferred tax assets	2,127,698	2,042,074
Valuation allowance	(2,127,698)	(2,042,074)
Total deferred tax assets	—	—
Deferred tax liabilities		
Deferred gains (losses) on hedges	341,537	1,614,286
Total gross deferred tax liabilities	341,537	1,586,845

2. Details of major causes of material differences between the statutory tax rate and the tax rate under effective tax accounting

	As of December 31, 2024	As of December 31, 2025
Statutory tax rate	31.46%	31.46%
[Adjustments]		
Deduction for dividends paid	(31.68%)	(29.04%)
Reserve for advanced depreciation	—%	(2.11%)
Change in valuation allowance	0.22%	(0.32%)
Other	0.01%	0.00%
Actual effective tax rate	0.01%	0.00%

3. Amendment on deferred tax assets and liabilities resulting from change in income tax rates

On March 31, 2025, “the Act for Partial Amendment of the Income Tax Act. etc. (Act No. 13, 2025)” were enacted in the Diet session. As a result of the amendment, “Defense Special Corporate Tax” will be levied from the fiscal period beginning on or after April 1, 2026. Consequently, the statutory tax rate used in calculation of deferred tax assets and liabilities on temporary differences that are expected to reverse from the fiscal period beginning on or after January 1, 2027 has been changed from 31.46% to 32.34%. The effect of this change of the statutory tax rate is immaterial.

[Notes on asset retirement obligations]

Asset retirement obligations recognized on the balance sheet

1. Outline of the subject asset retirement obligations

JHR recognizes asset retirement obligations as it is obliged to restore the land of Oriental Hotel Fukuoka Hakata Station (former name: Hotel Centraza Hakata), acquired on April 1, 2016 to the original state in accordance with the fixed-term leasehold agreement.

2. Calculation method of the subject asset retirement obligations

Calculated the amount of asset retirement obligations by estimating the expected useful period of use of 34 years based on the remaining useful life of the period of building and using the discount rate of 0.484%.

3. Increase and decrease of the subject asset retirement obligations

	(thousands of yen)	
	For the year ended December 31, 2024	For the year ended December 31, 2025
Balance at beginning of period	340,051	341,696
Adjustment due to passage of time	1,645	1,653
Balance at end of period	341,696	343,350

[Notes on segment and related information]

1. Segment information

The segment information has been omitted because JHR has no segments other than the investment and management of hotel real estate.

2. Related information

For the year ended December 31, 2024

(1) Information about products and services

Information about products and services has been omitted because operating revenue from external customers in a single product / service category accounted for more than 90% of total operating revenue on the statements of income.

(2) Information about geographical areas

(i) Operating revenue

Information about geographical areas has been omitted because operating revenue from external customers in Japan accounted for more than 90% of total operating revenue on the statements of income.

(ii) Property and equipment, at cost

Information about property and equipment has been omitted because the amount of property and equipment located in Japan accounted for more than 90% of net property and equipment on the balance sheets.

(3) Information about major customers

(thousands of yen)

Name of customer	Operating revenue	Name of related segment
Hotel Management Japan Co., Ltd. (Note)	20,191,696	Investment and management of hotel real estate

(Note) Operating revenue includes the operating revenue from customers belonging to the same company group as said customers.

For the year ended December 31, 2025

(1) Information about products and services

Information about products and services has been omitted because operating revenue from external customers in a single product / service category accounted for more than 90% of total operating revenue on the statements of income.

(2) Information about geographical areas

(i) Operating revenue

Information about geographical areas has been omitted because operating revenue from external customers in Japan accounted for more than 90% of total operating revenue on the statements of income.

(ii) Property and equipment, at cost

Information about property and equipment has been omitted because the amount of property and equipment located in Japan accounted for more than 90% of net property and equipment on the balance sheets.

(3) Information about major customers

(thousands of yen)

Name of customer	Operating revenue	Name of related segment
Hotel Management Japan Co., Ltd. (Note)	27,601,111	Investment and management of hotel real estate

(Note) Operating revenue includes the operating revenue from customers belonging to the same company group as said customers.

[Notes on rental properties, etc.]

JHR owns rental properties for hotels. The carrying amounts, changes in such balances, and fair values of such properties were as follows:

(thousands of yen)

Use		For the year ended December 31, 2024	For the year ended December 31, 2025
Hotel	Carrying amount		
	Balance at beginning of period	392,339,582	451,231,225
	Net increase (decrease) during period	58,891,642	65,280,048
	Balance at end of period	451,231,225	516,511,273
	Fair value at end of period	631,040,000	703,630,000

(Note 1) For the year ended December 31, 2024, the increase was principally due to acquisition of MIMARU Tokyo Shinjuku West (¥10,028,560 thousand), HOTEL AMANEK Shinjuku-Kabukicho. (¥9,190,215 thousand), OKINAWA HARBORVIEW HOTEL (¥22,314,977 thousand) and Southern Beach Hotel & Resort OKINAWA (¥16,318,121 thousand). For the year ended December 31, 2025, the increase was principally due to acquisition of Hilton Fukuoka Sea Hawk (¥65,186,395 thousand), and the decrease was principally due to disposition of Washington Hotel Plaza Hakata, Nakasu (¥2,094,427 thousand), and depreciation.

(Note 2) Fair value at end of fiscal period is the appraisal value determined by licensed real estate appraisers from outside. Regarding the Fair value at the end of the period for the year ended December 31, 2024, the Fair value of Washington Hotel Plaza Hakata, Nakasu, which was sold on January 30, 2025, was valued at the sale price.

Real estate operating revenue and costs related to the rental properties were as follows:

(thousands of yen)

Use		For the year ended December 31, 2024	For the year ended December 31, 2025
Hotel	Amount on the statements of income		
	Real estate operating revenue	33,481,197	43,218,269
	Real estate operating costs	10,322,705	11,565,998
	Net real estate operating income	23,158,492	31,652,271

(Note) “Real estate operating revenue” and “Real estate operating costs” are income from real estate operation (including other income from real estate operation) and corresponding expenses (such as depreciation, property tax, etc., trust fees, repair expenses and others), and are included in “Real Estate operating revenue” and “Real estate operating costs,” respectively.

[Notes on revenue recognition]

For the year ended December 31, 2024

Broken down information on revenue from contracts with customers.

For broken down information on revenue from contracts with customers, please refer to “\*1. Components of real estate operating revenue and real estate operating costs” in [Notes to statements of income].

\*1. Components of real estate operating revenue and real estate operating costs include revenue under Accounting Standard for Leasing Transactions (ASBJ Statement No. 13).

In addition, the revenue generated from contracts with major customers is “Utilities income.”

For the year ended December 31, 2025

Broken down information on revenue from contracts with customers.

For broken down information on revenue from contracts with customers, please refer to “\*1. Components of real estate operating revenue and real estate operating costs” and “\*2. Breakdown of gain on sale of real estate properties” in [Notes to statements of income].

\*1. Components of real estate operating revenue and real estate operating costs include revenue under Accounting Standard for Leasing Transactions (ASBJ Statement No. 13).

In addition, the revenue generated from contracts with major customers is “Proceeds from sale of properties” and “Utilities income.”

[Notes on per unit information]

	For the year ended December 31, 2024	For the year ended December 31, 2025
Net assets per unit (JPY)	55,601	57,507
Net income per unit (JPY)	3,755	5,325

(Note 1) Net income per unit is computed by dividing net income by the average number of investment units during the period.

Net income per unit after the adjustment of potentially dilutive units is not presented since there are no potentially dilutive units.

(Note 2) The basis of computation of net income per unit is as follows:

(thousands of yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Net income	18,272,101	27,145,059
Amount not attributable to common unitholders	—	—
Net income attributable to common investment units	18,272,101	27,145,059
Average number of investment units during period	4,865,133 units	5,097,006 units

[Notes on significant subsequent events]

1. Conclusion of contract on acquisition of asset

JHR concluded a purchase and sale agreement regarding acquisition of the following asset on February 25, 2026.

Name of asset for anticipated acquisition	HYATT REGENCY TOKYO
Asset category	Real estate beneficial interest in trust and movable assets associated with the hotel
Asset type	Hotel
Location	2-7-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Anticipated acquisition date	March 13, 2026
Seller	GK Midtown Tokyo
Anticipated acquisition price (Note)	¥126,000 million

(Note) The acquisition price does not include expenses for acquisition, settlement of property tax and city planning tax, and consumption taxes.

2. Resolution on borrowing of funds

JHR resolved on February 25, 2026 to conduct new borrowings as follows, in order to partly fund the acquisition of HYATT REGENCY TOKYO as described above in “1. Conclusion of contract on acquisition of asset.”

Names of loan	Lenders	Amount of the new loan (JPY1M)	Interest rate (Note)	Borrowing date	Maturity date	Collateral / method of repayment
Term Loan 127	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Development Bank of Japan Inc. The Chiba Bank, Ltd.	22,000	Base interest rate + 0.250%	March 13, 2026	March 15, 2027	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date
Term Loan 128	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Resona Bank, Limited Development Bank of Japan Inc. Daiwa Next Bank, Ltd.	8,000	Base interest rate + 0.275%	March 13, 2026	March 31, 2028	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date
Term Loan 129	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Resona Bank, Limited Development Bank of Japan Inc. Daiwa Next Bank, Ltd. Kansai Mirai Bank, Limited	10,000	Base interest rate + 0.350%	March 13, 2026	March 29, 2030	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date
Term Loan 130	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. SBI Shinsei Bank, Limited Resona Bank, Limited Development Bank of Japan Inc. The Chiba Bank, Ltd. Daiwa Next Bank, Ltd. Kansai Mirai Bank, Limited	25,000	Base interest rate + 0.400%	March 13, 2026	March 31, 2031	Unsecured & Unguaranteed / Lump-sum repayment on the maturity date

(Note) The base interest rate to be applied to the calculation period of the interest to be paid on the interest payment date will be JBA Japanese Yen TIBOR for one month as of two business days prior to the immediately preceding interest payment date (or, two business days prior to the

borrowing date as to the first interest calculation period). However, as to Term Loan 127, the base interest rate to be applied will be JBA Japanese Yen TIBOR for twelve months as of two business days prior to the borrowing date.

### 3. Resolution on issuance of new investment units

JHR resolved to issue new investment units at the Board of Directors meetings held on February 25, 2026, as outlined below. The issue price and other conditions will be determined at the Board of Directors meetings to be held later.

#### (1) Issuance of new investment units (domestic public offering and overseas offering)

Number of investment units to be issued : 848,991 units (maximum) (Note 1)

Payment date : Any day between March 9, 2026 and March 11, 2026

(Note 1) Total of 807,000 units to be underwritten and 41,991 units, the maximum number of investment units to be additionally issued subject to an option granted to the overseas underwriters.

#### (2) Issuance of new investment units (third-party allotment) (Note 2)

Number of investment units to be issued : 38,709 units (maximum)

Payment date : April 7, 2026

Allottee : SMBC Nikko Securities Inc.

(Note 2) There may be cases where there is no subscription for the number of investment units of the third-party allotment, in whole or in part. As a result, there may be cases where the final number of investment units of the third-party allotment is reduced by that extent or the issuance itself does not take place at all due to forfeiture.

#### (3) Use of the proceeds

The proceeds will be allocated to partially fund the acquisition of HYATT REGENCY TOKYO as described in “1. Conclusion of contract on acquisition of asset” above. The remainder of the proceeds will be retained as cash on hand to partially fund future acquisitions of specified assets or for repairs and capital expenditures to maintain and improve the competitiveness of existing properties.

(10) Changes in total number of investment units issued and outstanding

The following is the status of increase (decrease) in the total number of investment units issued and outstanding and unitholders' capital for past five years through to the end of the fiscal year under review.

Date	Capital transaction	Total number of investment units issued and outstanding (Units)		Unitholders' capital (JPY1M)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
March 16, 2021	Capital increase through third-party allotment of investment units	4,659	4,467,006	300	187,194	(Note 1)
September 21, 2023	Capital increase through public offering of investment units	170,000	4,637,006	11,857	199,051	(Note 2)
July 3, 2024	Capital increase through public offering of investment units	451,641	5,088,647	33,045	232,097	(Note 3)
July 30, 2024	Capital increase through third-party allotment of investment units	8,359	5,097,006	611	232,708	(Note 4)

(Note 1) New investment units were issued through third-party allotment with an issue value per unit of ¥64,400 in order to procure part of funds for capital expenditures.

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥72,030 (issue value of ¥69,751) in order to procure funds for the acquisition of new properties, etc.

(Note 3) New investment units were issued through public offering with an issue price per unit of ¥75,558 (issue value of ¥73,167) in order to procure funds for the acquisition of new properties, etc.

(Note 4) New investment units were issued through third-party allotment with an issue value per unit of ¥73,167 in order to procure funds for allocation to part of future acquisitions of specified assets or capital expenditures to maintain or improve competitiveness of existing properties.

### 3. Reference information

For detailed information of each property and the operating result of hotels, please see the reference information below as well as the Financial Results Briefing dated today and the website of JHR (<https://www.jhrth.co.jp/en/ir/library.html>).

#### (1) Information on values of assets under management, etc.

##### A. Investment status

The following outlines the investment status of JHR as of the end of the fiscal year under review.

Asset category	Hotel type (Note 1)	Prefectural location	Name	As of December 31, 2024		As of December 31, 2025		
				Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)	Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)	
Full-service hotel	Fukuoka		Hilton Fukuoka Sea Hawk	—	—	64,493	11.2	
			Oriental Hotel Fukuoka Hakata Station	8,062	1.6	7,761	1.3	
	Tokyo		Hilton Tokyo Odaiba	62,942	12.6	62,821	10.9	
	Chiba		Oriental Hotel Tokyo Bay	17,390	3.5	17,691	3.1	
			Hilton Tokyo Narita Airport	13,027	2.6	12,978	2.3	
			International Garden Hotel Narita	8,824	1.8	8,682	1.5	
		Hotel Francs	3,226	0.6	3,266	0.6		
	Okinawa		OKINAWA HARBORVIEW HOTEL	22,187	4.4	25,737	4.5	
	Hiroshima		ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel) (Note 4)	16,742	3.4	16,659	2.9	
			Oriental Hotel Hiroshima	3,943	0.8	3,906	0.7	
	Aichi		Hilton Nagoya	15,413	3.1	15,341	2.7	
	Nara		Hotel Nikko Nara	9,980	2.0	9,912	1.7	
	Hyogo		Kobe Meriken Park Oriental Hotel	9,535	1.9	9,466	1.6	
	Kanagawa		Mercure Yokosuka	1,639	0.3	1,663	0.3	
				Subtotal	192,915	38.7	260,383	45.2
	Real estate in trust	Limited-service hotel	Tokyo	MIMARU Tokyo Shinjuku West	10,009	2.0	9,982	1.7
				HOTEL AMANEK Shinjuku-Kabukicho.	9,178	1.8	9,154	1.6
				Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	8,449	1.7	8,435	1.5
				the b ikebukuro	6,593	1.3	6,648	1.2
				CANDEO HOTELS Ueno Koen	6,493	1.3	6,497	1.1
Comfort Hotel Tokyo Higashi Nihombashi				3,370	0.7	3,399	0.6	
the b hachioji				2,674	0.5	2,653	0.5	
Smile Hotel Nihombashi Mitsukoshimae				2,015	0.4	2,005	0.3	
Washington R&B Hotel Ueno-hirokoji (Note 5)				1,789	0.4	1,770	0.3	
Chisun Hotel Kamata				1,454	0.3	1,437	0.2	
the b suidobashi				1,143	0.2	1,148	0.2	
dormy inn EXPRESS Asakusa				908	0.2	915	0.2	
Chisun Inn Keikyu Kamata (Note 6)				768	0.2	757	0.1	
Osaka			Holiday Inn Osaka Namba	26,469	5.3	26,374	4.6	
			Namba Oriental Hotel	15,342	3.1	15,284	2.7	
			Hotel Oriental Express Osaka Shinsaibashi	2,757	0.6	2,746	0.5	
Hokkaido			La'gent Stay Sapporo Odori	10,357	2.1	10,753	1.9	
			ibis Styles Sapporo	6,230	1.2	6,163	1.1	
			Mercure Sapporo	5,518	1.1	5,460	0.9	
Fukuoka			Hotel Oriental Express Fukuoka Tenjin	5,675	1.1	5,677	1.0	
	Hotel Oriental Express Fukuoka Nakasukawabata	4,599	0.9	4,581	0.8			
	the b hakata	2,302	0.5	2,304	0.4			
	Washington Hotel Plaza Hakata, Nakasu (Note 7)	2,096	0.4	—	—			
	Toyoko Inn Hakata-guchi Ekimae	1,328	0.3	1,310	0.2			

Asset category	Hotel type (Note 1)	Prefectural location	Name	As of December 31, 2024		As of December 31, 2025		
				Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)	Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)	
Real estate in trust	Limited-service hotel	Kyoto	ibis Styles Kyoto Station	6,532	1.3	6,511	1.1	
			Oriental Hotel Kyoto Rokujo	4,540	0.9	4,506	0.8	
		Kanagawa	Hotel JAL City Kannai Yokohama	4,008	0.8	3,983	0.7	
		Okinawa	Mercure Okinawa Naha	2,673	0.5	2,655	0.5	
		Kumamoto	dormy inn Kumamoto	2,168	0.4	2,121	0.4	
		Ishikawa	UAN kanazawa	2,037	0.4	2,017	0.3	
		Nara	Washington Hotel Plaza Nara	1,742	0.3	1,709	0.3	
	Subtotal				161,231	32.3	158,969	27.6
	Resort hotel	Okinawa	Hotel Nikko Alivila	17,270	3.5	17,568	3.0	
			Southern Beach Hotel & Resort OKINAWA	16,196	3.2	16,076	2.8	
			Oriental Hotel Okinawa Resort & Spa	16,301	3.3	16,059	2.8	
			The Beach Tower Okinawa	6,422	1.3	6,359	1.1	
		Chiba	Hilton Tokyo Bay	26,010	5.2	26,022	4.5	
		Osaka	Oriental Hotel Universal City	7,171	1.4	7,087	1.2	
		Kanagawa	Hakone Setsugetsuka	3,505	0.7	3,416	0.6	
	Subtotal				92,878	18.6	92,589	16.1
	Real estate in trust — Total				447,026	89.6	511,942	88.8
Deposits and other assets (Note 8)				51,904	10.4	64,740	11.2	
Total assets				498,930	100.0	576,683	100.0	

	Amount (JPY1M)	Ratio to total assets (%)	Amount (JPY1M)	Ratio to total assets (%)
Total liabilities	215,528	43.2	283,568	49.2
Total net assets	283,402	56.8	293,114	50.8

(Note 1) Hotels are categorized as limited-service hotels, full-service hotels or resort hotels according to the manner of operation.

(Note 2) For real estate in trust, “Total amount held” shows the amount calculated by deducting accumulated depreciation from acquisition cost (including expenses incidental to acquisition).

(Note 3) “Ratio to total assets” shows the ratio of total amount of each asset held to total assets, rounded off to one decimal place.

(Note 4) ACTIVE-INTER CITY HIROSHIMA is classified in accordance with the business category of Sheraton Grand Hiroshima Hotel, its main facility.

(Note 5) R&B Hotel Ueno-hirokoji changed its name to Washington R&B Hotel Ueno-hirokoji as of April 1, 2025. The same shall apply hereinafter.

(Note 6) Chisun Inn Kamata changed its name to Chisun Inn Keikyu Kamata as of July 1, 2025. The same shall apply hereinafter.

(Note 7) Washington Hotel Plaza Hakata, Nakasu was sold on January 30, 2025.

(Note 8) Includes machinery and equipment, tools, furniture and fixtures, construction in progress, construction in progress in trust, and intangible assets (excluding leasehold rights in trust and fixed-term land lease right in trust).

B. Assets under management

(A) Major issues of investment securities

Not applicable.

(B) Real estate properties under management

Not applicable.

(C) Other major assets under management

a. Summary of real estate properties (in trust) under management

The following summarizes the real estate properties (in trust) under management by JHR as of the end of the fiscal year under review.

(a) Details of assets under management (acquisition price, etc.)

Property No.	Name	Grade (Note 1)	Acquisition price (JPY1M) (Note 2)	Carrying amount at end of period (JPY1M) (Note 3)	Appraisal value at end of period (JPY1M) (Note 4)	Appraisal agency (Note 5)	Investment ratio (Acquisition price) (%) (Note 6)	Collateral (Note 7)
1	Kobe Meriken Park Oriental Hotel	Upper-middle	10,900	9,723	14,600	N	2.1	Unsecured
2	Oriental Hotel Tokyo Bay	Mid-price	19,900	18,307	35,100	N	3.9	Unsecured
3	Namba Oriental Hotel	Mid-price	15,000	15,430	33,700	N	2.9	Unsecured
4	Hotel Nikko Alivila	Luxury	18,900	17,795	29,200	N	3.7	Unsecured
5	Oriental Hotel Hiroshima	Upper-middle	4,100	3,958	4,290	N	0.8	Unsecured
8	The Beach Tower Okinawa	Mid-price	7,610	6,361	10,400	N	1.5	Unsecured
9	Hakone Setsugetsuka	Mid-price	4,070	3,421	5,630	N	0.8	Unsecured
10	dormy inn Kumamoto	Mid-price	2,334	2,121	5,570	N	0.5	Unsecured
12	the b suidobashi	Mid-price	1,120	1,155	2,530	N	0.2	Unsecured
13	dormy inn EXPRESS Asakusa	Economy	999	915	1,300	J	0.2	Unsecured
15	Washington Hotel Plaza Nara	Mid-price	2,050	1,710	2,450	N	0.4	Unsecured
16	Washington R&B Hotel Ueno-hirokoji	Economy	1,720	1,770	1,880	J	0.3	Unsecured
18	Comfort Hotel Tokyo Higashi Nihombashi	Economy	3,746	3,404	5,910	J	0.7	Unsecured
22	Smile Hotel Nihombashi Mitsukoshimae	Economy	2,108	2,005	3,170	J	0.4	Unsecured
24	Toyoko Inn Hakata-guchi Ekimae	Economy	1,652	1,310	2,780	T	0.3	Unsecured
25	Chisun Hotel Kamata	Economy	1,512	1,440	2,130	T	0.3	Unsecured
26	Chisun Inn Keikyū Kamata	Economy	823	760	1,460	T	0.2	Unsecured
29	Oriental Hotel Universal City	Mid-price	6,753	7,216	22,300	R	1.3	Unsecured
31	Hilton Tokyo Bay	Luxury	26,050	26,025	42,800	D	5.1	Unsecured
32	ibis Styles Kyoto Station	Mid-price	6,600	6,519	10,000	D	1.3	Unsecured
33	ibis Styles Sapporo	Mid-price	6,797	6,211	11,300	N	1.3	Unsecured
34	Mercure Sapporo	Mid-price	6,000	5,514	12,400	N	1.2	Unsecured
35	Mercure Okinawa Naha	Mid-price	3,000	2,703	7,440	N	0.6	Unsecured
37	the b ikebukuro	Mid-price	6,520	6,667	7,990	N	1.3	Unsecured
39	the b hachioji	Mid-price	2,610	2,662	2,740	N	0.5	Unsecured
40	the b hakata	Mid-price	2,300	2,318	6,180	N	0.4	Unsecured
41	Hotel Francs	Mid-price	3,105	3,268	6,690	D	0.6	Unsecured
42	Mercure Yokosuka	Mid-price	1,650	1,711	3,640	D	0.3	Unsecured
43	Oriental Hotel Okinawa Resort & Spa	Upper-middle	14,950	16,663	19,700	N	2.9	Unsecured
44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Luxury	17,320	16,881	20,600	D	3.4	Unsecured
45	CANDEO HOTELS Ueno Koen	Mid-price	6,705	6,506	7,420	D	1.3	Unsecured
46	Oriental Hotel Fukuoka Hakata Station	Upper-middle	7,197	7,847	16,000	D	1.4	Unsecured
47	Holiday Inn Osaka Namba	Mid-price	27,000	26,420	27,300	N	5.2	Unsecured
48	Hotel Oriental Express Fukuoka Tenjin	Mid-price	5,248	5,729	7,820	D	1.0	Unsecured
49	Hilton Nagoya	Luxury	15,250	15,341	15,500	D	3.0	Unsecured
50	Hilton Tokyo Narita Airport	Upper-middle	13,175	13,193	13,200	N	2.6	Unsecured
51	International Garden Hotel Narita	Mid-price	9,125	8,774	9,650	N	1.8	Unsecured
52	Hotel Nikko Nara	Upper-middle	10,373	10,018	10,000	D	2.0	Unsecured
53	Hotel Oriental Express Osaka Shinsaibashi	Mid-price	2,738	2,757	2,900	D	0.5	Unsecured
54	Hilton Tokyo Odaiba	Upper-middle	62,400	63,023	72,700	N	12.1	Unsecured
55	UAN kanazawa	Upper-middle	2,050	2,022	2,340	N	0.4	Unsecured

Property No.	Name	Grade (Note 1)	Acquisition price (JPY1M) (Note 2)	Carrying amount at end of period (JPY1M) (Note 3)	Appraisal value at end of period (JPY1M) (Note 4)	Appraisal agency (Note 5)	Investment ratio (Acquisition price) (%) (Note 6)	Collateral (Note 7)
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Mid-price	8,400	8,435	10,300	D	1.6	Unsecured
57	La'gent Stay Sapporo Odori	Mid-price	10,020	10,956	11,800	N	1.9	Unsecured
58	Oriental Hotel Kyoto Rokujo	Mid-price	4,446	4,550	6,650	N	0.9	Unsecured
59	Hotel Oriental Express Fukuoka Nakasukawabata	Mid-price	4,460	4,614	6,280	N	0.9	Unsecured
60	Hotel JAL City Kannai Yokohama	Mid-price	4,000	4,006	4,590	N	0.8	Unsecured
61	MIMARU Tokyo Shinjuku West	Upper-middle	9,645	9,982	14,200	D	1.9	Unsecured
62	HOTEL AMANEK Shinjuku-Kabukicho.	Mid-price	8,845	9,154	12,900	D	1.7	Unsecured
63	OKINAWA HARBORVIEW HOTEL	Mid-price	21,562	26,346	24,200	N	4.2	Unsecured
64	Southern Beach Hotel & Resort OKINAWA	Mid-price	16,200	16,228	20,300	N	3.1	Unsecured
65	Hilton Fukuoka Sea Hawk	Upper-middle	64,350	64,642	71,700	D	12.5	Unsecured
	Total		515,391	516,511	703,630		100.0	

(Note 1) JHR categorizes hotels into the four grade classes of “Luxury,” “Upper-middle,” “Mid-price” and “Economy” mainly from the perspective of average daily rate, etc.

(Note 2) “Acquisition price” is the acquisition price stated on the purchase and sale agreement for beneficial interest in trust, etc. (consumption tax, local consumption tax and the acquisition expense such as broker’s fee are not included). The acceptance prices are indicated for the properties that have been accepted through the Merger.

(Note 3) “Carrying amount at end of period” is the book value at the end of the fiscal year under review and includes the amounts for not only real estate in trust but also machinery and equipment, tools, furniture and fixtures, construction in progress in trust and intangible assets.

(Note 4) “Appraisal value at end of period” is the appraisal value at the end of the fiscal year under review as the date of appraisal, in accordance with the asset valuation methods and standards provided in JHR’s Articles of Incorporation and the regulations set forth by The Investment Trusts Association, Japan.

(Note 5) Under “Appraisal agency,” the letters indicate the appraisers for the properties as follows:

N: Nihon Fudosan Kenkyusho (Japan Real Estate Institute)

J: JLL Morii Valuation & Advisory K.K.

T: The Tanizawa Sōgō Appraisal Co., Ltd.

R: Rich Appraisal Institute Co., Ltd.

D: DAIWA REAL ESTATE APPRAISAL CO., LTD.

(Note 6) “Investment ratio” is the ratio of acquisition price of the respective asset held at the end of the fiscal year under review to the total amount of acquisition price of all assets held at the end of the fiscal year under review and is rounded off to one decimal place.

(Note 7) “Collateral” is whether or not a pledge has been established for the beneficial interest in trust.

(Note 8) The omitted property numbers are the property numbers of assets that have been transferred.

(b) Details of assets under management (change in tenants of portfolio)

The following is the change in total number of tenants, total leasable area, total leased area, and occupancy rate, etc. of real estate properties (in trust) under management for the past five years.

	End of 22nd period December 2021	End of 23rd period December 2022	End of 24th period December 2023	End of 25th period December 2024	End of 26th period December 2025
Total number of tenants (Note 1)	116	110	117	118	144
Total leasable area (Note 2)	733,995.61 m <sup>2</sup>	733,995.61 m <sup>2</sup>	767,700.44 m <sup>2</sup>	832,486.39 m <sup>2</sup>	963,054.12 m <sup>2</sup>
Total leased area (Note 3)	732,764.69 m <sup>2</sup>	732,251.49 m <sup>2</sup>	765,875.99 m <sup>2</sup>	831,261.48 m <sup>2</sup>	962,556.92 m <sup>2</sup>
Occupancy rate (Note 4)	99.8%	99.8%	99.8%	99.9%	99.9%

(Note 1) Total number of tenants indicates the total number of tenants based on the lease contracts for respective real estate in trust (excluding tenants of parking lots, etc.) as of the end of each fiscal period. However, for properties for which master lease contracts under the pass-through scheme are concluded in which trustee receives the same amount of rents, etc. from end tenants as is in principle, the total number of end tenants (excluding tenants of parking lots, etc.) is indicated.

(Note 2) In principle, total leasable area represents leasable area of the building, which does not include leasable area of land (including parking lots on ground), based on a lease contract or plan for each real estate in trust. For properties in which the leased area is not described in the lease contract, leasable area represents the area described in the registration of the building. Furthermore, when the leasable area in the lease contract is indicated in tsubo units, the figure in the table has been converted to the area in metric units (3.30578 square meters per one tsubo). The same shall apply hereinafter.

(Note 3) In principle, total leased area represents the leased area described in the lease contract of the building. For properties in which the leased area is not described in the lease contract, leased area shows the area described in the registration of the building. Furthermore, when the leased area in the lease contract is indicated in tsubo units, the figure in the table has been converted to the area in metric units (3.30578 square meters per one tsubo). However, for properties for which master lease contracts under the pass-through scheme are concluded in which trustee receives the same amount of rents, etc. from end tenants as is in principle, the total area for which lease contracts have been concluded with end tenants and which are actually leased is indicated. The same shall apply hereinafter.

(Note 4) Occupancy rate indicates the percentage of leased area to leasable area of respective real estate properties in trust as of the end of each fiscal period. The same shall apply hereinafter.

## (c) Details of assets under management (information on major real estate)

There are no major real estate properties whose total annual rents account for more than 10% of the total annual rents of the entire portfolio. "Total annual rent" is the amount of (i) the amount arrived at when monthly fixed rent (rent of the building itself only, excluding common area maintenance charges and signage and parking usage fees; not factoring in any change in rent during the fiscal year) in lease contracts at the end of the fiscal year under review is multiplied by 12, plus (ii) actual amounts of revenue-sharing rent, variable rent or income from management contracts for full year.

## (d) Details of assets under management (NOI, etc.)

Property No.	Name	Rent type (Note 1)	Real estate operating revenue (JPY 1,000)	NOI (Note 2) (JPY 1,000)	NOI after depreciation (Note 3) (JPY 1,000)
1	Kobe Meriken Park Oriental Hotel	Variable/Fixed	1,238,474	993,101	642,097
2	Oriental Hotel Tokyo Bay	Variable/Fixed	2,244,657	2,111,712	1,437,705
3	Namba Oriental Hotel	Variable/Fixed	1,646,205	1,525,864	1,348,543
4	Hotel Nikko Alivila	Variable/Fixed	1,673,671	1,511,484	1,250,382
5	Oriental Hotel Hiroshima	Variable/Fixed	269,008	223,500	145,706
8	The Beach Tower Okinawa	Fixed	511,008	464,348	340,886
9	Hakone Setsugetsuka	Fixed	294,944	269,517	170,222
10	dormy inn Kumamoto	Variable/Fixed	286,895	263,279	208,027
12	the b suidobashi	Variable/Fixed	186,259	174,995	148,439
13	dormy inn EXPRESS Asakusa	Fixed	65,075	55,484	42,085
14	Washington Hotel Plaza Hakata, Nakasu (Note 4)	Fixed	18,000	17,000	14,000
15	Washington Hotel Plaza Nara (Note 4)	Fixed	151,000	134,000	98,000
16	Washington R&B Hotel Ueno-hirokoji	Fixed	97,300	80,791	60,856
18	Comfort Hotel Tokyo Higashi Nihombashi	Variable/Fixed (Note 5)	358,320	324,628	279,532
22	Smile Hotel Nihombashi Mitsukoshimae	Variable/Fixed (Note 5)	178,386	160,812	137,685
24	Toyoko Inn Hakata-guchi Ekimae	Fixed	141,039	125,362	107,531
25	Chisun Hotel Kamata	Variable	182,391	167,448	128,059
26	Chisun Inn Keikyū Kamata	Variable	106,753	99,168	86,577
29	Oriental Hotel Universal City	Variable/Fixed	1,926,944	1,864,228	1,713,414
31	Hilton Tokyo Bay	Variable/Fixed (Note 5)	2,565,283	2,280,838	2,068,126
32	ibis Styles Kyoto Station	Management contract	477,472	420,063	388,921
33	ibis Styles Sapporo	Management contract	663,565	543,854	460,457
34	Mercure Sapporo	Management contract	920,294	704,206	611,589
35	Mercure Okinawa Naha	Management contract	402,903	342,470	275,653
37	the b ikebukuro	Variable/Fixed	448,060	416,127	380,934
39	the b hachioji	Variable/Fixed	213,341	188,319	150,555
40	the b hakata	Variable/Fixed	361,963	346,821	320,806
41	Hotel Francs	Variable/Fixed	485,549	424,748	361,843
42	Mercure Yokosuka	Variable	447,956	327,955	285,951
43	Oriental Hotel Okinawa Resort & Spa	Variable/Fixed	1,686,437	1,593,318	1,070,035
44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Variable/Fixed	1,843,340	1,325,465	1,072,612
45	CANDEO HOTELS Ueno Koehn	Fixed	349,971	322,154	272,700
46	Oriental Hotel Fukuoka Hakata Station	Variable/Fixed	2,096,700	1,850,869	1,481,293
47	Holiday Inn Osaka Namba	Variable/Fixed	1,498,984	1,446,950	1,317,040
48	Hotel Oriental Express Fukuoka Tenjin	Variable/Fixed	1,004,701	878,618	811,710
49	Hilton Nagoya	Variable	1,537,874	864,299	668,749
50	Hilton Tokyo Narita Airport	Variable/Fixed	727,267	651,786	403,586
51	International Garden Hotel Narita	Variable/Fixed	522,366	478,918	312,824
52	Hotel Nikko Nara	Variable/Fixed	563,312	514,260	348,612
53	Hotel Oriental Express Osaka Shinsaibashi	Variable/Fixed	274,782	259,474	242,474
54	Hilton Tokyo Odaiba	Variable/Fixed	3,285,909	2,926,988	2,598,533
55	UAN kanazawa	Variable/Fixed (Note 5)	130,017	118,884	98,558
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Variable/Fixed (Note 5)	468,420	398,864	375,503
57	La'gent Stay Sapporo Odori	Variable	695,003	650,519	522,230
58	Oriental Hotel Kyoto Rokujo	Variable/Fixed	422,482	401,147	362,386
59	Hotel Oriental Express Fukuoka Nakasukawabata	Variable/Fixed	517,245	494,198	467,321
60	Hotel JAL City Kannai Yokohama	Variable/Fixed	226,482	206,147	173,736
61	MIMARU Tokyo Shinjuku West	Variable/Fixed	591,164	563,226	535,129
62	HOTEL AMANEK Shinjuku-Kabukicho. (Note 7)	Variable/Fixed	572,827	552,104	527,680
63	OKINAWA HARBORVIEW HOTEL	Variable/Fixed	1,050,000	1,014,722	669,367
64	Southern Beach Hotel & Resort OKINAWA	Variable/Fixed	772,920	721,935	511,597
65	Hilton Fukuoka Sea Hawk (Note 6)	Variable/Fixed	3,809,458	3,750,344	3,140,223
	Total		43,211,368	38,547,851	31,650,044

- (Note 1) Under “Rent type,” “Fixed” is a property under a fixed rent structure, “Variable” is a property under a variable rent structure, “Management contract” is a property under a management contract structure, and “Variable/Fixed” is a property under a combination of fixed and variable rent structures.
- (Note 2)  $\text{NOI} = \text{Real estate operating revenue} - \text{Real estate operating costs} + \text{Depreciation} + \text{Loss on retirement of noncurrent assets} + \text{Asset retirement obligations expenses}$
- (Note 3)  $\text{NOI after depreciation (net real estate operating income)} = \text{Real estate operating revenue} - \text{Real estate operating costs}$
- (Note 4) For Washington Hotel Plaza Hakata, Nakasu and Washington Hotel Plaza Nara, consent on disclosure of rent in units of thousand yen has not been obtained from the lessees and numbers are thus rounded down to the nearest million yen.  
Washington Hotel Plaza Hakata, Nakasu was sold on January 30, 2025.
- (Note 5) For Comfort Hotel Tokyo Higashi Nihombashi, Smile Hotel Nihombashi Mitsukoshimae, Hilton Tokyo Bay, UAN kanazawa and Sotetsu Fresa Inn Shimbashi-Karasumoriguchi, the rent structure is one that has set not only fixed rent but also partial rent based on a revenue-sharing rent structure.
- (Note 6) Hilton Fukuoka Sea Hawk was acquired on February 21, 2025.
- (Note 7) The property numbers of assets that were transferred before the end of the previous fiscal year are intentionally omitted.

(e) Summary of risk analysis, etc. for earthquake

The following is the PML value etc. for the real estate properties (in trust) under management as of the end of the fiscal year under review.

Property No.	Name	Probable Maximum Loss (PML) ratio by earthquake risk analyses (%) (Note 1)	Existence of earthquake insurance	Provider of PML value (Note 2)
1	Kobe Meriken Park Oriental Hotel	11.6	None	P
2	Oriental Hotel Tokyo Bay	14.2	None	P
3	Namba Oriental Hotel	13.4	None	P
4	Hotel Nikko Alivila	7.3	None	P
5	Oriental Hotel Hiroshima	10.7	None	O
8	The Beach Tower Okinawa	2.7	None	S
9	Hakone Setsugetsuka	14.4	None	P
10	dormy inn Kumamoto	5.6	None	S
12	the b suidobashi	5.4	None	S
13	dormy inn EXPRESS Asakusa	4.9	None	S
15	Washington Hotel Plaza Nara	13.7	None	P
16	Washington R&B Hotel Ueno-hirokoji	3.6	None	S
18	Comfort Hotel Tokyo Higashi Nihombashi	6.7	None	S
22	Smile Hotel Nihombashi Mitsukoshimae	7.5	None	S
24	Toyoko Inn Hakata-guchi Ekimae	Total: 3.8	None	S
25	Chisun Hotel Kamata	9.0	None	S
26	Chisun Inn Keikyu Kamata	4.2	None	S
29	Oriental Hotel Universal City	8.7	None	P
31	Hilton Tokyo Bay	3.2	None	T
32	ibis Styles Kyoto Station	10.5	None	T
33	ibis Styles Sapporo	1.0	None	T
34	Mercure Sapporo	1.0	None	T
35	Mercure Okinawa Naha	0.5	None	T
37	the b ikebukuro	5.3	None	T
39	the b hachioji	4.9	None	T
40	the b hakata	3.3	None	T
41	Hotel Francs	2.5	None	T
42	Mercure Yokosuka	7.1	None	T
43	Oriental Hotel Okinawa Resort & Spa	0.7	None	T
44	ACTIVE-INTER CITY HIROSHIMA	2.0	None	T
45	CANDEO HOTELS Ueno Koen	3.1	None	T
46	Oriental Hotel Fukuoka Hakata Station	2.4	None	T
47	Holiday Inn Osaka Namba	6.5	None	T
48	Hotel Oriental Express Fukuoka Tenjin	3.3	None	T
49	Hilton Nagoya	1.7	None	T
50	Hilton Tokyo Narita Airport	2.4	None	T
51	International Garden Hotel Narita	5.2	None	T
52	Hotel Nikko Nara	7.5	None	T
53	Hotel Oriental Express Osaka Shinsaibashi	7.3	None	S
54	Hilton Tokyo Odaiba	4.3	None	T
55	UAN kanazawa	10.0	None	T
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	7.0	None	S
57	La'gent Stay Sapporo Odori	2.6	None	T
58	Oriental Hotel Kyoto Rokujo	12.2	None	T
59	Hotel Oriental Express Fukuoka Nakasukawabata	5.2	None	T
60	Hotel JAL City Kannai Yokohama	7.9	None	S
61	MIMARU Tokyo Shinjuku West	4.2	None	T
62	HOTEL AMANEK Shinjuku-Kabukicho.	3.0	None	T
63	OKINAWA HARBORVIEW HOTEL	4.5	None	S
64	Southern Beach Hotel & Resort OKINAWA	10.5	None	S
65	Hilton Fukuoka Sea Hawk	Less than 0.1	None	S

(Note 1) PML (Probable Maximum Loss) represents damage caused by a major earthquake that may occur once every 475 years (estimated probability of such earthquake to occur during the 50 years is 10%) during the expected holding period (50 years = useful life of ordinary buildings). PML is the anticipated percentage of recovery cost against the building replacement cost.

JHR will evaluate the possibility of acquiring earthquake insurance for the property if the PML of the particular property exceeds 15%. As of the end of the fiscal year under review, no property is planned to be insured by earthquake insurance.

(Note 2) Under "Provider of PML value" the letters indicate the name of provider for the properties as follows:

T: Tokio Marine dR Co., Ltd.

P: Deloitte Tohmatsu Property Risk Solution Co., Ltd.

O: OBAYASHI CORPORATION

S: Sampo Risk Management, Inc.

(Note 3) The property numbers of assets that were transferred are intentionally omitted.

b. Rent structures of hotels with variable rent, etc.

	Property No.	Name	Rent type	Method of calculating variable rent and income from management contracts
28 Hotels with Variable Rent, etc.	1	Kobe Meriken Park Oriental Hotel	Variable/Fixed	(Total AGOP (Note 1) of The Five HMJ Hotels – base amount (¥4,120 million/year (Note 2))) x 85.0%
	2	Oriental Hotel Tokyo Bay		
	3	Namba Oriental Hotel		
	4	Hotel Nikko Alivila		
	5	Oriental Hotel Hiroshima		
	29	Oriental Hotel Universal City	Variable/Fixed	(AGOP – base amount (¥370 million/year)) x 95.0%
	43	Oriental Hotel Okinawa Resort & Spa	Variable/Fixed	(AGOP – base amount (¥655 million/year)) x 95.0%
	44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Variable/Fixed (Note 3)	(AGOP – base amount (¥360 million/year)) x 90.0%
	46	Oriental Hotel Fukuoka Hakata Station	Variable/Fixed	(AGOP – base amount (¥442 million/year)) x 98.0%
	47	Holiday Inn Osaka Namba	Variable/Fixed	(AGOP – base amount (¥580 million/year)) x 97.0%
	48	Hotel Oriental Express Fukuoka Tenjin	Variable/Fixed	(AGOP – base amount (¥165 million/year)) x 97.0%
	50	Hilton Tokyo Narita Airport	Variable/Fixed	(AGOP – base amount (¥450 million/year)) x 93.0%
	51	International Garden Hotel Narita	Variable/Fixed	(AGOP – base amount (¥360 million/year)) x 98.0%
	52	Hotel Nikko Nara	Variable/Fixed	(AGOP – base amount (¥440 million/year)) x 95.0%
	53	Hotel Oriental Express Osaka Shinsaibashi	Variable/Fixed	(AGOP – base amount (¥128 million/year)) x 91.0%
	54	Hilton Tokyo Odaiba	Variable/Fixed	(AGOP – base amount (¥1,660 million/year)) x 98.0%
	58	Oriental Hotel Kyoto Rokujo	Variable/Fixed	(AGOP – base amount (¥183 million/year)) x 93.5%
	59	Hotel Oriental Express Fukuoka Nakasukawabata	Variable/Fixed	(AGOP – base amount (¥189 million/year)) x 92.0%
	60	Hotel JAL City Kannai Yokohama	Variable/Fixed	(AGOP – base amount (¥150 million/year)) x 95.0%
		32	ibis Styles Kyoto Station	Management contract (Note 4)
33		ibis Styles Sapporo		
34		Mercure Sapporo		
35		Mercure Okinawa Naha		
42		Mercure Yokosuka	Variable	
	12	the b suidobashi	Variable/Fixed	Amount linked to AGOP (Note 5)
	37	the b ikebukuro		
	39	the b hachioji		
	40	the b hakata		
Other hotels with variable rent or revenue-sharing rent	10	dormy inn Kumamoto	Variable/Fixed	(GOP – base amount (¥400 million/year)) x 40.0% (Note 6)
	18	Comfort Hotel Tokyo Higashi Nihombashi	Fixed + Revenue sharing	Amount that is a certain percentage of sales exceeding the threshold (Note 5)
	22	Smile Hotel Nihombashi Mitsukoshimae	Fixed + Revenue sharing	Amount that is a certain percentage of sales exceeding the threshold (Note 5)
	25	Chisun Hotel Kamata	Variable	Amount that is the monthly GOP multiplied by 86.0% (¥0 if the amount is below ¥0.) (Note 7)
	26	Chisun Inn Keikyū Kamata	Variable	Amount that is the monthly GOP multiplied by 86.0% (¥0 if the amount is below ¥0.)
	31	Hilton Tokyo Bay	Fixed + Revenue sharing	Amount that is a certain percentage of sales exceeding the threshold (Note 5)
	41	Hotel Francs	Variable/Fixed	(GOP – base amount (¥350 million/year)) x 52.0%
	49	Hilton Nagoya	Variable	Variable rents linked to hotel sales, etc. (Note 5)
	55	UAN kanazawa	Fixed + Revenue sharing	(Room sales – base amount (¥270 million/year)) x 30.0%
	56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Fixed + Revenue sharing	Amount that is a certain percentage of sales exceeding the threshold (Note 5) (Note 8)
	57	La'gent Stay Sapporo Odori	Variable	Amount linked to GOP (Note 5)
	61	MIMARU Tokyo Shinjuku West	Variable/Fixed	Amount linked to GOP (Note 5)
	62	HOTEL AMANEK Shinjuku-Kabukicho.	Variable/Fixed	Amount linked to GOP (Note 5)
	64	Southern Beach Hotel & Resort OKINAWA	Variable/Fixed	(AGOP – base amount (¥650 million/year)) x 93.0% (Note 9)
65	Hilton Fukuoka Sea Hawk	Variable/Fixed	(AGOP – base amount (¥2,100 million/year)) x 95.0%	

(Note 1) AGOP (adjusted GOP) is the amount calculated by subtracting certain fees and other items from GOP. The same shall apply hereinafter.

(Note 2) For the purpose of payments of variable rent from each hotel, etc. JHR has set individual GOP base amount for each hotel. The breakdown of the AGOP base amount of the Five HMJ Hotels (¥4,120 million/year) are as follows.

Kobe Meriken Park Oriental Hotel ¥690 million, Oriental Hotel Tokyo Bay ¥1,060 million, Namba Oriental Hotel ¥890 million, Hotel Nikko Alivila ¥1,250 million, and Oriental Hotel Hiroshima ¥230 million.

(Note 3) The indicated figures are for Sheraton Grand Hiroshima Hotel, the main facility of ACTIVE-INTER CITY HIROSHIMA.

(Note 4) The management contract structure is a structure for hotel real estate owned by JHR in which JHR entrusts an operator to operate the hotel and takes in the outcome of that business as real estate operating revenue. Specifically, JHR, the owner of the hotel real estate, concludes a management contract with an operator and entrusts the operator with the tasks necessary to run the hotel business. JHR receives the hotel revenue achieved from the hotel business (operation) by the operator and, at the same time, pays a management fee to the operator. This hotel revenue achieved is recognized as “real

estate operating revenue through management contract” and is equivalent to the rent that is the real estate operating revenue under the leasing structure.

- (Note 5) The detailed content of the contract is not disclosed as consent on disclosure has not been obtained from the lessee.
- (Note 6) The hotel’s variable rent from April 2026 onward, will be calculated as follows.  
April 2026 and after:  $(\text{GOP} - \text{base amount } (\text{¥}250 \text{ million/year})) \times 50.0\%$
- (Note 7) The hotel’s variable rent from January 2026 onward, will be calculated as follows.  
January 2026 and after: Amount that is the monthly GOP multiplied by 88.0% (¥0 if the amount is below ¥0)
- (Note 8) On April 1, 2026, the hotel lessee will change to KK Shimbashi Karasumori Operations. The hotel’s variable rent will be calculated as follows.  
From April 2026 to December 2026:  $(\text{AGOP} - \text{base amount } (\text{¥}190.5 \text{ million})) \times 95.0\%$   
January 2027 and after:  $(\text{AGOP} - \text{base amount } (\text{¥}254 \text{ million/year})) \times 95.0\%$
- (Note 9) On December 28, 2025, the hotel lessee changed to KK Okinawa Itoman Operations. The hotel’s variable rent is calculated as follows.  
From December 28, 2025 to December 31, 2025:  $(\text{AGOP} - \text{base amount } (\text{¥}7 \text{ million})) \times 93.0\%$   
January 2026 and after:  $(\text{AGOP} - \text{base amount } (\text{¥}650 \text{ million/year})) \times 93.0\%$
- (Note 10) Additionally, the rent type of OKINAWA HARBORVIEW HOTEL will change from Fixed to Variable/Fixed from August 2026 onward. The hotel’s variable rent will be calculated as follows.  
From August 2026 to December 2026:  $(\text{AGOP} - \text{base amount } (\text{¥}300 \text{ million})) \times 95.0\%$   
FY 2027 and after:  $(\text{AGOP} - \text{base amount } (\text{¥}720 \text{ million/year})) \times 95.0\%$   
Furthermore, the rent type of The Beach Tower Okinawa will change from Fixed to Variable/Fixed from July 2026 onward. The hotel’s variable rent will be calculated as follows.  
July 2026 and after:  $(\text{GOP} - \text{base amount } (\text{¥}700 \text{ million/year})) \times 10.0\%$

(2) Status of capital expenditures

A. Planned capital expenditures (Note)

The following table shows major estimated capital expenditure items for renovation work planned as of the end of the fiscal year under review. Expenditures are expected to total ¥12,915 million, which consists of capital expenditures of ¥12,907 million and repair expenses of ¥7 million, for the next fiscal year.

Name of property, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (JPY1M)	
			Total amount	Total amount paid
Hotel Nikko Alivila (Nakagami-gun, Okinawa)	Renewal of elevators	From September 2025 to May 2026	240	—
Chisun Hotel Kamata (Ohta-ku, Tokyo)	Renovation of car parking garage	From October 2026 to November 2026	62	—
Hilton Tokyo Bay (Urayasu city, Chiba)	Renewal of electrical transmission and distribution system	From January 2026 to January 2026	216	—
Hilton Tokyo Bay (Urayasu city, Chiba)	Renewal of elevators	From October 2026 to November 2026	90	—
Mercure Sapporo (Sapporo city, Hokkaido)	Renewal of air-conditioning equipment in common area (3rd and 4th floor)	From May 2026 to June 2026	60	—
Hotel Francs (Chiba city, Chiba)	Renovation of hot water supply system	From February 2026 to March 2026	83	—
Mercure Yokosuka (Yokosuka city, Kanagawa)	Renewal of self-controlled air conditioning equipment	From October 2025 to February 2026	75	—
Oriental Hotel Fukuoka Hakata Station (Fukuoka city, Fukuoka)	Renovation of rooftop bar	From May 2026 to September 2026	80	—
Hilton Narita (Narita city, Chiba)	Repair of central monitoring system, etc.	From January 2026 to November 2026	85	—
Hilton Narita (Narita city, Chiba)	Renovation of guest rooms	From July 2026 to November 2026	106	—
Hilton Tokyo Odaiba (Minato-ku, Tokyo)	Renovation of electrical transmission and distribution system	From February 2026 to February 2026	116	—
Hilton Tokyo Odaiba (Minato-ku, Tokyo)	Renewal of air-conditioning facilities	From December 2025 to February 2026	136	—
Hilton Tokyo Odaiba (Minato-ku, Tokyo)	Interior renovation works	From February 2026 to December 2026	3,350	—
Hilton Tokyo Odaiba (Minato-ku, Tokyo)	Major renovation works for entire property	From February 2026 to December 2026	3,085	—
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Exterior construction, renovation of pool	From September 2025 to May 2026	643	12
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of exterior wall (2nd phase)	From February 2026 to September 2026	175	—
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of plumbing and piping	From February 2026 to March 2026	95	—
Hilton Fukuoka Sea Hawk (Fukuoka city, Fukuoka)	Renovation of guestrooms and executive lounge	From June 2026 to September 2026	600	—
HYATT REGENCY TOKYO (Shinjuku-ku, Tokyo)	Installment of LED lighting equipment in hotel common area	From May 2026 to November 2026	60	—
Total			9,359	12

(Note) New construction and renewal work include those for buildings, attached facilities, etc. as well as items classified as furniture and fixtures. The scheduled period of the above-planned renovation work and whether the renovation work will be performed may change.

B. Capital expenditures during the period (Note)

Major construction work conducted by JHR during the fiscal year under review that represents capital expenditures is as follows. Capital expenditures for the fiscal year under review totaled ¥9,572 million, and repair expenses that were accounted for as expense in the fiscal year under review totaled ¥14 million. In aggregate, ¥9,587 million of construction work was carried out.

Name of property, etc. (Location)	Purpose	Period	Construction costs (JPY1M)
Kobe Meriken Park Oriental Hotel (Kobe city, Hyogo)	Renovation of heat sources	From August 2025 to October 2025	69
Oriental Hotel Tokyo Bay (Urayasu city, Chiba)	Renovation of guest rooms (3rd, 4th, 11th and 12th floor)	From January 2025 to March 2025	401
Oriental Hotel Tokyo Bay (Urayasu city, Chiba)	Renovation of guest rooms (5th and 6th floor)	From May 2025 to July 2025	499
Oriental Hotel Tokyo Bay (Urayasu city, Chiba)	Renewal of hot water supply piping	From January 2025 to November 2025	67
Hotel Nikko Alivila (Nakagami-gun, Okinawa)	Installation of new emergency generator	From October 2023 to October 2025	417
Hilton Tokyo Bay (Urayasu city, Chiba)	Renewal of elevators	From January 2025 to February 2025	82
Hilton Tokyo Bay (Urayasu city, Chiba)	Renewal of air-conditioning equipment in guest rooms	From January 2025 to March 2025	72
the b Ikebukuro (Toshima-ku, Tokyo)	Renewal of hot/cold water generators	From May 2025 to August 2025	67
Hilton Tokyo Narita Airport (Narita city, Chiba)	Renovation of guest rooms	From November 2025 to December 2025	98
La'gent Stay Sapporo Odori (Sapporo city, Hokkaido)	Renovation of guest rooms	From April 2025 to July 2025	635
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renewal of sanitary plumbing for guest rooms (1st phase)	From December 2024 to June 2025	220
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of heat sources	From October 2024 to March 2025	260
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of exterior wall (1st phase, south annex)	From January 2025 to May 2025	99
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of exterior wall (1st phase, main building)	From January 2025 to December 2025	360
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renewal of sanitary plumbing for guest rooms (2nd phase)	From June 2025 to November 2025	180
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Major renovation works for entire property	From December 2024 to December 2025	3,203
Southern Beach Hotel & Resort OKINAWA (Itoman city, Okinawa)	Renovation accompanied with change of lessee	From July 2025 to December 2025	153
Other capital expenditures			2,686
Total			9,572

(Note) New construction and renewal work include those for buildings, attached facilities, etc. as well as items classified as furniture and fixtures.