



Japan Hotel REIT Investment Corporation (TSE: 8985)

Midterm Financial Results

FY12/2024 (25th Period)

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

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I. Midterm Highlights	
1. Midterm Highlights	3
II. Operating Forecast for Full Fiscal Year and Summary of Midterm Settlement of Accounts	
1. Operating Forecasts for FY12/2024 (Previous Year's Results vs Current Forecast)	5
2. Midterm Results for FY12/2024	6
III. External Growth	
1. Trend of Asset Size	8
2. Overview of Assets Acquired in 2024	9
3. Effects of Assets Acquired in 2024 and Active Asset Management Strategy	10
IV. Internal Growth	
1. Hotel Performance Forecasts for FY2024	12
2. Internal Growth through Active Asset Management	14
3. Rebranding Case Studies	15
4. Renovation Summary and Results for 2023 and 1H2024	16
5. Capital Expenditure (CAPEX) and Depreciation	17
6. Rent Revision in 2024	18
7. ESG Initiatives	19
V. Financial Conditions	
1. Financial Conditions	21
VI. Market Environment	
1. Status of Domestic Accommodation Demand	25
2. Status of Inbound Visitors	26
3. Status of New Supply of Hotels	27

Appendix 1 JHR's Characteristics and Strategy	
1. JHR's Investment Targets	29
2. Simultaneous Pursuit of Stability and Upside Potential	30
3. External Growth Strategy	31
4. Internal Growth Strategy	32
5. Financial Strategy	33

Appendix 2 Information of Properties	
1. Portfolio Map	35
2. List of Portfolio	36
3. Portfolio Diversification	37
4. Rent Structure	38
5. Property List	39
6. Summary of Lease Contracts	41
7. Balance Sheet	44

Appendix 3 Investors Composition and Investment Unit Price	
1. Major Unitholders and Classifications of Unitholders	46
2. Changes in Investment Unit Price and Market Capitalization	47

Appendix 4 Summary of the Asset Management Company	
1. Summary of the Asset Management Company	49
2. Features and Governance of the Asset Management Company	50

I . Midterm Highlights

1. Midterm Highlights

1. External Growth

- Conducted a global public offering (PO) in June 2024. In July, acquired four properties located in Shinjuku and Okinawa at about 20% below appraised value
- Through both external and internal growth, accelerated JHR's growth cycle

Financing

Public Offering

JPY33.6Bn



New Loans

JPY30.0Bn

Four Properties Acquired in 2024

Total Appraisal Value

JPY69.0Bn

Total Acquisition Price

JPY56.1Bn



MIMARU Tokyo Shinjuku West



HOTEL AMANEK Shinjuku-Kabukicho.



OKINAWA HARBOR-VIEW HOTEL



Southern Beach Hotel & Resort OKINAWA

JHR's Portfolio

(as of the end of July 2024)

No. of Properties	Total Asset size	
	Acquisition Price	Appraisal Value ^(*)
51 properties	JPY453.1Bn	JPY623.8Bn

2. Status of Hotel Operations

- In 1H2024, RevPAR and sales increased by 18.6% and 16.1% year-on-year (YoY), respectively
- 2H2024 results are expected to be as strong as previous forecast. Full-year RevPAR and sales are projected to increase by 15.0% and 14.3% YoY, respectively, resulting in a 20.9% increase in GOP

2024 Forecast (28 Hotels with Variable Rent, etc.^(*))

		2023 (Result)	2024 (Forecast)	vs 2023
RevPAR (JPY)		13,920	16,008	+15.0%
Sales (JPY MM)	Rooms Dept.	39,240	45,248	+15.3%
	F&B Dept.	18,124	21,153	+16.7%
	Others	2,885	2,456	(14.9%)
	Total	60,249	68,857	+14.3%
GOP (JPY MM)		20,849	25,213	+20.9%

3. Financial Soundness

- In 1H2024, refinanced JPY30.9 billion
- Refinanced JPY3.3 billion through a green loan
- In July, procured new loans of JPY30.0 billion for property acquisitions, with a maximum term of seven years
- As of the end of July 2024, the fixed interest rate ratio stood at 73.7%, up 7.8pt from the end of FY12/2023

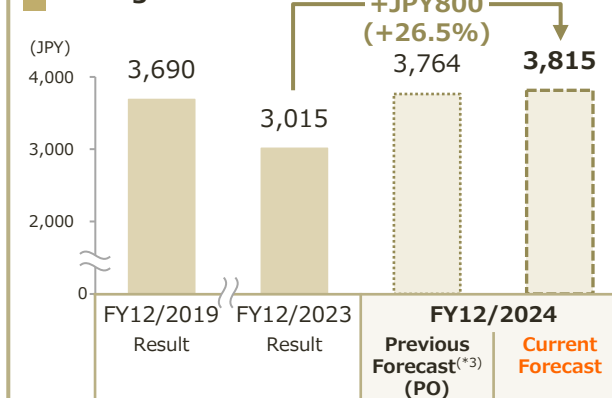
(as of the end of July 2024)

LTV (total asset base)	Fixed Interest Rate Ratio	Average Life of Interest-bearing Debt
42.3%	73.7%	3.5 years

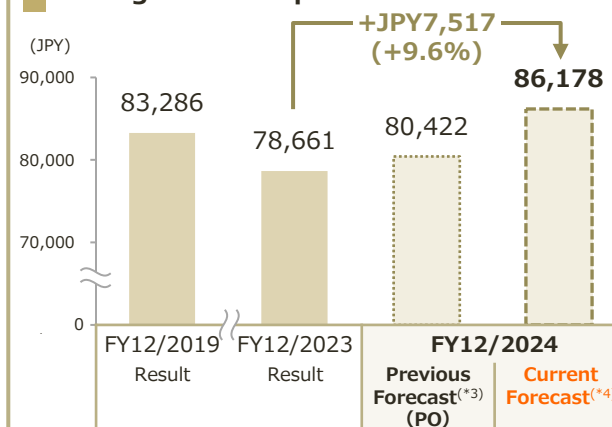
4. Changes in DPU and NAV per Unit

- DPU for 2024 is expected to be JPY3,815 (+26.5% YoY) due to the upward revision of 1H results
- NAV per unit is projected to reach JPY86,178 (+9.6% YoY), driven by an increase in appraisal values

Changes in DPU



Changes in NAV per Unit



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

(*)2 For the definition of "28 Hotels with Variable Rent, etc.," please refer to the note on page 12.

(*)3 Previous Forecast refers to the forecast figures announced in "Notice Concerning Revision of Operating and Dividend Forecast for the Fiscal Year Ending December 2024 (25th Period)" and "Supplementary Material for Press Releases dated Today" (Japanese only) dated June 24, 2024.

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

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

1. Operating Forecasts for FY12/2024 (Previous Year's Results vs Current Forecast)

		FY12/2023 (24th Period)		FY12/2024 (25th Period)		Difference from Previous Year		Breakdown of Variance			[Reference] FY12/2019 (20th Period)	Main Factors of Difference from the Previous Year's Results			
		Result (A)		Current Forecast (B)		(B)-(A)					Result	(JPY MM)			
								Existing Properties	Properties Acquired in 2023 (*3)	Properties Acquired in 2024 (*4)		Fixed Rent	Variable Rent	Total	
Properties	No. of Properties	47		51		4	-	-	-	4	43	The 19 HMJ Hotels(*5)	+386	+3,382	+3,768
	Acquisition Price	396,918		453,108		56,190	14.2%	-	-	56,190	374,508	Properties acquired in 2023	+386	+290	+676
Profit and Loss	Operating Revenue	26,574		32,910		6,335	23.8%	3,802	1,303	1,229	28,278	The Accor Group Hotels(*5)	-	+468	+468
	Real Estate Operating Revenue	26,574		32,910		6,335	23.8%	3,802	1,303	1,229	28,278	The Ishin Group Hotels(*5)	+54	+101	+156
	Fixed Rent	57.5% 14,658		50.7% 16,128		1,469	10.0%	89	474	904	58.8% 15,931	Properties acquired in 2024	+904	+321	+1,225
	Variable Rent	42.5% 10,844		49.3% 15,699		4,854	44.8%	3,716	816	321	41.2% 11,176	Other properties	+123	+580	+704
	Other Income	1,070		1,082		12	1.1%	(3)	12	3	1,170	Properties acquired in 2023	+88	+525	+614
	NOI(*2)	22,344		28,484		6,140	27.5%	3,736	1,202	1,200	24,087	Total	+1,469	+4,854	6,323
	NOI Yield	5.6%		6.3%		0.7pt					6.4%	Breakdown of Negative Goodwill			
	Depreciation	5,083		5,630		547		175	128	243	4,557	Dilution			: JPY1,240MM
	Loss on Retirement of Noncurrent Assets, etc.	153		245		92		92	-	-	248	50-year amortization amount on negative goodwill			: JPY262MM
	NOI after Depreciation(*2)	17,108		22,608		5,500	32.2%	3,469	1,074	957	19,281	Cope with loss on retirement of noncurrent assets			: JPY243MM
Dividend	NOI Yield after Depreciation	4.3%		5.0%		0.7pt					5.1%	Amortization of trademark rights			: JPY56MM
	SG&A	2,093		2,410		316					2,132	Total amount			: JPY1,802MM
	Operating Income	15,014		20,198		5,183	34.5%				17,148	(*1) For details, please refer to the Midterm Financial Report for FY12/2024 dated August 22, 2024.			
	Ordinary Income	13,135		17,645		4,509	34.3%				15,291	(*2) Each is calculated using the following formula: NOI (Net Operating Income) = Real estate operating revenue - Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses. NOI after depreciation = Real estate operating revenue - Real estate operating costs			
	Net Income	13,134		17,644		4,510	34.3%				15,290	(*3) The figure shown is the impact amount due to the following properties acquired in 2023 (including tenants): UAN kanazawa, Sotetsu Fresa Inn Shimbashi-Karasumoriguchi, La'gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo, Hotel Oriental Express Fukuoka Nakasukawabata and Hotel JAL City Kannai Yokohama. The same shall apply hereinafter.			
	Use of Negative Goodwill	845		1,802		957	113.2%				1,176	(*4) The figure shown is the impact amount due to the following properties acquired in 2024 (including tenants): MIMARU Tokyo Shinjuku West, HOTEL AMANEK Shinjuku-Kabukicho, OKINAWA HARBORVIEW HOTEL and Southern Beach Hotel & Resort OKINAWA. The same shall apply hereinafter.			
	Total Dividends	13,980		19,445		5,464	39.1%				16,466	(*5) Please refer to (*2) to (*4) on the next page for information on the 19 HMJ Hotels, the Accor Group Hotels and the Ishin Group Hotels.			
Dividend	Number of Units Issued (Unit)	4,637,006		5,097,006		460,000	9.9%				4,462,347				
	Dividend per Unit (JPY)	3,015		3,815		800	26.5%				3,690				

2. Midterm Results for FY12/2024

		FY12/2023 (24th Period)		FY12/2024 (25th Period)		Difference from Previous Year		Breakdown of Variance			[Reference]	Main Factors of Difference from the Previous Year's Results			
		Midterm Result (A)		Midterm Result (B)		(B)–(A)	%	Existing Properties	Properties Acquired in 2023	Properties Acquired in 2024	FY12/2019 (20th Period)	(JPY MM)			
											Midterm Result		Fixed Rent	Variable Rent	Total
Proper ties	No. of Properties	43		47		4		–			43	The 19 HMJ Hotels ^{(*)2}			
	Acquisition Price	373,992		396,918		22,926		6.1%			374,508	Properties acquired in 2023			
Profit and Loss	Operating Revenue	11,288		14,362		3,074		27.2%			12,719	The Accor Group Hotels ^{(*)3}			
	Real Estate Operating Revenue	11,288		14,362		3,074		27.2%			12,719	The Ishin Group Hotels ^{(*)4}			
	Fixed Rent	67.5% 7,250		54.7% 7,572		322		4.4%			62.1% 7,537	Properties acquired in 2024			
	Variable Rent	32.5% 3,494		45.3% 6,270		2,776		79.5%			37.9% 4,606	Other properties			
	Other Income	544		519		(24)		(4.5%)			576	Properties acquired in 2023			
	NOI	9,198		12,256		3,058		33.3%			10,679	Total			
	Depreciation	2,440		2,628		187					2,165				
	Loss on Retirement of Noncurrent Assets, etc.	18		43		25					219				
	NOI after Depreciation	6,739		9,584		2,845		42.2%			8,294				
	SG&A	979		1,086		106					1,001				
	Operating Income	5,759		8,498		2,738		47.5%			7,293				
	Ordinary Income	4,897		7,434		2,537		51.8%			6,354				
	Net Income	4,896		7,433		2,537		51.8%			6,353				

(*)1 For details, please refer to the Midterm Financial Report for FY12/2024 dated August 22, 2024.

(*)2 The 19 HMJ Hotels refers to the following 19 hotels: five hotels of Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima (hereinafter called the "Five HMJ Hotels"), plus 14 hotels of 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, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi, Hilton Tokyo Odaiba, Hotel Oriental Express Fukuoka Tenjin, Oriental Hotel Universal City, Oriental Hotel Kyoto Rokujo, Hotel Oriental Express Fukuoka Nakasukawabata and Hotel JAL City Kannai Yokohama. The same shall apply hereinafter.

(*)3 The Accor Group Hotels refer to the following five hotels: ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha and Mercure Yokosuka. The same shall apply hereinafter.

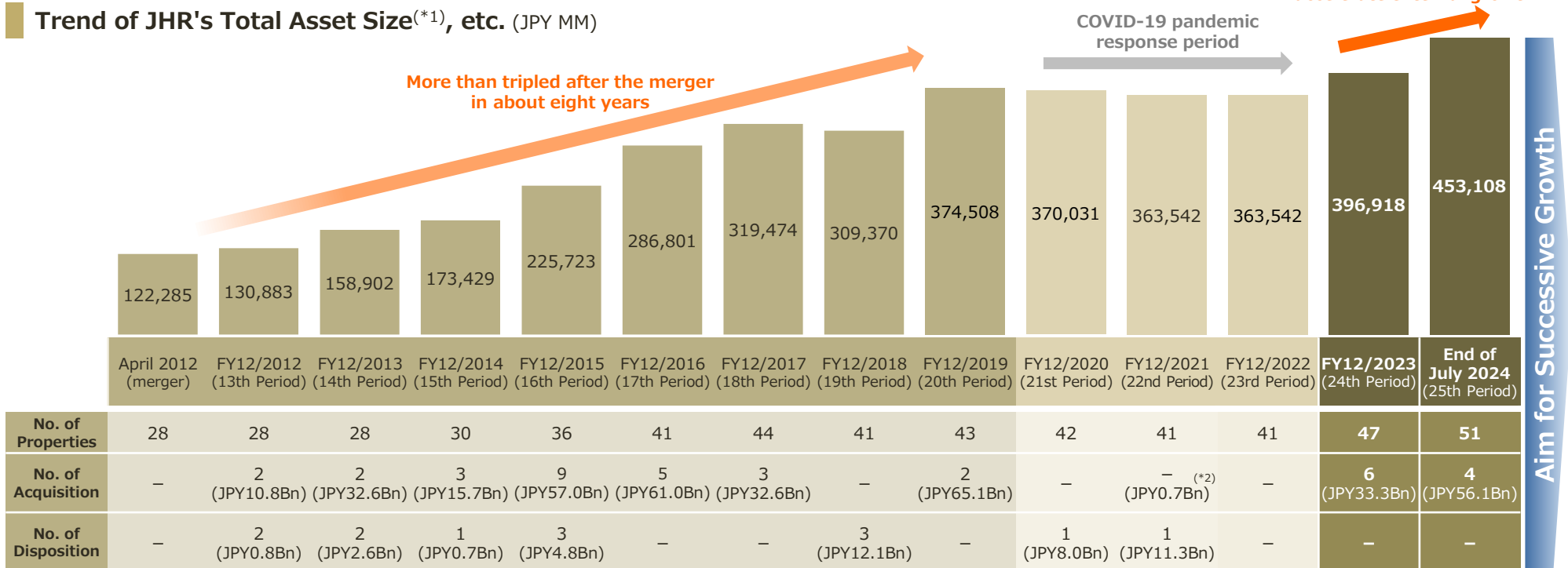
(*)4 The Ishin Group Hotels refer to the following four hotels: the b suidobashi, the b ikebukuro, the b hachioji and the b hakata. The same shall apply hereinafter.

III. External Growth

1. Trend of Asset Size

- ◆ Improvement of the quality of JHR's portfolio and successive external growth through strategic asset replacement

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



Properties Acquired in 2024

MIMARU Tokyo Shinjuku West (Limited-service)	HOTEL AMANEK Shinjuku-Kabukicho. (Limited-service)	OKINAWA HARBORVIEW HOTEL (Full-service)	Southern Beach Hotel & Resort OKINAWA (Resort)
			
Acquisition Price JPY9.64Bn	Acquisition Price JPY8.84Bn	Acquisition Price JPY21.50Bn	Acquisition Price JPY16.20Bn
Appraisal Value JPY11.70Bn	Appraisal Value JPY12.80Bn	Appraisal Value JPY24.20Bn	Appraisal Value JPY20.30Bn
Target NOI Yield ^{(*)3} 4.8%	Target NOI Yield ^{(*)3} 5.5%	Target NOI Yield ^{(*)3} 7.3%	Target NOI Yield ^{(*)3} 6.3%

(*)1 Asset size is based on the aggregate acquisition price of the properties at the end of each fiscal period. The same shall apply hereinafter.

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

(*)3 Target NOI of assets acquired in 2024 is the NOI estimated by JHRA, reflecting the expected impacts and other factors of active asset management (All of the above figures are estimated as full-year NOI). For details on the assumptions of target NOI, please refer to the press release "Notice Concerning Revision of Operating and Dividend Forecast for the Fiscal Year Ending December 2024 (25th Period)" dated June 24, 2024. Note that the target NOI calculation process and prerequisites include JHRA's judgment, evaluation and assumptions, and target NOI does not refer to the forecast for any future period, and future results may differ significantly. The same shall apply hereinafter.

2. Overview of Assets Acquired in 2024

- ◆ Acquired large hotels with unique features and growth potential in the Shinjuku and Okinawa areas
- ◆ Pursuing future upside through the active asset management

Name	MIMARU Tokyo Shinjuku West	HOTEL AMANEK Shinjuku-Kabukicho.	OKINAWA HARBORVIEW HOTEL	Southern Beach Hotel & Resort OKINAWA
Exterior				
Acquisition Date	July 12, 2024		July 31, 2024	
Acquisition Price	JPY9,645MM	JPY8,845MM	JPY21,500MM	JPY16,200MM
Appraisal Value	JPY11,700MM	JPY12,800MM	JPY24,200MM	JPY20,300MM
Location	Shinjuku-ku, Tokyo	Shinjuku-ku, Tokyo	Naha city, Okinawa	Itoman city, Okinawa
Hotel Type	Limited-service	Limited-service	Full-service	Resort
Grade	Upper-middle	Mid-price	Mid-price	Mid-price
No. of Guest Rooms	76 rooms	169 rooms	352 rooms	448 rooms
Rent Type	Fixed rent + Variable rent	Fixed rent + Variable rent	Fixed rent + Variable rent (Only fixed rent initially ^(*))	Fixed rent + Variable rent
Hotel Lessee	Cosmos Initia Co., Ltd.	AMANEK Corporation	THE HOTELIER GROUP NAHA K.K. (wholly owned subsidiary of HMJ)	Okinawa Hotel Management Co., Ltd.
Overview	- A recently-built apartment hotel in the center of Tokyo that opened in March 2020 - Conveniently located for tourism, approx. a 10-minute walk from JR Shinjuku Station - All rooms accommodate four to six guests, average 41.5m², and include kitchens, utensils and dining tables - Suited for mid/long-term stays by large groups, capturing inbound demand	- A recently-built hotel in central Tokyo opened in late April 2023 - Conveniently located for tourism, approx. a 10-minute walk from JR Shinjuku Station - Guest rooms are well-designed, with separate baths, toilets and sinks for enhanced functionality - Located at the center of popular tourist sites, the hotel can capture strong inbound demand with an average occupancy rate of over 90% since opening	- Okinawa's most traditional hotel with a rich history, located in central Naha - Convenient access: approx. a 10-minute drive from Naha Airport and approx. a 7-minute walk from Kokusai-dori street - High-class, full-service hotel which accommodates domestic and international VIPs, including members of imperial families - Various room types, all with areas of 25m² or more, catering to a broad target market	- Large resort hotel in Itoman, the southernmost part of Okinawa's main island, about a 20-minute drive from Naha Airport - Direct beach access allows guests to enjoy various activities - Comfortable rooms over 30m² with balconies and separate baths/toilets - Features a garden pool with a water slide, an indoor pool, banquet halls, a wedding chapel and restaurants

(*) The rent structure is as follows: until July 31, 2026, fixed rent only. On and after August 1, 2026, a combination of fixed and variable rent will apply.

3. Effects of Assets Acquired in 2024 and Active Asset Management Strategy

- ◆ The expected NOI yield for the assets acquired in 2024 is 6.3%, driven by the active asset management

Estimated Acquisition Effects Based on Expected NOI of Assets Acquired in 2024

(JPY MM)

Four Properties Acquired in 2024	MIMARU Tokyo Shinjuku West	HOTEL AMANEK Shinjuku-Kabukicho.	OKINAWA HARBORVIEW HOTEL	Southern Beach Hotel & Resort OKINAWA	Total
Acquisition Price	9,645	8,845	21,500	16,200	56,190

FY12/2024 Forecast NOI/Forecast Net Income (Annualized)

Forecast NOI (Yield)	376 3.9%	459 5.2%	1,002 4.7%	698 4.3%	2,536 4.5%
Forecast NOI after Depreciation (Yield)	337 3.5%	432 4.9%	815 3.8%	463 2.9%	2,049 3.6%
Forecast Net Income	208	313	527	246	1,296

Effects of Active Asset Management, etc.

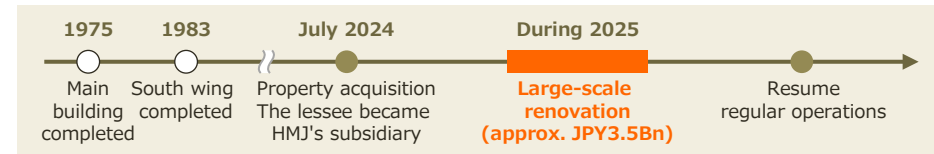
Target NOI/Target Net Income

Target NOI (Yield)	464 4.8%	486 5.5%	1,570 7.3%	1,019 6.3%	3,540 6.3%
Target NOI after Depreciation (Yield)	425 4.4%	459 5.2%	1,094 5.1%	784 4.8%	2,764 4.9%
Target Net Income	295	338	798	563	1,995

Active Asset Management Strategy for Assets Acquired in 2024

OKINAWA HARBORVIEW HOTEL

- Plans to invest approx. JPY3.5 billion in CAPEX for a large-scale renovation of swimming pools, guest rooms and restaurants during 2025 to boost sales
- Aims to improve GOP through collaboration with HMJ to maximize upside through renovations



Southern Beach Hotel & Resort OKINAWA

- Intends to boost hotel revenue mainly by further refining revenue management
- Upon the fixed-term lease expiration in December 2025, will seek to pursue upside through contract revisions



MIMARU Tokyo Shinjuku West/ HOTEL AMANEK Shinjuku-Kabukicho.

- Intends to boost hotel revenue mainly by further refining revenue management

IV. Internal Growth

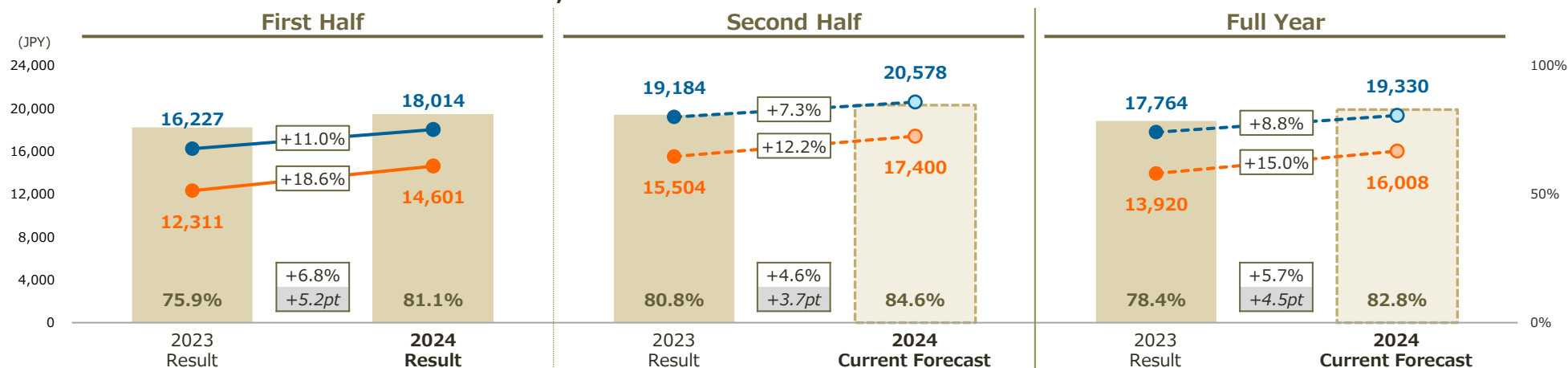
1. Hotel Performance Forecasts for FY2024 (1)

- ◆ ADR continues to rise with the high unit-price sales strategy, and the occupancy rate is expected to be in the 80% range. As a result, full year RevPAR is forecast to increase by 15%

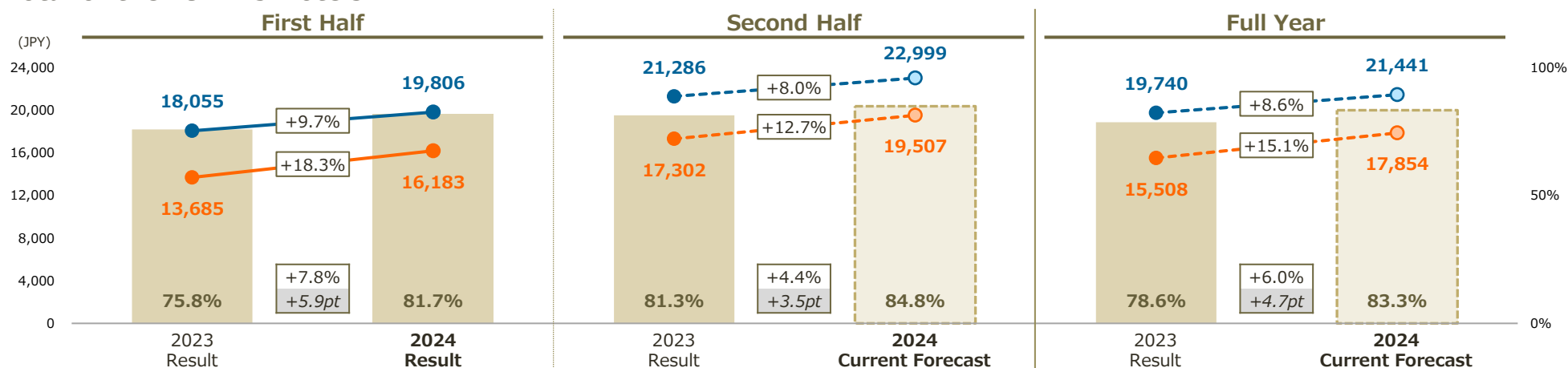
Result and Forecast of Key Performance Indicators (Rooms Dept.)

Occupancy (right axis) ADR (left axis) RevPAR (left axis)

Total of the 28 Hotels with Variable Rent, etc.^(*)



Total of the 19 HMJ Hotels



(*) The 28 Hotels with Variable Rent, etc. refer to the 19 HMJ Hotels plus the Accor Group Hotels and the Ishin Group Hotels. The same shall apply hereinafter.

1. Hotel Performance Forecasts for FY2024 (2)

- ◆ The rooms dept. is expected to perform well, driven by strong ADR growth via high unit-price strategy, and the F&B dept. is also projected to see a significant increase in sales
- ◆ Along with sales increase, further improvement in GOP margin is expected

Sales

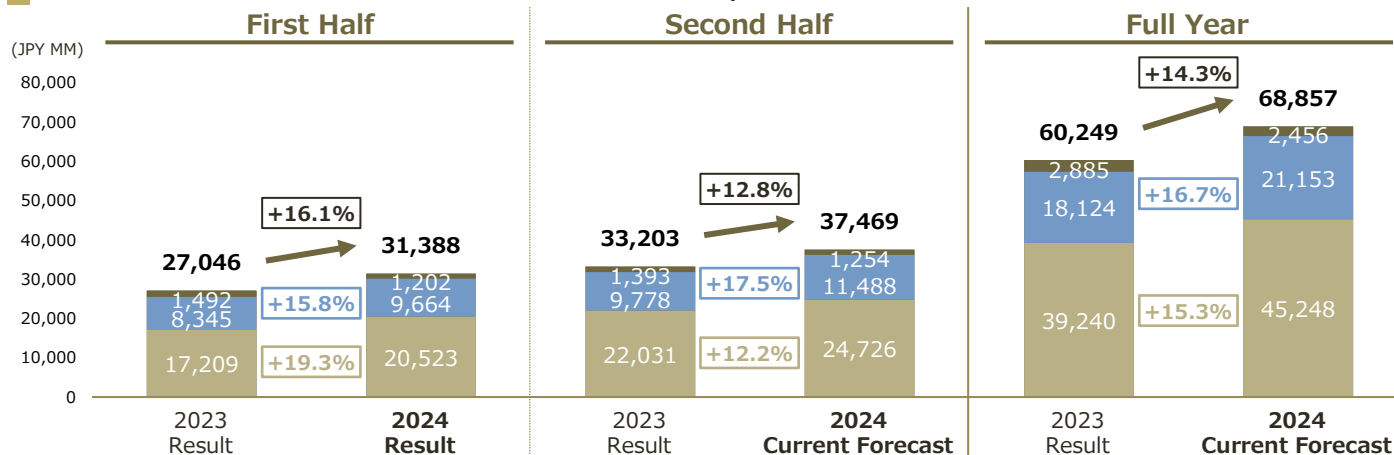
Rooms Dept. F&B Dept. Others

Percentage change in total sales

Percentage change in rooms dept. sales

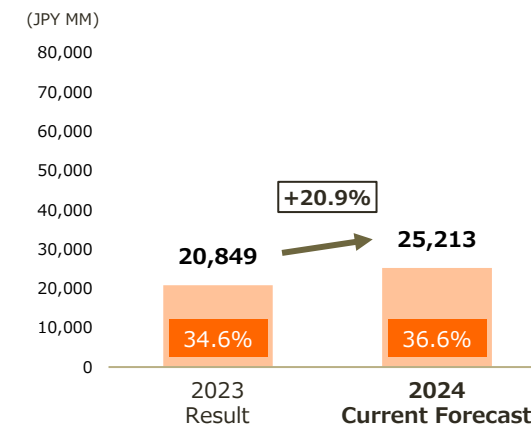
Percentage change in F&B dept. sales

Total of the 28 Hotels with Variable Rent, etc.

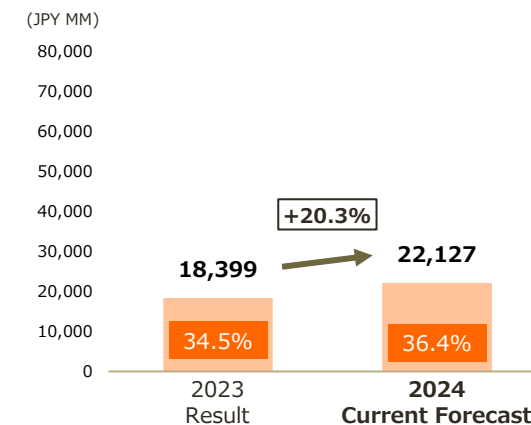
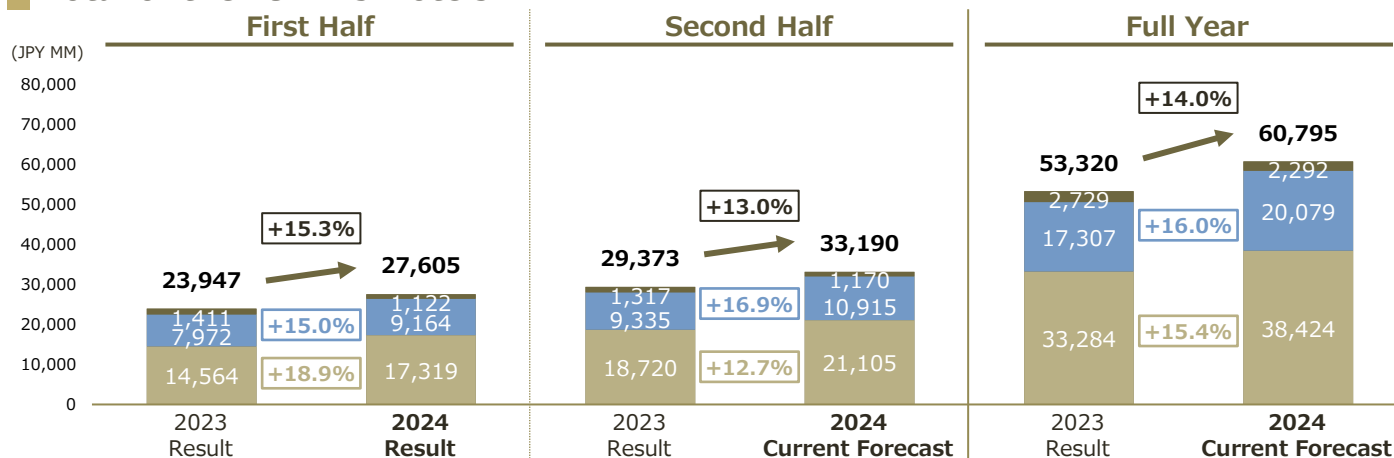


GOP

*  GOP ratio (vs sales)

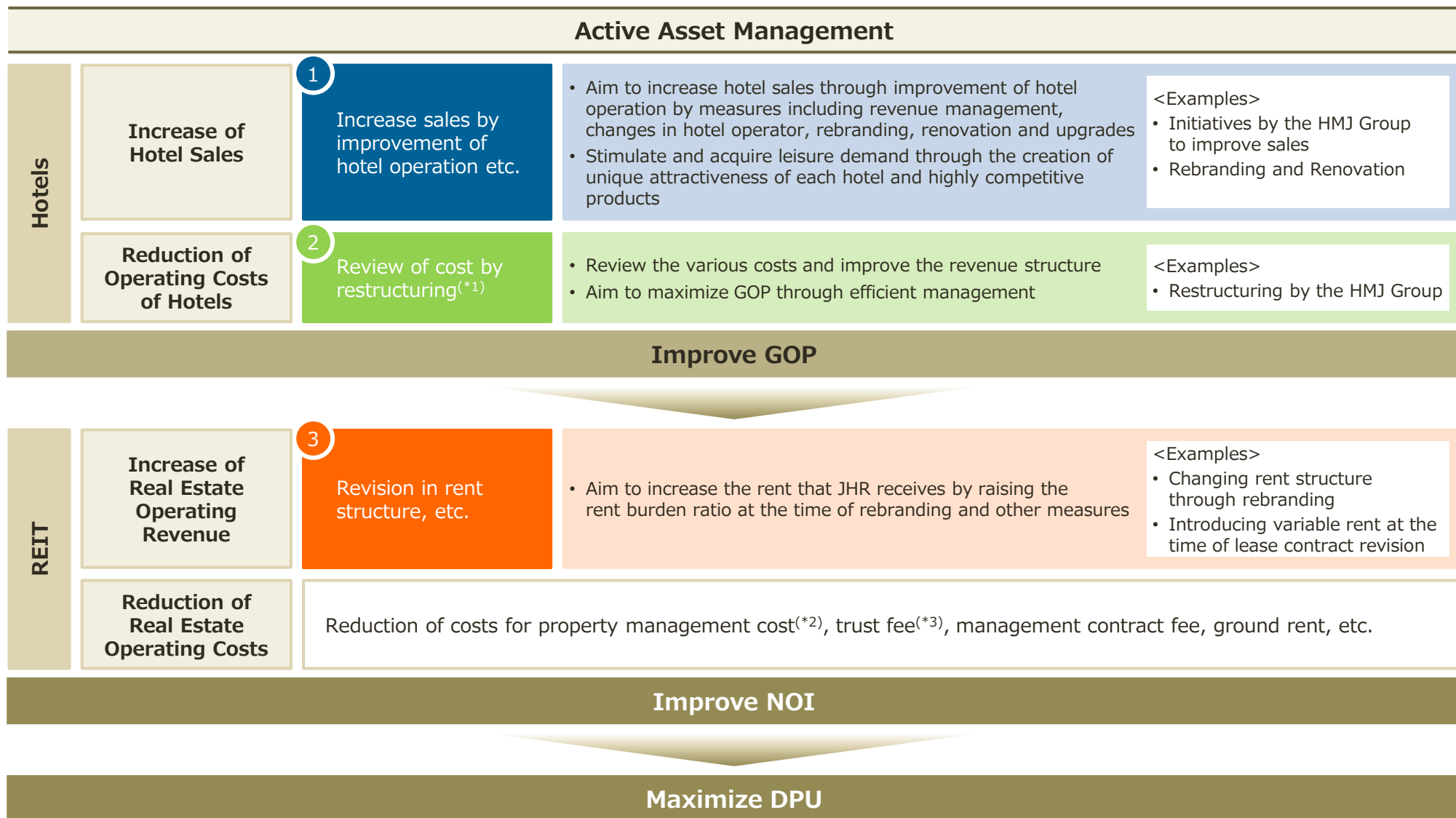


Total of the 19 HMJ Hotels



2. Internal Growth through Active Asset Management

◆ Realize upside potential through active asset management



(*1) Restructuring means the initiatives for restructuring the business and organization, including streamlining or downsizing unprofitable divisions and improving efficiency by consolidating back office or common functions.

(*2) Property management cost is the compensation paid to property management companies (which refers to property management companies that manage tenants of properties and repairs of buildings) based on a property management contract for each property.

(*3) Trust fee is the compensation paid to the trust banks, which is the owner of each property, under the trust agreement.

3. Rebranding Case Studies

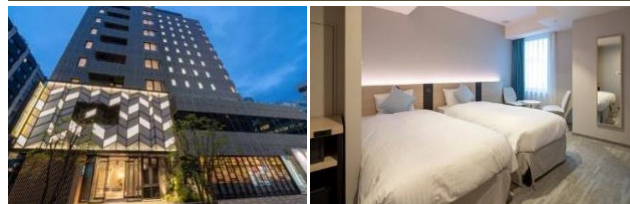
- ◆ Post-acquisition rebranding and large-scale renovation utilizing HMJ's platform are expected to significantly increase profit above the average appreciation in the relevant market over the same period

Oriental Hotel Fukuoka Hakata Station (former Hotel Centraza Hakata)



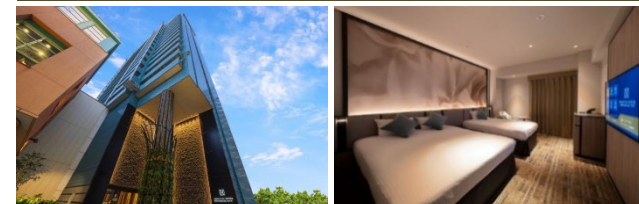
- Acquired in April 2016
- Reopened under a new brand in April 2019
- Upgraded hotel grade from mid-price to upper-middle
- Added 27 rooms, made all rooms accommodate two or more guests
- Built a new 24-hour gym, redesigned the roof into a garden

Hotel Oriental Express Fukuoka Tenjin (former HOTEL ASCENT FUKUOKA)



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

Oriental Hotel Universal City (former Hotel Keihan Universal City)



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

◆ Comparison between Pre-and Post-rebranding

	Pre-rebranding (2017)	Post-rebranding (2024 Forecast)	Percentage Change
Occupancy	94.6%	91.5%	(3.1pt)
ADR	JPY11,707	JPY23,563	+101.3%
RevPAR	JPY11,071	JPY21,561	+94.8%
Hotel Revenue	JPY2,464MM	JPY3,374MM	+37.0%
Rent	JPY865MM	JPY1,772MM	+104.8%
NOI	JPY623MM	JPY1,526MM	+144.8%
NOI Yield	8.7%	21.2%	+12.5pt

◆ Comparison between Pre-and Post-rebranding

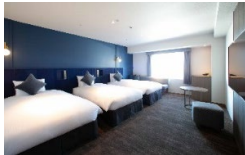
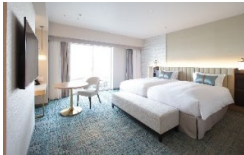
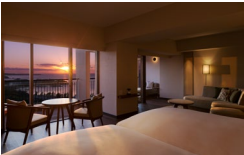
	Pre-rebranding (2019)	Post-rebranding (2024 Forecast)	Percentage Change
Occupancy	86.1%	90.6%	+4.5pt
ADR	JPY7,224	JPY12,180	+68.6%
RevPAR	JPY6,219	JPY11,036	+77.5%
Hotel Revenue	JPY632MM	JPY1,091MM	+72.7%
Rent	JPY334MM	JPY637MM	+90.6%
NOI	JPY302MM	JPY602MM	+99.5%
NOI Yield	6.1%	11.5%	+5.4pt

◆ Comparison between Pre-and Post-rebranding

	Pre-rebranding (2019)	Post-rebranding (2024 Forecast)	Percentage Change
Occupancy	95.7%	88.6%	(7.0pt)
ADR	JPY18,421	JPY30,097	+63.4%
RevPAR	JPY17,620	JPY26,674	+51.4%
Hotel Revenue	JPY2,122MM	JPY3,671MM	+73.0%
Rent	JPY700MM	JPY1,808MM	+158.2%
NOI	JPY668MM	JPY1,786MM	+167.0%
NOI Yield	11.1%	26.4%	+15.3pt

4. Renovation Summary and Results for 2023 and 1H2024

- ◆ In 2023, JHR invested a total of JPY1,295 million in strategic capital expenditures (CAPEX Ⅲ), significantly increasing unit prices through renovations
- ◆ Renovations at La'gent Stay Sapporo Odori and Oriental Hotel Okinawa Resort & Spa, among the properties scheduled under CAPEX Ⅲ for 1H2024, have been completed

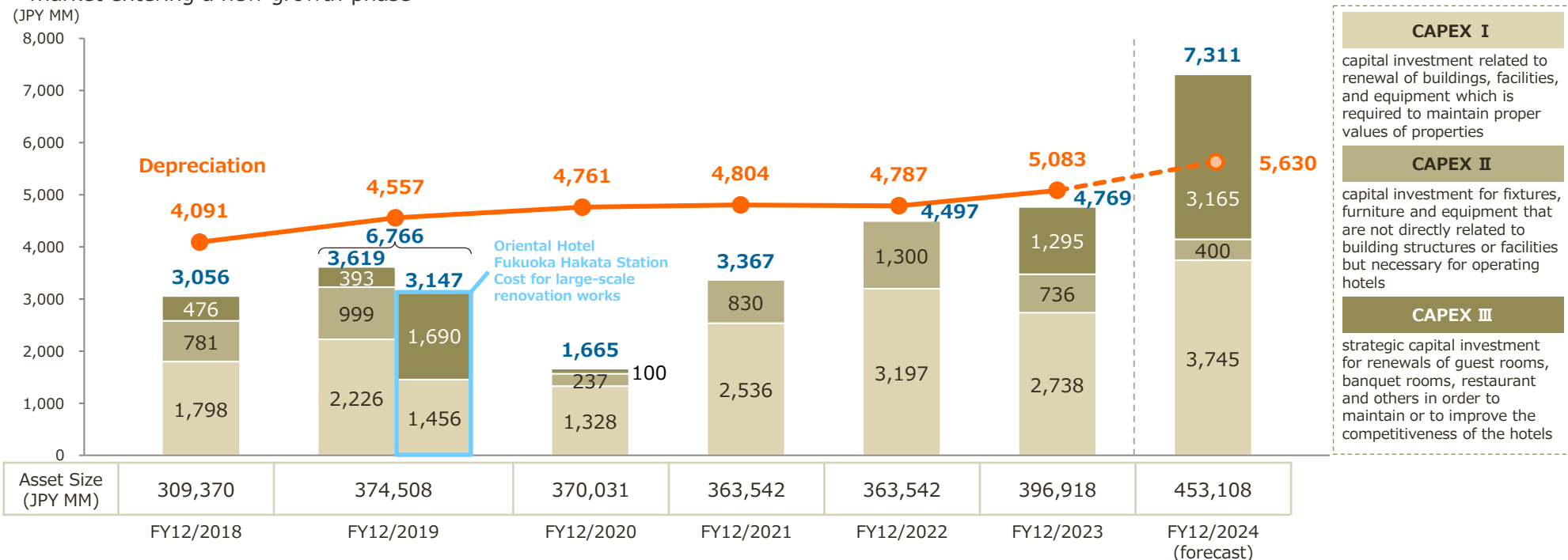
Name	Oriental Hotel Tokyo Bay		Kobe Meriken Park Oriental Hotel		Oriental Hotel Okinawa Resort & Spa		La'gent Stay Sapporo Odori
Renovation Scope	Guest Room	Restaurant	Guest Room	Restaurant	Guest Room		Guest Room
Overview of Renovation							
	- Improved merchantability by separating the toilet, wash basin and bathtub in prefabricated bathroom units - Added beds by effectively utilizing the living room space, aiming to sell at a higher unit price by increasing DOR^(*1) - Planned renovation period: 2023 to 2025	- Renovated into an exciting space, featuring a new live kitchen, with a calm and gentle color scheme in its interior - Grand Reopening: November 1, 2023	- Established guest rooms with lounge access along with the renovation, aiming to sell at a higher unit price - Planned renovation period: 2023 to 2026	- Renovated into a high-quality space where you can enjoy the chef's signature dishes while taking in the spectacular view as if you were sailing on a cruise ship - Grand Reopening: December 9, 2023	- After the rebranding in October 2021, unrenovated guest rooms were renovated sequentially starting in 2022 - Renovation of all guest rooms completed in April 2024 - All guest rooms offer ocean views and are at least 44m² in size. The rooms have been renovated into functional spaces that are ideal for long-term stays, making them perfect as a base for exploring "Yanbaru," a UNESCO World Natural Heritage site		Renovated 19 large residential-type guest rooms (39–49m²), adding extra beds to increase capacity from two to three to a maximum of five people, aiming to achieve high unit price sales through increased DOR
Renovation Period	May to Jul. 2023	2023	May to Aug. 2023	2023	Sep. to Dec. 2023	Jan. to Apr. 2024	Apr. 2024
No. of Rooms subject to Renovation	99/511 rooms	—	62/323 rooms	—	96/361 rooms	192/361 rooms	19/219 rooms
Renovation Cost	JPY382MM	JPY63MM	JPY214MM	JPY165MM	JPY470MM	JPY962MM	JPY45MM
Results ^(*2)	ADR for 1H2024: JPY30,128 +47.8% vs 1H2019	Per-customer spending for 1H2024: +26.5% vs 1H2019	ADR for 1H2024: JPY23,222 +35.3% vs 1H2019	Per-customer spending for 1H2024: +37.3% vs 1H2019	Post-renovation ADR for the entire hotel from May to June 2024: JPY25,675 +36.3% vs May to June 2019		Post-renovation ADR from May to July 2024: JPY34,972 +61.2% vs May to July 2019

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

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

5. Capital Expenditure (CAPEX) and Depreciation

- ◆ In principle, JHR implements appropriate CAPEX within the depreciation
- ◆ For FY12/2024, JHR plans to invest over JPY3.0 billion in CAPEX Ⅲ, aiming for strong unit price increase and sales growth, supported by the hotel market entering a new growth phase



CAPEX Ⅲ to be implemented in FY12/2024

Name	Detail	Purpose	Areas to be Renovated	Amount (scheduled)	Period (scheduled)
Oriental Hotel Tokyo Bay	Guest room renovation	Improve merchantability by making the wet area independent and increase DOR by adding beds	216/511 rooms	JPY992MM	May to November 2024
Oriental Hotel Okinawa Resort & Spa	Guest room renovation	Improve merchantability by addressing age-related deterioration and creating high quality spaces	192/361 rooms	JPY968MM	Completed
Namba Oriental Hotel	Constructed new guest rooms and a new lounge	Construct new guest rooms suitable for long-term stays and accommodating large numbers of people, and enhance ancillary facilities, such as a lounge	Front lobby, common areas and nine new guest rooms	JPY780MM	August to December 2024(*)
Kobe Meriken Park Oriental Hotel	Guest room renovation	Improve merchantability by addressing age-related deterioration and creating high quality spaces	79/323 rooms	JPY380MM	April to August 2024
La'gent Stay Sapporo Odori	Guest room renovation	Increase DOR by adding beds	19/219 rooms	JPY45MM	Completed
Total				JPY3,165MM	-

(*) The entire building will be closed during the construction period as the front floor will be inaccessible.

6. Rent Revision in 2024

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

Overview of Rent Revision in 2024

Hotel		Lease Type	Rent Type (post-revision)	Revision Details		Revision Month
The Accor Group Hotels	• ibis Styles Kyoto Station	–	Management contract	Rent increase	Reduced hotel management fees for the Accor Group	Jan. 2025
	• ibis Styles Sapporo					Jan. 2025
	• Mercure Sapporo					Oct. 2024
	• Mercure Okinawa Naha					Apr. 2024
	• Mercure Yokosuka	Fixed-lease	Variable rent			Sep. 2024
The Ishin Group Hotels	• the b ikebukuro • the b hachioji • the b hakata	Fixed-lease	Fixed rent + Variable rent	Same rent	Increased the fixed rent ratio by raising fixed rents to near 2019 level	Aug. 2024
Others	• Washington Hotel Plaza Hakata, Nakasu	Japanese lease	Fixed rent	Same rent	No changes in rent conditions	Apr. 2024
	• La'gent Stay Sapporo Odori	Fixed-lease	Variable rent	Rent increase	Changed the calculation formula	May 2024
	• Hotel Francs	Fixed-lease	Fixed rent + Variable rent	Rent increase	Introduce GOP-linked variable rent with fixed rent unchanged	Oct. 2024

Rent Revision Schedule for 2025

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

7. ESG Initiatives

- ◆ JHR formulated the policy on sustainability in December 2017. Aiming for medium to long-term growth in harmony and coexistence with society and the environment, JHR implements initiatives to improve sustainability through appropriate responses to ESG issues

External Certification

GRESB^(*1) Real Estate Assessment

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

- ▶ In 2023, JHR was selected for **"Sector Leader"** in **Asian hotel sector** for four consecutive years

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



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

Hilton Tokyo Odaiba



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

Oriental Hotel Fukuoka Hakata Station



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

BELS^(*3) Evaluation (Three Properties)

Hotel Nikko Aliviva



この建物のエネルギー消費量 13 削減
2018年度評価結果 優良建築物に認定された建物

Mercure Okinawa Naha



この建物のエネルギー消費量 34 削減
2018年度評価結果 優良建築物に認定された建物

UAN kanazawa



この建物のエネルギー消費量 20 削減
2018年度評価結果 優良建築物に認定された建物

SMBC Environmental Assessment^(*4)

- Received an "A" grade for our excellent initiatives for environmental considerations in asset management



Key Initiatives

Initiatives for Climate Change

- In November 2021, support for the TCFD^(*5) recommendations was expressed by JHRA
- In August 2022, released initiatives for four disclosure themes recommended by TCFD

Identification of Materialities

- Identified seven key ESG-related materialities (key issues) from two perspectives: stakeholder expectations and the impact on JHR's business

Formulation of Green Finance Framework/ Implementation of Green Loan Financing

- Formulated the Green Finance Framework for environmentally friendly projects in January 2024 and procured funds via green financing in March 2024
- Will continue to promote environmental improvement efforts by using the funds procured through the framework

Environmental Targets

- **30%** reduction of GHG emissions per floor area^(*6) in our portfolio (GHG emissions intensity) compared to FY2017^(*7)
- We have a plan in place to eliminate the use of specified CFCs (CFC) and alternative CFCs (HCFC, HFC) in short period by identifying the refrigerants used in the air-conditioning equipment of all properties owned by JHR
- With regard to the Ozone Depletion Potential (ODP) and Global Warming Potential (GWP), we aim to figure out the ODP and GWP of all refrigerants used in our properties. Upon renewal of air conditioning equipment, we make selection of equipment with consideration to ODP and GWP usage

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

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

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

^(*4) SMBC Environmental Assessment Loan is a loan provided by Sumitomo Mitsui Banking Corporation based on environmental assessment conducted by the Japan Research Institute, Limited, which reviews the borrower's environmental management comprehensively.

^(*5) TCFD is an abbreviation for Task Force on Climate-related Financial Disclosures.

^(*6) Properties owned by JHR are managed by hotel lessees, etc. GHG emissions of JHR fall under Scope 3, Category 13, Leased Assets (Downstream).

^(*7) The GHG emissions (GHG emissions intensity) for FY2017 (Baseline fiscal year, April 2017–March 2018) is 0.135 (t-CO₂/m²).

^(*8) ESG disclosure information on JHR website: <https://www.jhrth.co.jp/en/esg/index.html>

V . Financial Conditions

1. Financial Conditions (1)

Main Financial Indicators

(as of the end of June 2024)

Total interest-bearing debt	JPY 175.2 Bn
LTV (total asset base)	41.6%
Cost for interest-bearing debt ^(*1)	1.1%
Average life of interest-bearing debt ^(*2)	3.3 years
Free cash ^(*3)	JPY 9.7 Bn
Unrealized gain ^(*4)	JPY 163.3 Bn

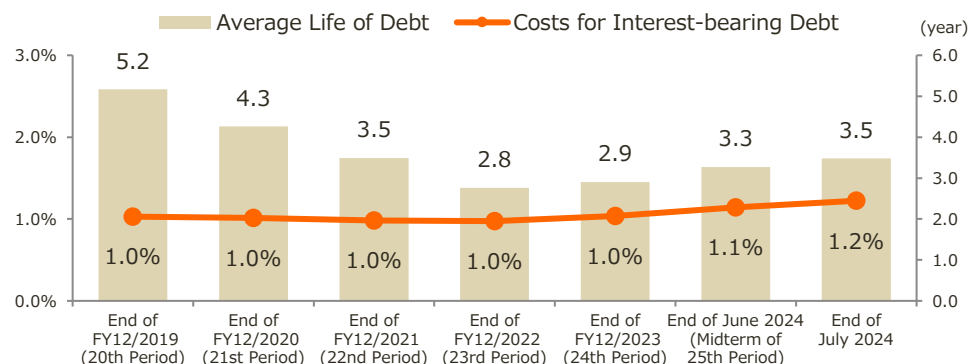
New Borrowing and Refinancing in July 2024

- Procured **new loans of JPY30.0 billion** for property acquisitions on July 12 and July 31, 2024. The loan term is a maximum of seven years, with JPY22.0 billion at fixed interest rate
- **Refinanced the investment corporation bond of JPY2.0 billion** maturing on July 31, 2024, with a new loan at a fixed interest rate for a term of approx. six years

(as of the end of July 2024)

Total interest-bearing debt	LTV (total asset base)	Fixed interest rate ratio	Average live of interest-bearing debt
JPY 205.2 Bn	42.3%	73.7%	3.5 years

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



(*1) Weighted-average costs for interest-bearing debt (including up-front fee, etc.) as of the end of each year. Rounded off to one decimal place.

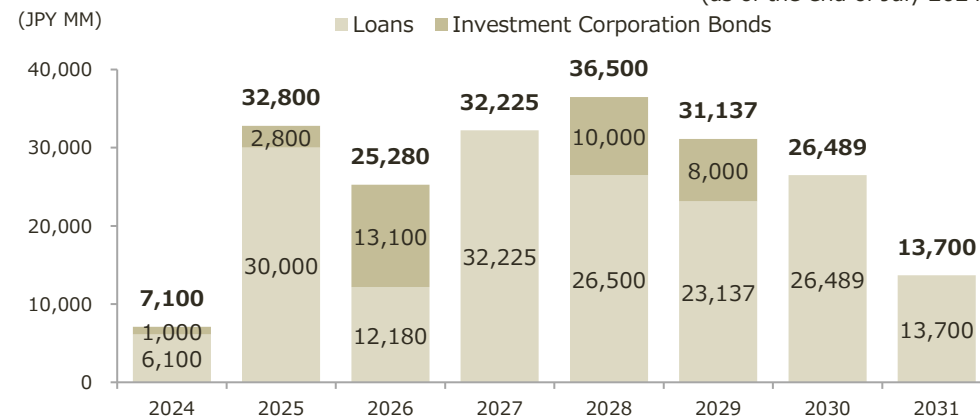
(*2) Average maturity of interest-bearing debt as of the end of each year.

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

(*4) Unrealized gain are calculated by subtracting book value from appraisal value. The same shall apply hereinafter.

Repayment Schedule of Interest-bearing Debt

(as of the end of July 2024)



Japan Hotel REIT Investment Corporation

1. Financial Conditions (2)

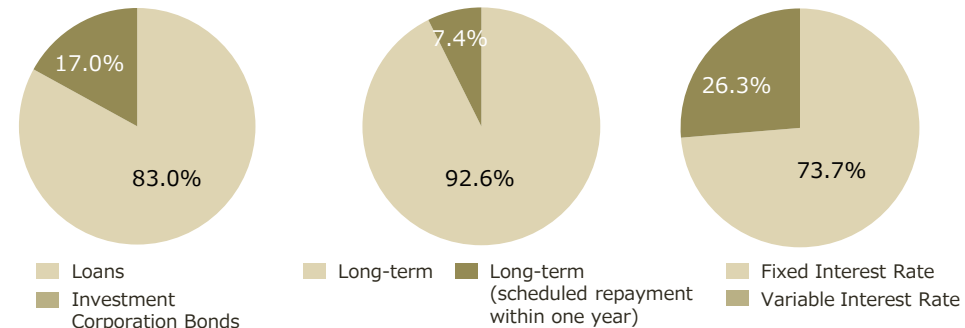
Lender List for Interest-bearing Debt

(JPY MM)

Lenders/Bond Name	Balance (as of the end of December 2023)		Balance (as of the end of July 2024)		Variance
	Balance	%	Balance	%	
Sumitomo Mitsui Banking Corporation	35,033	20.0%	42,833	20.9%	7,800
Mizuho Bank, Ltd.	22,846	13.0%	29,446	14.3%	6,600
SBI Shinsei Bank, Ltd.	18,858	10.8%	19,858	9.7%	1,000
Sumitomo Mitsui Trust Bank, Limited	15,235	8.7%	18,535	9.0%	3,300
Resona Bank, Limited	10,382	5.9%	12,682	6.2%	2,300
MUFG Bank, Ltd.	4,700	2.7%	10,000	4.9%	5,300
Development Bank of Japan Inc.	6,355	3.6%	7,855	3.8%	1,500
Fukuoka Bank, Ltd.	4,636	2.6%	4,936	2.4%	300
Aozora Bank, Ltd.	3,652	2.1%	4,452	2.2%	800
The Chiba Bank, Ltd.	2,732	1.6%	3,032	1.5%	300
The Nishi-Nippon City Bank, Ltd.	2,500	1.4%	2,800	1.4%	300
The Tokyo Star Bank, Limited	2,260	1.3%	2,260	1.1%	-
The Nomura Trust and Banking Co., Ltd.	3,200	1.8%	2,000	1.0%	(1,200)
The Minato Bank, Ltd.	1,400	0.8%	1,900	0.9%	500
Hiroshima Bank, Ltd.	1,854	1.1%	1,854	0.9%	-
Kansai Mirai Bank, Limited	800	0.5%	1,800	0.9%	1,000
Sompo Japan Insurance Inc.	1,000	0.6%	1,000	0.5%	-
Daiwa Next Bank, Ltd.	-	-	1,000	0.5%	1,000
The Shizuoka Bank, Ltd.	588	0.3%	788	0.4%	200
The Bank of Okinawa, Ltd.	-	-	500	0.2%	500
Bank of The Ryukyus, Limited	-	-	500	0.2%	500
The Hokuriku Bank, Ltd.	300	0.2%	300	0.1%	-
Total of Bank Loans	138,331	78.9%	170,331	83.0%	32,000
Investment Corporation Bonds (for institutional investors)					
6th Investment Corporation Bonds without Collateral	3,000	1.7%	3,000	1.5%	-
8th Investment Corporation Bonds without Collateral	1,100	0.6%	1,100	0.5%	-
9th Investment Corporation Bonds without Collateral	1,000	0.6%	1,000	0.5%	-
12th Investment Corporation Bonds without Collateral	2,000	1.1%	-	-	(2,000)
13th Investment Corporation Bonds without Collateral	2,800	1.6%	2,800	1.4%	-
Total of Investment Corporation Bonds (for institutional investors)	9,900	5.6%	7,900	3.8%	(2,000)
Investment Corporation Bonds (for individual investors)					
7th Investment Corporation Bonds without Collateral	9,000	5.1%	9,000	4.4%	-
10th Investment Corporation Bonds without Collateral	10,000	5.7%	10,000	4.9%	-
11th Investment Corporation Bonds without Collateral	8,000	4.6%	8,000	3.9%	-
Total of Investment Corporation Bonds (for individual investors)	27,000	15.4%	27,000	13.2%	-
Total of Investment Corporation Bonds	36,900	21.1%	34,900	17.0%	(2,000)
Total of Interest-bearing Debt	175,231	100.0%	205,231	100.0%	30,000

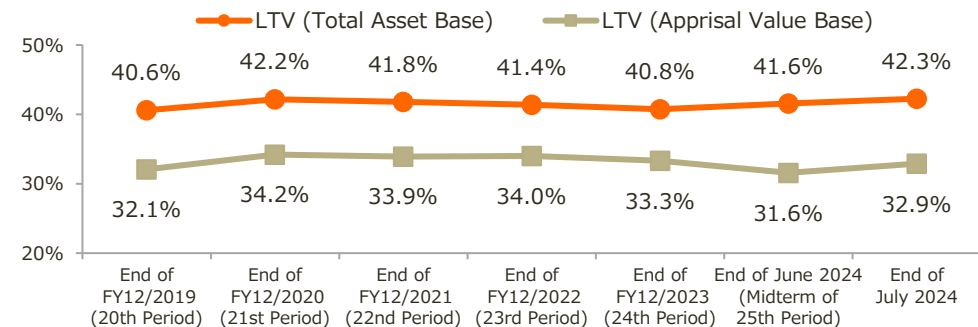
Breakdown of Interest-bearing Debt

(as of the end of July 2024)



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

Changes in LTV



Status of Credit Rating

Japan Credit Rating Agency, Ltd.
(JCR)

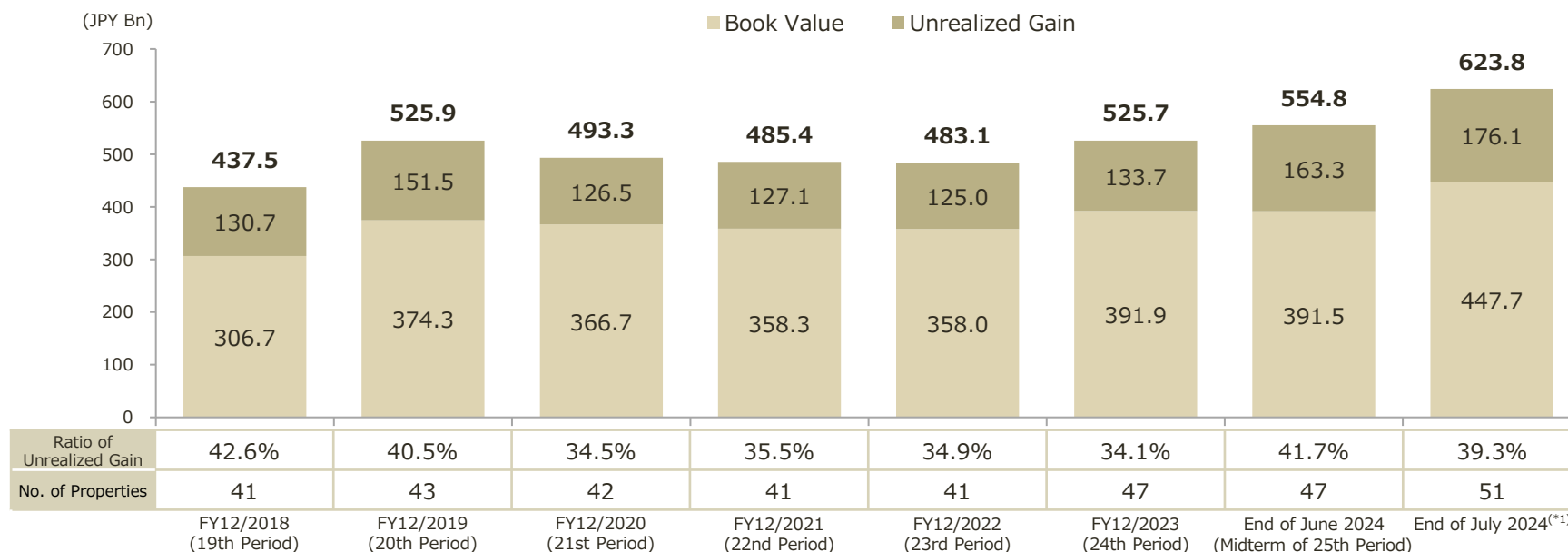
A+ (Stable)

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

A (Stable)

1. Financial Conditions (3)

Changes in Appraisal Value (Unrealized Gain)



Negative Goodwill

<Policy for Use of Negative Goodwill>

1. Add JPY262 million (50-year amortization amount of negative goodwill) to dividends every fiscal year
2. In addition to above, dividends will be increased in response to the following

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

<Amount Planned to Be Used in FY12/2024>

Dilution	:	JPY1,240MM
50-year amortization amount on negative goodwill	:	JPY262MM
Cope with loss on retirement of noncurrent assets	:	JPY243MM
Amortization of trademark rights	:	JPY56MM
Total amount	:	JPY1,802MM

Estimated Balance of Negative Goodwill after the end of December 2024^(*)	JPY6,952MM
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(*)1 The figures at the end of July 2024 are based on the end-June 2024 book value and appraisal value for properties held as of the end of June 2024; for properties acquired in 2024, the acquisition price and the appraisal at acquisition.

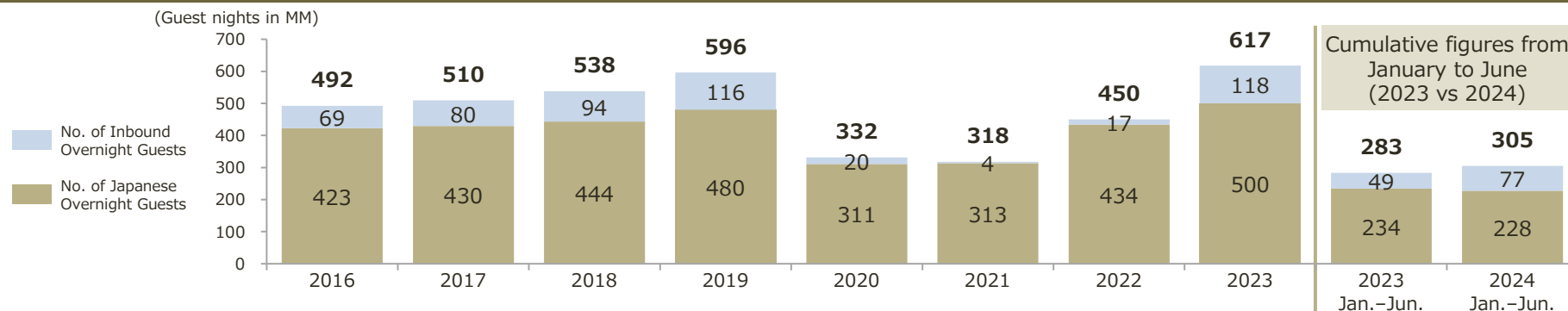
(*)2 The amount after deducting the amount to be appropriated to dividend payment for FY12/2024 from the balance at the end of December 2024.

VI. Market Environment

1. Status of Domestic Accommodation Demand

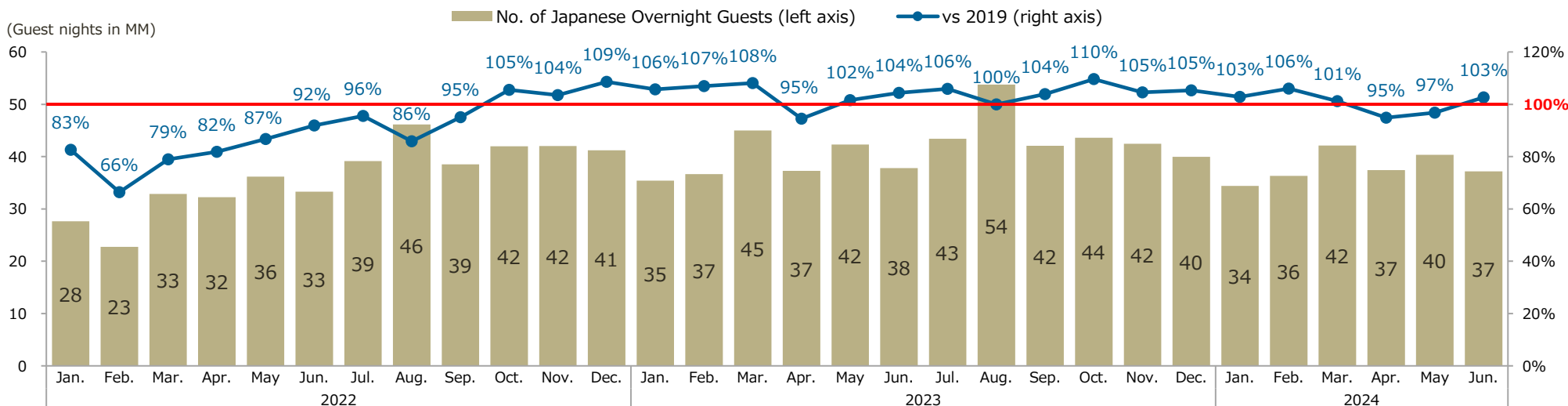
- ◆ The number of Japanese overnight guests in domestic accommodations in 1H2024 was almost the same as the record high in 2023
- ◆ Domestic accommodation demand remained stable from 2023 through June 2024, maintaining slightly above the level of the same period in 2019

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



* Ratio of Overnight Japanese Guests	85.9%	84.4%	82.5%	80.6%	93.9%	98.6%	96.3%	80.9%	82.7%	74.7%
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Changes in Number of Japanese Overnight Guests in Domestic Accommodation Facilities (by month)(*)



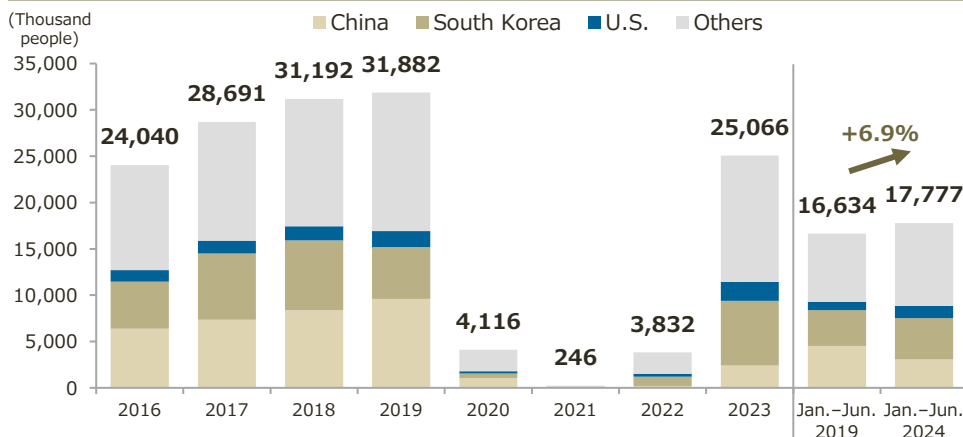
Source: "Statistics of Overnight Travel" by Japan Tourism Agency

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

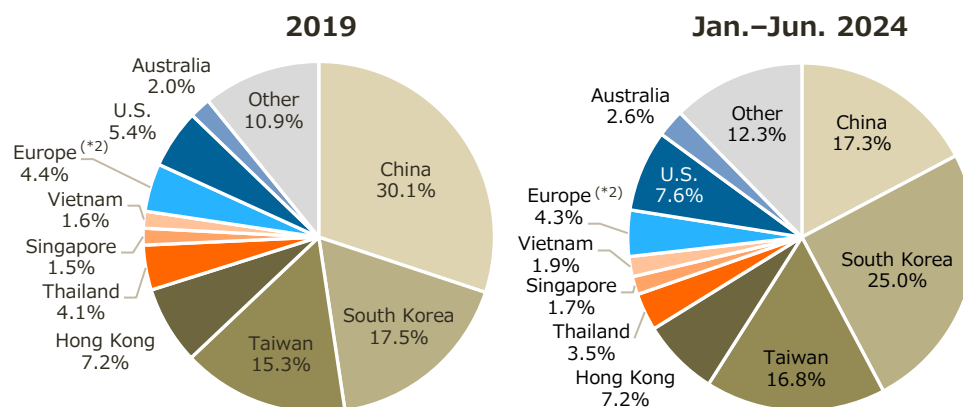
2. Status of Inbound Visitors

- ◆ The number of inbound visitors has shown a remarkable recovery since 2023. The accumulated number in 2024 through June is +6.9% compared to the same period in 2019, exceeding the pre-COVID-19 pandemic levels, reaching a record high
- ◆ Inbound visitors from China has not yet recovered to the 2019 level but has been steadily recovering on a monthly basis. Meanwhile, visitors from other Asian countries, Europe, the U.S. and Australia are increasing, with further growth anticipated

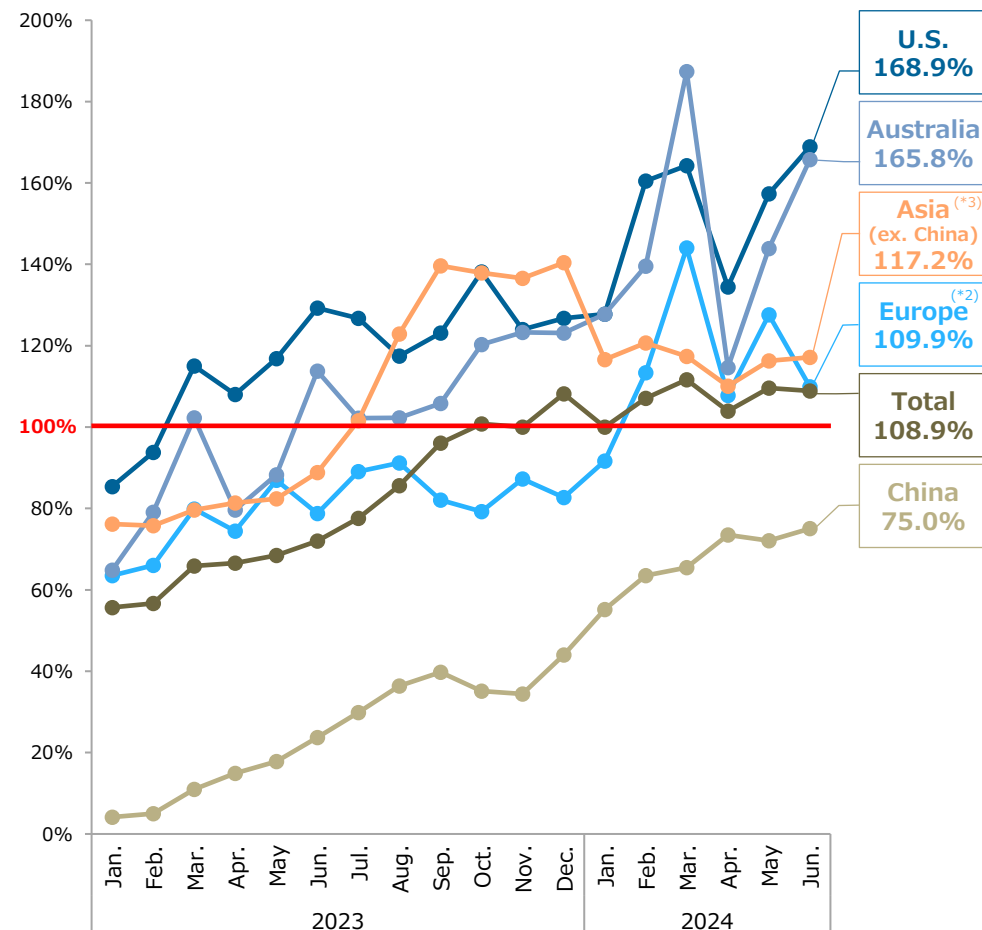
Changes in Number of Inbound Visitors^(*1)



Breakdown of Inbound Visitors by Country^(*1)



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



Source: Japan National Tourism Organization (JNTO)

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

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

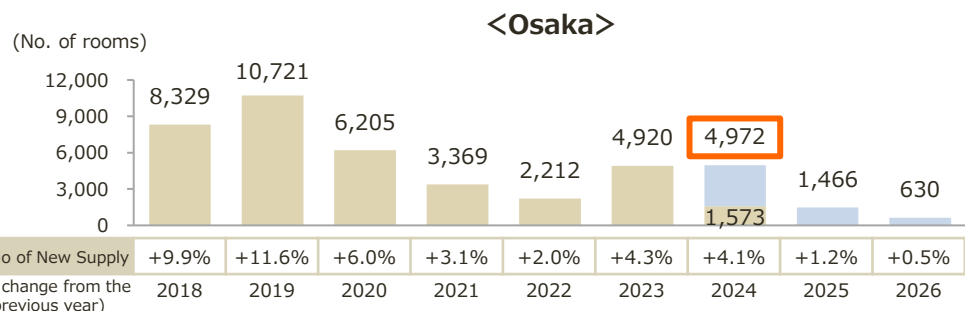
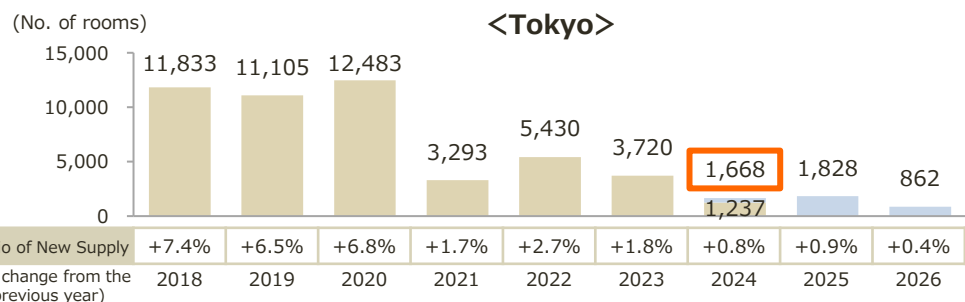
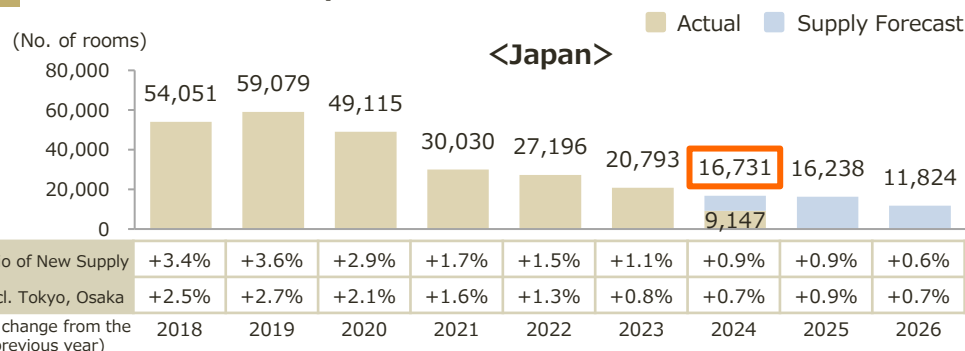
^(*3) Asia (ex. China) refers to South Korea, Taiwan, Hong Kong, Thailand, Singapore, Malaysia, Indonesia, the Philippines, Vietnam and India, for which Japan National Tourism Organization's "Inbound Visitors Statistics" releases estimates.

3. Status of New Supply of Hotels

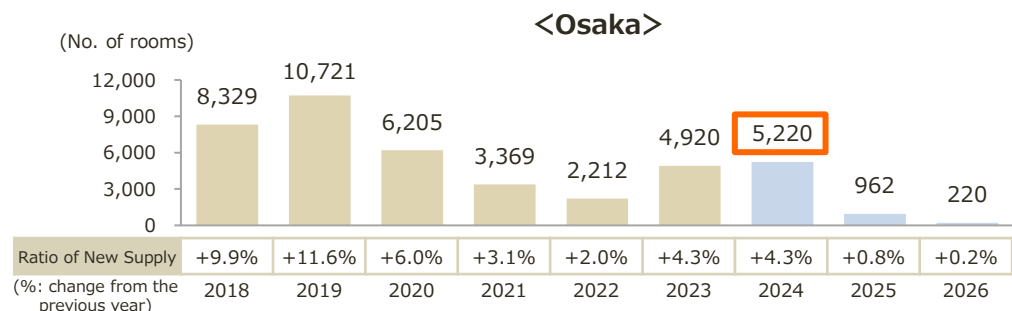
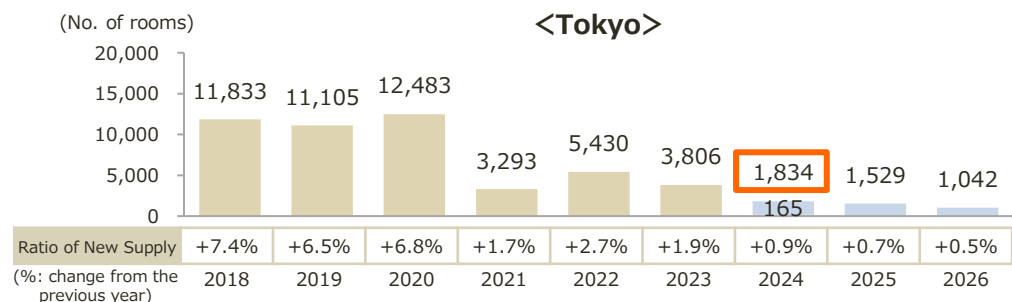
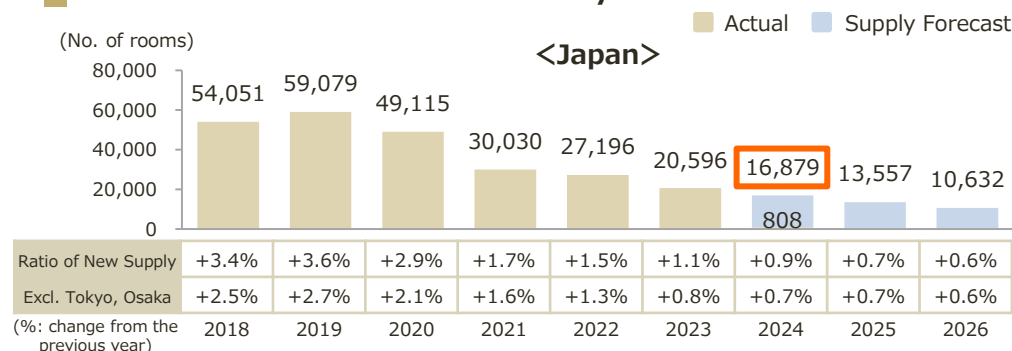
◆ Japan's new hotel supply in 2024 is expected to increase slightly by 0.9% compared to the previous year

Supply of Rooms in Hotels/Ryokans in Japan

As of the end of July 2024



Reference: as of the end of January 2024^(*)



Source: Estimated by the Asset Management Company using data from "Public Health Administration Report" by Ministry of Health, Labour and Welfare (MHLW), a weekly hotel & restaurant magazine (HOTERES) and Nikkei Telecom.

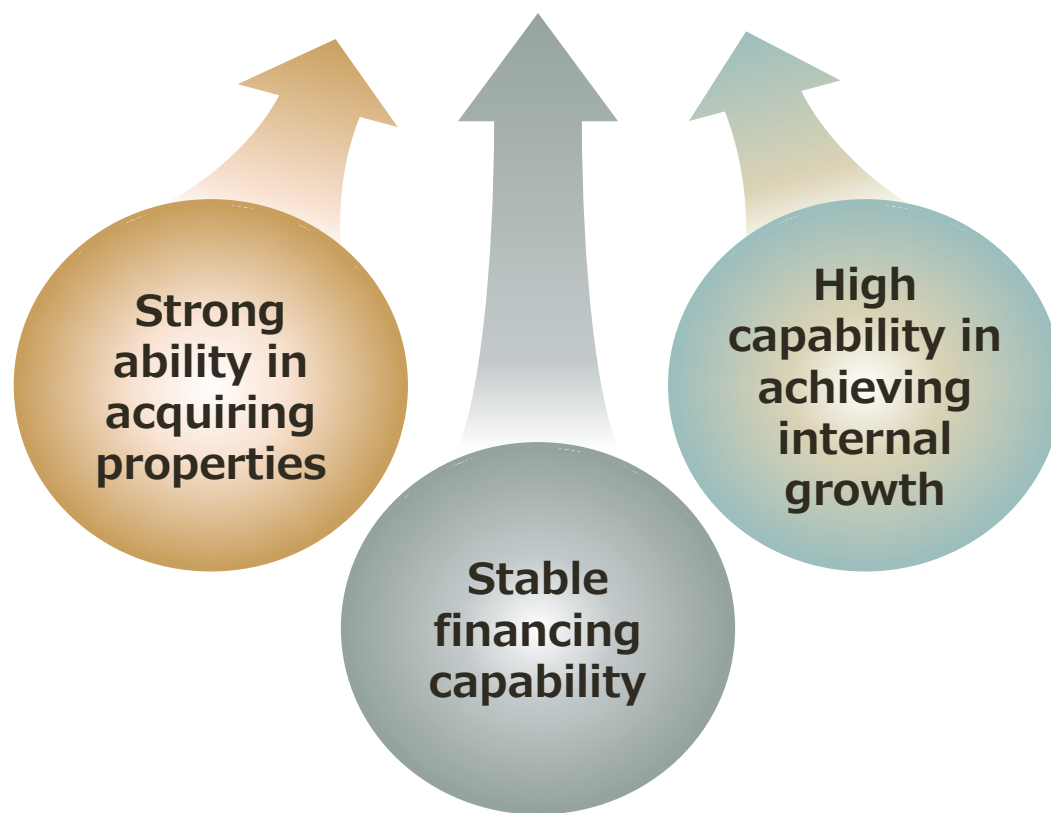
(*) Ratio of new supply is the ratio of new rooms to be supplied in a year to the stock of rooms (Hotels/Ryokans) at the beginning of the year. With regard to the above data, please note that in case the number of rooms are stated as "to be determined" by hotels, the asset management company has used 180, the average number of new supply of hotel rooms, for calculation.

(*) These figures were announced in the Financial Results Briefing for FY12/2023. For the data from 2025 onward, only the figures for 2025 and 2026 have been extracted and presented.

Appendix 1

JHR's Characteristics and Strategy

Aim to increase dividend for mid to long term



Strong ability in acquiring properties

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

High capability in achieving internal growth

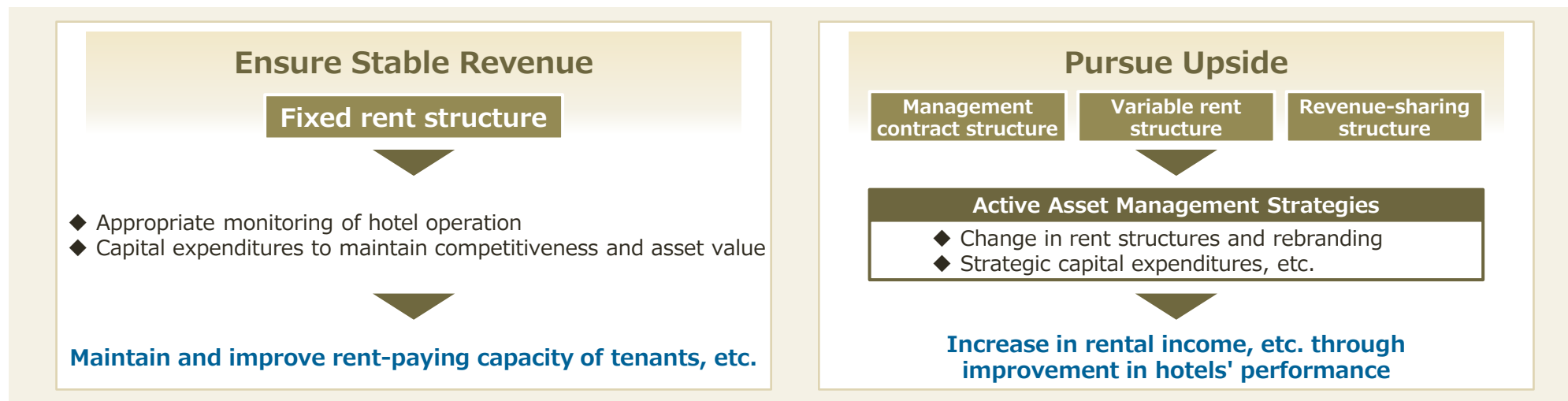
- Management approach through active asset management strategies that achieves a good balance between stability and upside potential
- Increase hotel revenue through collaboration with high-quality operators
- Attract inbound demand through enhanced international brand portfolio
- Strengthen and maintain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

Stable financing capability

- Secure sound and stable finance
- Diversify financing methods

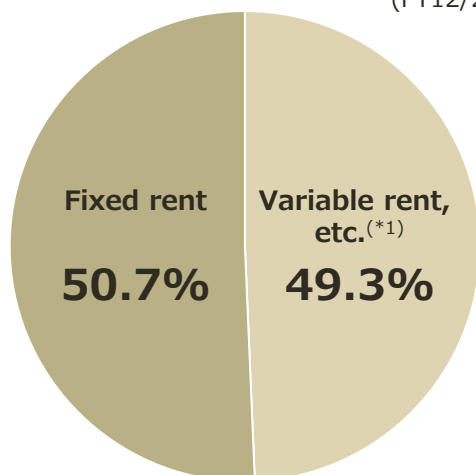
2. Simultaneous Pursuit of Stability and Upside Potential

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



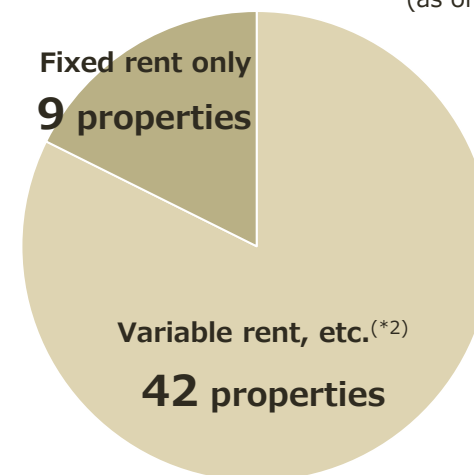
Proportion of Rental Income

(FY12/2024 forecast)



Proportion of Rent Structures

(as of August 22, 2024)



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

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

Recognition of External Environment

Trend of the Hotel Investment Market

- The hotel market in Japan is transitioning to a new growth phase after a period of recovery from the COVID-19 pandemic, driven by strong domestic demand for accommodation and inbound demand that exceeds the pre-pandemic level.
- As for the hotel transaction market, not only foreign funds, etc., but domestic investors, including J-REITs, started to consider hotel investment more actively with expectations for the hotel market's growth potential, as well as an easing attitude toward finance for hotel assets by financial institutions. Given these conditions, hotel transactions may become more active.
- For acquisition of hotels, it is important to differentiate each hotel since the competitiveness of hotels is becoming more evident in accordance with the hotel specifications, locations and the abilities of hotel operators.

Basic Policies

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



Key Measures

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

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

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

Recognition of External Environment

Hotel Market Environment

- With more visitors from Asia, Europe and the U.S., inbound demand is expected to remain above pre-pandemic levels, and accommodation demand is anticipated to continue to be strong.
- Although there are supply-demand imbalances depending on markets due to the continued supply of new hotels against the backdrop of robust hotel demand during the pre-pandemic period, we believe there are no changes to the medium to long-term trend of expansion in the tourism market accompanying economic growth in the Asia region, Western countries, etc., in the post-COVID-19 society.
- While the market is entering a growth phase, upward pressure on costs and expenses has occurred. We believe it is key to increase unit prices by appropriately passing on higher costs, conducting renovation, providing added value, implementing appropriate marketing strategies, etc.

Basic Policies

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



Key Measures

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

Recognition of External Environment

Trend of Financing Environment and Interest Rates

- In the first half of 2024, J-REIT public offerings sowed a year-on-year decline in both number and total amount. The TSE REIT Index dropped by around 4% since the beginning of the year due to wait-and-see factors such as the impact of rising interest rates following the normalization of monetary policy by the Bank of Japan.
- As the recovery and growth of hotel performance become increasingly evident and are expected to continue, financial institutions are taking a more positive stance.
- Certain caution remains required for changes in interest rates due to the Bank of Japan's policy reviews and overseas factors.

Basic Policies

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



Key Measures

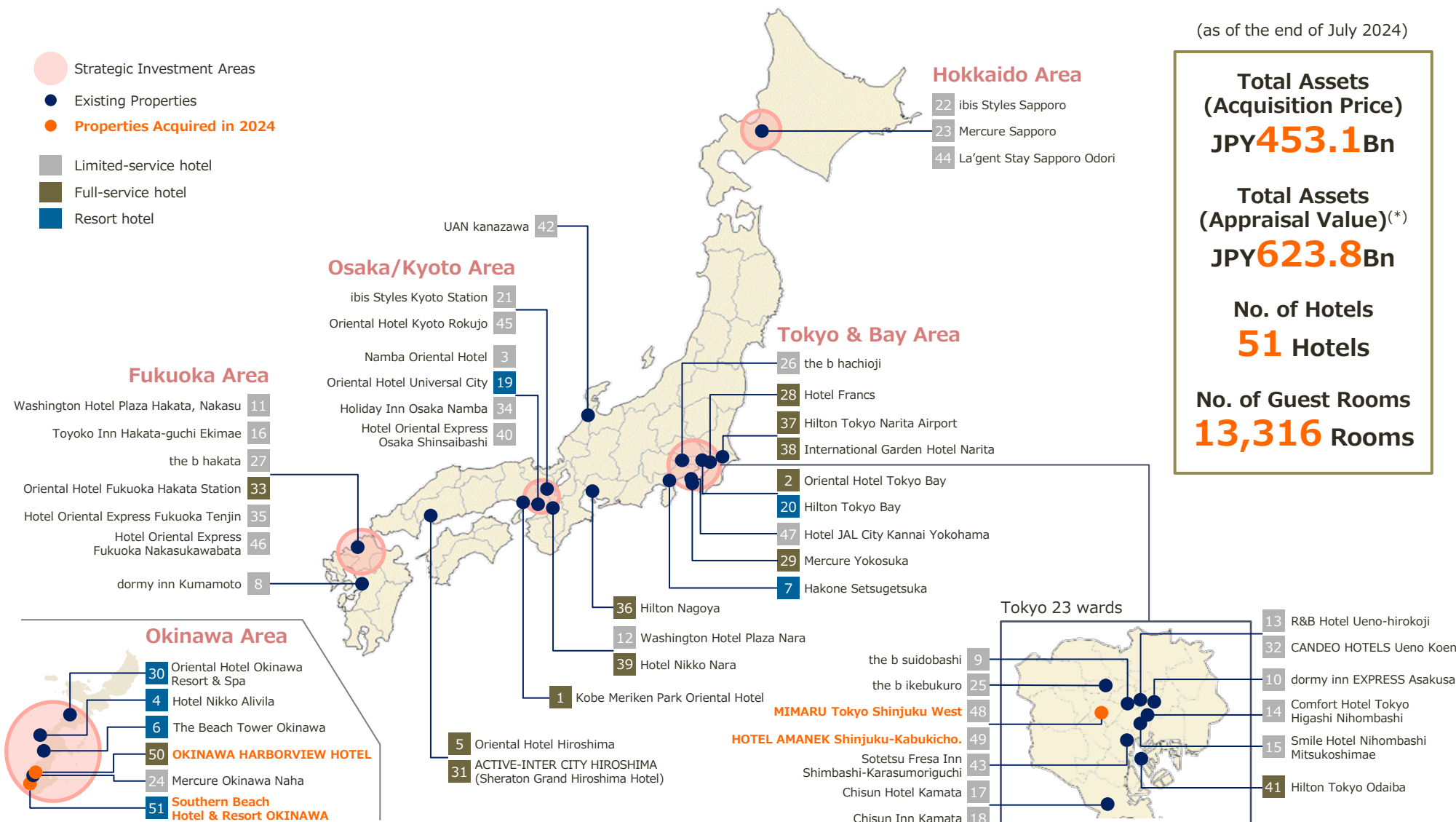
- Improve financial stability by fixing interest rates, etc., as necessary, while considering diversification of repayment dates
- Optimize financing costs
- Maintain LTV level at a maximum of 50% (total asset base) for the time being
- Maintain good relationship with financial institutions
- Diversify financing methods such as public offerings and issuance of investment corporation bonds

Appendix 2

Information of Properties

1. Portfolio Map

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

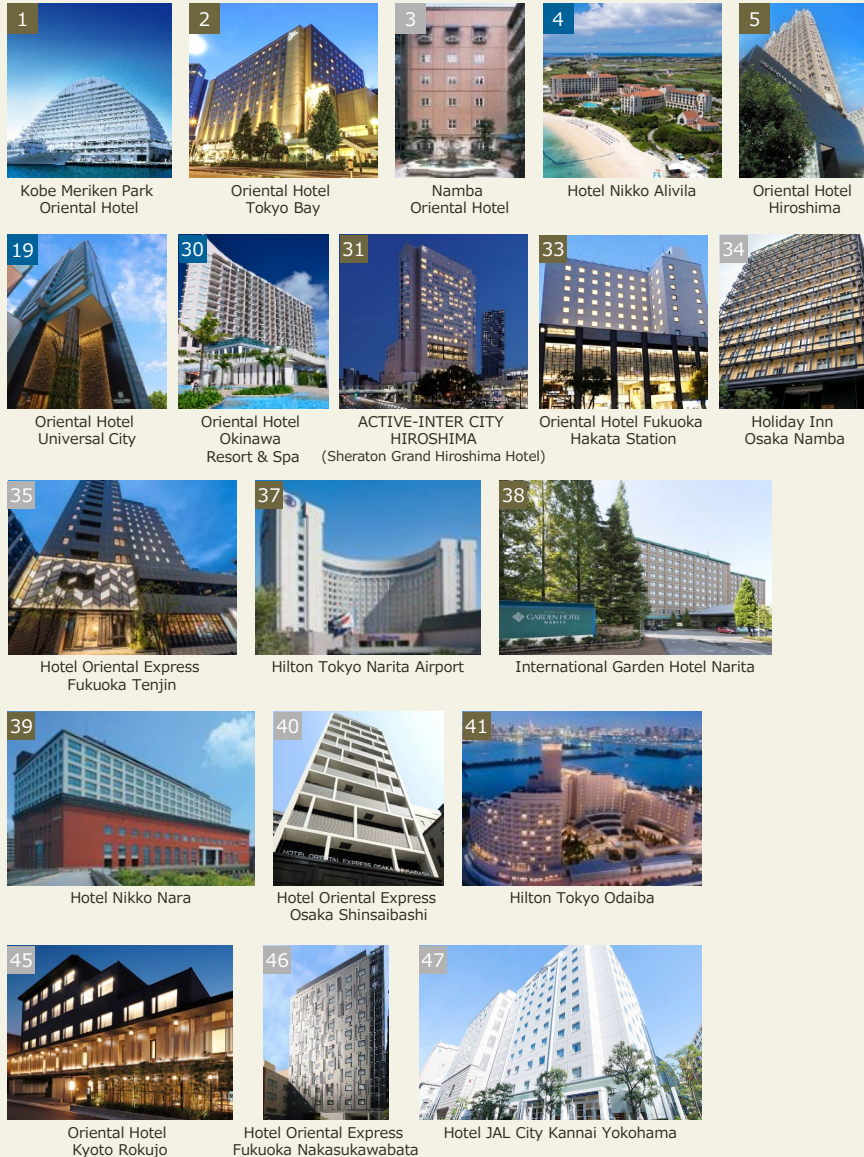


(*) The appraisal value for properties held as of the end of June 2024 is based on the end-June 2024 appraisal; for properties acquired in 2024, the appraisal value is based on the appraisal at acquisition.

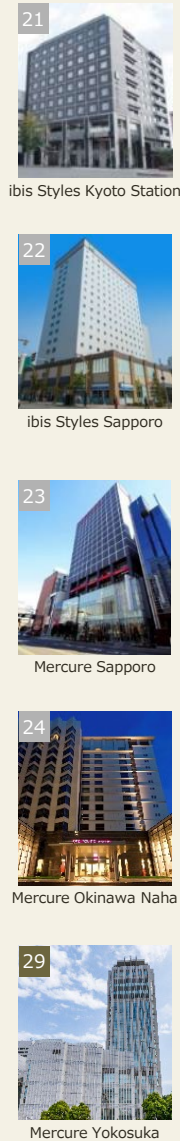
2. List of Portfolio

The 28 Hotels with Variable Rent, etc.

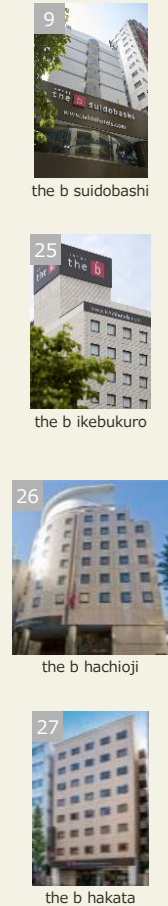
The 19 HMJ Hotels



The Accor Group Hotels

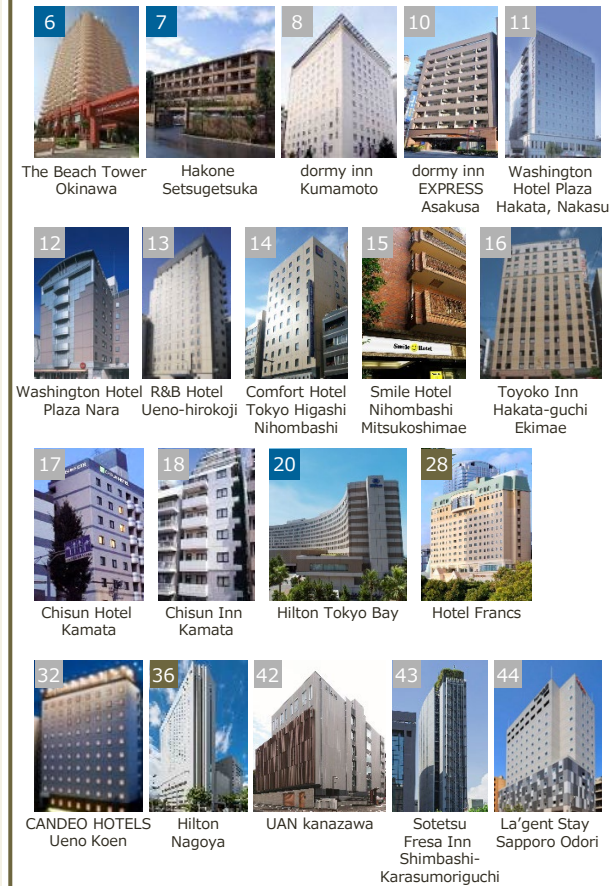


The Ishin Group Hotels

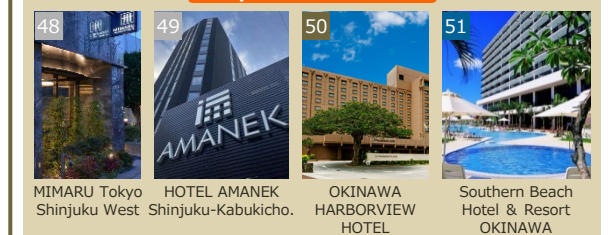


(as of the end of July 2024)

■ Limited-service hotel ■ Full-service hotel ■ Resort hotel



Acquisition in 2024

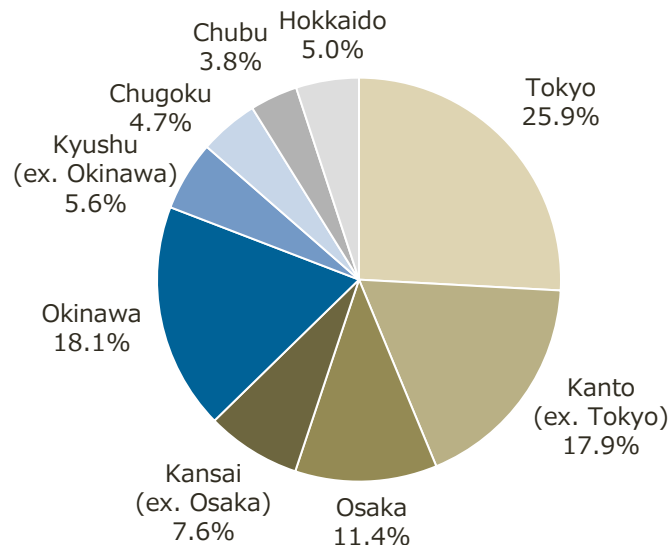


3. Portfolio Diversification

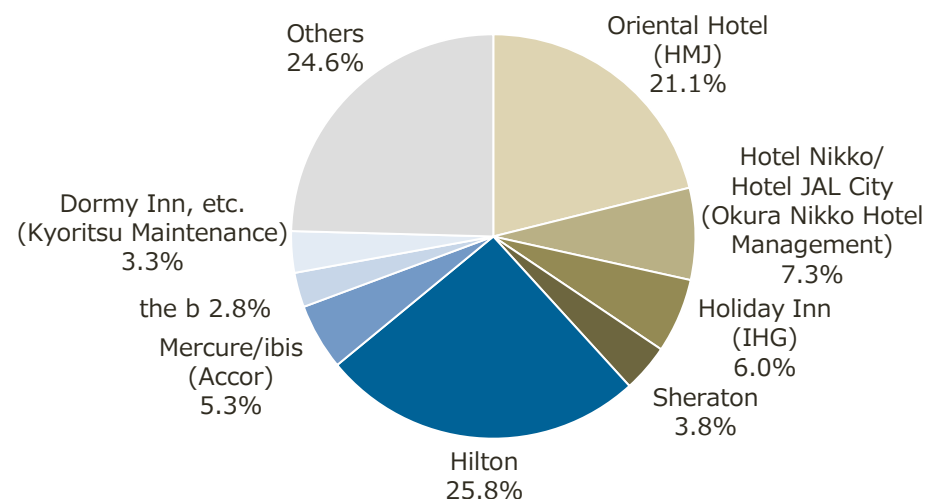
◆ Widely diversified and high-quality portfolio

(as of the end of July 2024)

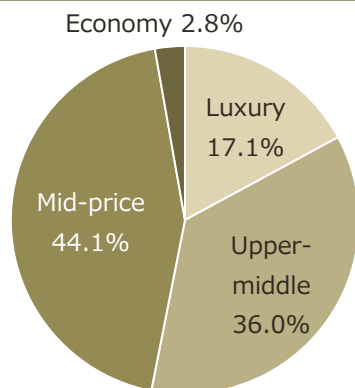
By Area(*)



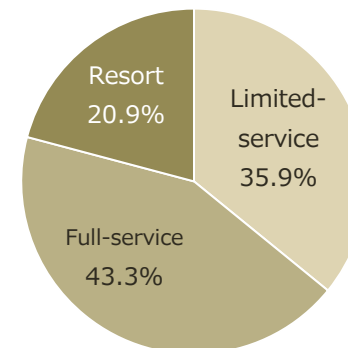
By Hotel Brand(*)



By Hotel Grade(*)



By Hotel Type(*)



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

4. Rent Structure

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

(FY12/2024 forecast)

Rent Structure ^(*1)		Fixed rent	Fixed rent + Revenue-sharing rent	Fixed rent + Variable rent	Variable rent	Management contract	Total
Type of Contract		Lease contract	Lease contract	Lease contract	Lease contract	Management contract	
Type of Rent	Fixed	○	○	○	–	–	–
	Variable	–	A certain percentage of sales exceeding the threshold	A certain percentage of hotel GOP	A certain percentage of hotel revenue or hotel GOP	Hotel GOP	–
Real Estate Operating Revenue ^(*2) (%)		JPY2,143MM (6.7%)	JPY3,310MM (10.4%)	JPY22,341MM (70.2%)	JPY2,135MM (6.7%)	JPY1,896MM (6.0%)	JPY31,827MM (100.0%)
(breakdown)	Fixed Rent ^(*3) (%)	JPY2,143MM (6.7%)	JPY2,741MM (8.6%)	JPY10,966MM (34.5%)	JPY127MM (0.4%)	JPY149MM (0.5%)	JPY16,128MM (50.7%)
	Variable Rent (%)	–	JPY569MM (1.8%)	JPY11,375MM (35.7%)	JPY2,008MM (6.3%)	JPY1,746MM (5.5%)	JPY15,699MM (49.3%)
CAPEX Paid by JHR ^(*4)		1. Renewal of building and facilities	1. Renewal of building and facilities (3. Strategic investment)	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	1. Renewal of building and facilities 2. Fixtures and equipment 3. Strategic investment	–
No. of Properties		9	5	28	5	4	51
Acquisition Price (%)		JPY30,041MM (6.6%)	JPY42,354MM (9.3%)	JPY329,060MM (72.6%)	JPY29,255MM (6.5%)	JPY22,397MM (4.9%)	JPY453,108MM (100.0%)
Hotels		The Beach Tower Okinawa Hotel Francs CANDEO HOTELS Ueno Koen and other hotels	Hilton Tokyo Bay Smile Hotel Nihombashi Mitsukoshimae Comfort Hotel Tokyo Higashi Nihombashi UAN kanazawa Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	The 19 HMJ Hotels The Ishin Group Hotels dormy inn Kumamoto MIMARU Tokyo Shinjuku West HOTEL AMANEK Shinjuku-Kabukicho. OKINAWA HARBORVIEW HOTEL ^(*5) Southern Beach Hotel & Resort OKINAWA	Hilton Nagoya Mercure Yokosuka Chisun Hotel Kamata Chisun Inn Kamata La'gent Stay Sapporo Odori	ibis Styles Kyoto Station ibis Styles Sapporo Mercure Sapporo Mercure Okinawa Naha	–

(*1) Rent structure is classified based on the type of rent under the lease contract and other contracts of hotels owned by JHR as of the end of July 2024.

(*2) Based on the revenue forecast for FY12/2024, which was announced in the Midterm Financial Report dated August 22, 2024. Revenue from trademark rights is excluded.

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

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

(*5) The rent structure is as follows: until July 31, 2026, fixed rent only. On and after August 1, 2026, a combination of fixed and variable rent will apply.

5. Property List (1/2)

(as of the end of June 2024)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)	NOI Yield (estimate) (*8)
									24th Period (as of December 31, 2023)		25th Period (as of June 30, 2024)						
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate					
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Hyogo	29.0	10,900	9,648	14,100	4.8%	14,700	4.7%	2.4%	415,454	292,292	135,183	7.6%
2	Oriental Hotel Tokyo Bay	Full-service	Upper-middle	511	Chiba	29.2	19,900	17,459	31,900	4.4%	34,600	4.4%	4.4%	1,042,577	980,213	790,117	10.2%
3	Namba Oriental Hotel	Limited-service	Mid-price	258	Osaka	28.3	15,000	14,224	31,000	4.1%	32,300	4.0%	3.3%	667,836	610,222	551,350	7.1%
4	Oriental Hotel Hiroshima	Full-service	Upper-middle	397	Hiroshima	30.2	18,900	17,565	28,200	4.8%	29,100	4.7%	4.2%	438,278	358,264	224,031	8.3%
5	Hotel Nikko Alivila	Resort	Luxury	227	Okinawa	30.8	4,100	4,018	4,220	5.0%	4,330	4.9%	0.9%	79,716	57,371	18,220	5.3%
6	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	20.3	7,610	6,402	9,940	4.4%	10,200	4.3%	1.7%	255,504	233,255	174,841	6.1%
7	Hakone Setsugetsuka	Resort	Mid-price	158	Kanagawa	17.7	4,070	3,490	5,390	4.8%	5,580	4.6%	0.9%	147,469	134,860	86,290	6.6%
8	dormy inn Kumamoto	Limited-service	Mid-price	291	Kumamoto	16.4	2,334	2,185	3,390	5.6%	3,650	5.5%	0.5%	109,513	98,058	69,998	10.2%
9	the b suidobashi	Limited-service	Mid-price	99	Tokyo	37.8	1,120	1,141	2,330	4.1%	2,490	4.0%	0.2%	77,759	72,316	60,019	11.5%
10	dormy inn EXPRESS Asakusa	Limited-service	Economy	75	Tokyo	27.3	999	915	1,320	3.9%	1,350	3.8%	0.2%	32,537	27,898	21,461	5.5%
11	Washington Hotel Plaza Hakata, Nakasu	Limited-service	Mid-price	247	Fukuoka	29.3	2,130	2,072	4,520	4.4%	4,610	4.3%	0.5%	120,000	112,000	99,000	10.5%
12	Washington Hotel Plaza Nara	Limited-service	Mid-price	203	Nara	24.3	2,050	1,698	2,440	5.0%	2,460	4.8%	0.5%	75,000	67,000	48,000	6.5%
13	R&B Hotel Ueno-hirokoji	Limited-service	Economy	176	Tokyo	22.2	1,720	1,798	1,830	4.0%	1,880	3.9%	0.4%	48,645	40,814	31,030	4.7%
14	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	16.4	3,746	3,383	5,470	4.3%	5,730	4.1%	0.8%	174,512	158,380	139,265	7.4%
15	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	27.3	2,108	2,017	3,030	4.0%	3,070	3.9%	0.5%	98,587	89,988	79,232	7.0%
16	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	256	Fukuoka	22.8	1,652	1,337	2,780	4.4%	2,770	4.4%	0.4%	70,519	63,190	54,275	7.6%
17	Chisun Hotel Kamata	Limited-service	Economy	105	Tokyo	32.4	1,512	1,451	2,080	4.6%	2,090	4.6%	0.3%	75,633	68,362	49,109	8.3%
18	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	21.2	823	776	1,430	4.4%	1,440	4.4%	0.2%	44,785	41,214	35,016	9.1%
19	Oriental Hotel Universal City	Resort	Upper-middle	330	Osaka	23.0	6,753	7,363	18,500	4.8%	22,300	4.7%	1.5%	791,903	762,139	645,254	26.4%
20	Hilton Tokyo Bay	Resort	Luxury	828	Chiba	36.0	26,050	25,919	40,200	4.2%	42,700	4.1%	5.7%	990,117	847,549	750,460	7.9%
21	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kyoto	15.2	6,600	6,550	9,990	4.2%	10,000	4.2%	1.5%	200,116	178,408	161,868	5.2%
22	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	13.9	6,797	6,312	11,100	4.7%	11,600	4.6%	1.5%	218,474	169,714	128,406	7.1%
23	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	15.2	6,000	5,591	10,600	4.6%	12,400	4.6%	1.3%	318,873	220,193	174,613	8.4%
24	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	14.9	3,000	2,733	7,070	4.6%	7,370	4.6%	0.7%	129,069	101,336	64,486	7.3%
25	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	42.0	6,520	6,598	7,200	4.2%	7,590	4.1%	1.4%	183,414	167,210	151,398	5.5%
26	the b hachioji	Limited-service	Mid-price	196	Tokyo	37.9	2,610	2,689	2,610	5.1%	2,720	5.0%	0.6%	99,434	87,448	67,077	6.4%
27	the b hakata	Limited-service	Mid-price	175	Fukuoka	26.8	2,300	2,318	4,520	4.3%	4,760	4.2%	0.5%	130,616	123,689	112,644	10.3%
28	Hotel Francs	Full-service	Mid-price	222	Chiba	32.9	3,105	3,171	4,130	4.6%	4,660	4.7%	0.7%	150,000	119,181	91,452	7.7%
29	Mercure Yokosuka	Full-service	Upper-middle	160	Kanagawa	30.7	1,650	1,659	3,210	4.6%	3,550	4.6%	0.4%	173,064	117,185	97,375	15.4%

5. Property List (2/2)

(as of the end of June 2024)

(as of the end of June 2024)																	
No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)	NOI Yield (estimate) (*8)
									24th Period (as of December 31, 2023)		25th Period (as of June 30, 2024)						
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate					
30	Oriental Hotel Okinawa Resort & Spa	Resort	Upper-middle	361	Okinawa	19.4	14,950	17,068	18,300	4.9%	19,500	4.8%	3.3%	274,999	231,606	-41,536	6.5%
31	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Hiroshima	13.8	17,320	17,051	20,400	4.5%	20,500	4.5%	3.8%	769,528	523,021	402,268	6.0%
32	CANDEO HOTELS Ueno Koen	Limited-service	Mid-price	268	Tokyo	14.5	6,705	6,515	7,590	3.9%	7,620	3.9%	1.5%	174,985	161,479	139,073	4.8%
33	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Fukuoka	39.0	7,197	8,332	15,000	4.5%	15,500	4.5%	1.6%	917,380	794,438	599,012	21.2%
34	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	15.9	27,000	26,551	26,600	4.4%	27,300	4.3%	6.0%	578,140	552,408	491,270	4.4%
35	Hotel Oriental Express Fukuoka Tenjin	Limited-service	Mid-price	263	Fukuoka	25.2	5,248	5,733	6,650	4.6%	7,470	4.6%	1.2%	365,315	312,720	277,259	11.5%
36	Hilton Nagoya	Full-service	Luxury	460	Aichi	35.3	15,250	15,455	14,900	4.1%	15,500	4.1%	3.4%	657,560	343,113	244,841	4.7%
37	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Chiba	30.9	13,175	13,150	12,300	4.6%	13,200	4.4%	2.9%	314,559	275,838	161,947	4.6%
38	International Garden Hotel Narita	Full-service	Mid-price	463	Chiba	28.1	9,125	8,924	9,270	4.8%	9,620	4.7%	2.0%	251,743	230,105	145,801	5.5%
39	Hotel Nikko Nara	Full-service	Upper-middle	330	Nara	26.3	10,373	10,056	9,670	4.7%	9,810	4.7%	2.3%	237,402	213,546	137,402	4.8%
40	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	6.4	2,738	2,781	2,890	4.6%	2,900	4.5%	0.6%	112,963	105,650	97,091	7.3%
41	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	28.5	62,400	63,246	68,200	3.7%	72,700	3.5%	13.8%	1,338,676	1,163,927	1,003,091	4.0%
42	UAN kanazawa	Limited-service	Upper-middle	47	Ishikawa	6.8	2,050	2,052	2,200	4.6%	2,340	4.5%	0.5%	57,003	53,510	43,379	5.7%
43	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Limited-service	Mid-price	220	Tokyo	16.3	8,400	8,461	10,100	3.8%	10,100	3.8%	1.9%	263,358	236,496	225,236	4.5%
44	La'gent Stay Sapporo Odori	Limited-service	Mid-price	219	Hokkaido	8.0	10,020	10,403	10,800	4.3%	11,500	4.2%	2.2%	253,614	241,921	204,973	5.3%
45	Oriental Hotel Kyoto Rokujo	Limited-service	Mid-price	166	Kyoto	4.8	4,446	4,608	5,940	4.3%	6,470	4.1%	1.0%	159,339	153,217	134,999	7.0%
46	Hotel Oriental Express Fukuoka Nakasukawabata	Limited-service	Mid-price	183	Fukuoka	3.2	4,460	4,643	6,090	4.2%	6,280	4.1%	1.0%	174,603	168,066	154,778	7.2%
47	Hotel JAL City Kannai Yokohama	Limited-service	Mid-price	170	Kanagawa	17.6	4,000	4,042	4,340	4.1%	4,570	4.0%	0.9%	67,500	61,639	46,322	4.3%
48	MIMARU Tokyo Shinjuku West (*9)	Limited-service	Upper-middle	76	Tokyo	4.4	9,645	-	-	-	11,700	3.6%	2.1%	-	-	-	3.9%
49	HOTEL AMANEK Shinjuku-Kabukicho. (*9)	Limited-service	Mid-price	169	Tokyo	1.3	8,845	-	-	-	12,800	3.7%	2.0%	-	-	-	5.2%
50	OKINAWA HARBORVIEW HOTEL (*9)	Full-service	Mid-price	352	Okinawa	49.2	21,500	-	-	-	24,200	5.3%	4.7%	-	-	-	4.7%
51	Southern Beach Hotel & Resort OKINAWA (*9)	Resort	Mid-price	448	Okinawa	15.2	16,200	-	-	-	20,300	5.0%	3.6%	-	-	-	4.3%
Total or Average		-	-	13,316	-	24.7	453,108	391,574	525,740	-	623,880	-	100.0%	14,328,996	12,223,263	9,579,437	6.3%

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

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

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

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

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

(*6) The investment ratio column shows the ratio of the acquisition price of each property to the total acquisition price of the properties held as of the end of July 2024, rounded to one decimal place.

(*7) Actual for 6 months from January to June 2024. Since the lessees did not agree to disclose numbers in units of JPY1,000 for No. 11 and 12, the amounts are rounded down to the nearest JPY million.

(*8) NOI yield (estimate) is calculated based on NOI (estimate) for the full year FY12/2024. The NOI yields (estimate) through No. 48 to 51 are calculated by annualized NOI (estimate) for FY12/2024 of each property. The NOI yield (estimate) of the portfolio is calculated as follows: Total NOI (estimate) for FY12/2024 (JPY28,484,689 thousand) / total acquisition price of the properties held as of the end of July 2024.

(*9) Since these properties were acquired in July 2024, the appraisal values at the end of June 2024 are the appraisal values at acquisition. The appraisal values at the end of December 2023 are omitted in the table and excluded from the total figures.

6. Summary of Lease Contracts (1/3)

(as of the end of June 2024)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2024 to 2025)	
										Timing	Condition	2024	2025
1	Kobe Meriken Park Oriental Hotel	Fixed-lease	Fixed + Variable	Hotel Management Japan Co., Ltd.	Okura Nikko Hotel Management Co., Ltd.	15	Dec. 2034	For The Five HMJ Hotels JPY3,221MM/year + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified Structure	-	-
2	Oriental Hotel Tokyo Bay												
3	Namba Oriental Hotel												
4	Oriental Hotel Hiroshima												
5	Hotel Nikko Alivila												
6	The Beach Tower Okinawa	Fixed-lease	Fixed	Kyoritsu Maintenance Co., Ltd.	20	Jun. 2026	JPY42MM/month	The same rent will be applied until expiration of the contract.	-	-	-	-	
7	Hakone Setsugetsuka	Fixed-lease	Fixed		20	Oct. 2026	JPY24MM/month	The same rent will be applied until expiration of the contract.	-	-	-	-	
8	dormy inn Kumamoto	Fixed-lease	Fixed + Variable		3	Mar. 2026	JPY16MM/month + when Hotel GOP exceeds JPY400MM/year, the excess x 40% is paid	Rent can be modified through mutual agreement.	Apr. 2023	Same fixed rent + Introduced variable rent	-	-	
9	dormy inn EXPRESS Asakusa	Japanese Lease	Fixed		3	Mar. 2026	JPY5MM/month	Rent can be modified through mutual agreement every three years.	Apr. 2023	Same	-	-	
10	Washington Hotel Plaza Hakata, Nakasu	Japanese Lease	Fixed	Washington Hotel K.K.	3	Mar. 2027	JPY20MM/month	Rent can be modified through mutual agreement.	Apr. 2024	Same	-	-	
11	Washington Hotel Plaza Nara	Japanese Lease	Fixed		3	Mar. 2026	JPY11MM/month	Rent can be modified through mutual agreement.	Mar. 2023	Same	-	-	
12	R&B Hotel Ueno-hirokoji	Japanese Lease	Fixed		20	Apr. 2025	JPY8MM/month	Rent can be modified through mutual agreement.	Apr. 2011	Increased (+3.0%)	-	To be expired (Apr.)	
13	Comfort Hotel Tokyo Higashi Nihombashi	Fixed-lease	Fixed + Revenue sharing	Greens Co., Ltd.		20	Jan. 2028	JPY21MM/month + Revenue-sharing rent	Rent can be modified through mutual agreement every five years.	Apr. 2018	Same (Introduced Revenue-sharing rent)	-	-
14	Smile Hotel Nihombashi Mitsukoshimae	Japanese Lease	Fixed + Revenue sharing	THE KAMOGAWA GRAND HOTEL, LTD.		3	Mar. 2026	JPY11MM/month + Revenue-sharing rent	Rent can be modified through mutual agreement.	Mar. 2023	Same	-	-
15	Toyoko Inn Hakata-guchi Ekimae	Japanese Lease	Fixed	Toyoko Inn Co., Ltd.		30	Sep. 2031	JPY11MM/month	No rule has been stipulated.	Oct. 2007	Increased (+9.4%)	-	-
16	Chisun Hotel Kamata	Fixed-lease	Variable	Solare Hotels & Resorts Co., Ltd.	SHR Hotels, Co., Ltd.	5	Dec. 2025	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2021	Change in lessee and Modified Structure	-	To be expired (Dec.)
17	Chisun Inn Kamata	Fixed-lease	Variable			7	Dec. 2026	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2020	Same	-	-
18	Oriental Hotel Universal City	Fixed-lease	Fixed + Variable	K.K. Osaka Sakurajima Operations (*)		10.5	Dec. 2031	JPY350MM/year + when Hotel AGOP exceeds JPY370MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jul. 2021	Change in lessee and Modified Structure	-	-
19	Hilton Tokyo Bay	Fixed-lease	Fixed + Revenue sharing	THE DAI-ICHI BUILDING CO., LTD.	Hilton International Company	6	Dec. 2028	JPY163MM/month + Revenue-sharing rent	Rent can be modified through mutual agreement.	Jan. 2019	Renewed (Increased)	-	-

6. Summary of Lease Contracts (2/3)

(as of the end of June 2024)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2024 to 2025)	
										Timing	Condition	2024	2025
20	ibis Styles Kyoto Station	–	Management contract	–	AAPC Japan K.K.	17	Dec. 2029	Amount equivalent to Hotel GOP	–	Jan. 2025	Renewed (Increased)	–	–
21	ibis Styles Sapporo	–	Management contract			15	Dec. 2029	Amount equivalent to Hotel GOP	–	Jan. 2025	Renewed (Increased)	–	–
22	Mercure Sapporo	–	Management contract			15	Sep. 2029	Amount equivalent to Hotel GOP	–	Oct. 2024	Renewed (Increased)	–	–
23	Mercure Okinawa Naha	–	Management contract			15	Apr. 2029	Amount equivalent to Hotel GOP	–	Apr. 2024	Renewed (Increased)	–	–
24	Mercure Yokosuka	Fixed-lease	Variable	AAPC Japan K.K.		5	Aug. 2028	Linked to Hotel GOP	The same rent will be applied until expiration of the contract.	Sep. 2024	Renewed (Increased)	–	–
25	the b ikebukuro	Fixed-lease	Fixed + Variable	Ishin Ikebukuro Operations K.K.		5	Jul. 2029	JPY142MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Aug. 2024	Renewed (Increased in fixed rent)	–	–
26	the b hachioji	Fixed-lease	Fixed + Variable	Ishin Hachioji Operations, Y.K.		5	Jul. 2029	JPY75MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Aug. 2024	Renewed (Increased in fixed rent)	–	–
27	the b hakata	Fixed-lease	Fixed + Variable	Ishin Hakata Operations K.K.		5	Jul. 2029	JPY99MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Aug. 2024	Renewed (Increased in fixed rent)	–	–
28	the b suidobashi	Fixed-lease	Fixed + Variable	Ishin Suidobashi Operations K.K.		7	Dec. 2026	JPY30MM/year + Linked to Hotel AGOP	The same rent will be applied until expiration of the contract.	Oct. 2020	Fixed rent was changed (Reduction)	–	–
29	Hotel Francs	Fixed-lease	Fixed + Variable	K.K. BP		6	Dec. 2030	JPY25MM/month + when Hotel GOP exceeds JPY350MM/year, the excess x 52% is paid	The same rent will be applied until expiration of the contract.	Oct. 2024	Increased in fixed rent + Introduced variable rent	–	–
30	Oriental Hotel Okinawa Resort & Spa	Fixed-lease	Fixed + Variable	Lagoon resort Nago Co., Ltd. (*)		10	Dec. 2030	JPY550MM/year + when Hotel AGOP exceeds JPY655MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	–	–
31	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Fixed-lease	Fixed + Variable	K.K. A.I.C Hiroshima Management (*)	Starwood Asia Pacific Hotels & Resorts Pte. Ltd.	11	Dec. 2026	JPY348MM/year + when Hotel AGOP exceeds JPY360MM, the excess x 90% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified Structure	–	–
32	CANDEO HOTELS Ueno Koen	Fixed-lease	Fixed	Candeo Hospitality Management, Inc.		20	Feb. 2030	Nondisclosure ^(*4)	Rent can be modified through mutual agreement every three years.	Jul. 2016	Nondisclosure ^(*4)	–	–
33	Oriental Hotel Fukuoka Hakata Station	Fixed-lease	Fixed + Variable	Hotel Centraza Co., Ltd. (*)		15	Dec. 2034	JPY425MM/year + when Hotel AGOP exceeds JPY442MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	–	–
34	Holiday Inn Osaka Namba	Fixed-lease	Fixed + Variable	OW Hotel Operations KK (*)		15	Oct. 2031	JPY576MM/year + when Hotel AGOP exceeds JPY580MM, the excess x 97% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	–	–
35	Hotel Oriental Express Fukuoka Tenjin	Fixed-lease	Fixed + Variable	K.K Fukuoka Tenjin Operations (*)		10.5	Dec. 2031	JPY150MM/year + when Hotel AGOP exceeds JPY165MM, the excess x 97% is paid	In principle, the same rent will be applied until expiration of the contract.	Jun. 2021	Change in lessee and Modified structure	–	–
36	Hilton Nagoya	Japanese Lease	Variable	Nagoya Hilton Co., Ltd.	Hilton International Company	41	Dec. 2029	Nondisclosure ^(*4)	Rent can be modified through mutual agreement.	–	–	–	–
37	Hilton Tokyo Narita Airport	Fixed-lease	Fixed + Variable	KK NaritaKosuge Operations (*)		20	Jun. 2037	JPY444MM/year + when Hotel AGOP exceeds JPY450MM, the excess x 93% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	–	–
38	International Garden Hotel Narita	Fixed-lease	Fixed + Variable	KK NaritaYoshikura Operations (*)		10	Jun. 2027	JPY336MM/year + when Hotel AGOP exceeds JPY360MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	–	–

6. Summary of Lease Contracts (3/3)

(as of the end of June 2024)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee (*2)	Hotel Operator/Hotel Consulting and Management Company	Lease/MC Term	Expiration Date of Contract	Contractual Rent (*3)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2024 to 2025)	
										Timing	Condition	2024	2025
39	Hotel Nikko Nara	Fixed-lease	Fixed + Variable	Hotel Management Co., Ltd. (*)	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2030	JPY420MM/year + when Hotel AGOP exceeds JPY440MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
40	Hotel Oriental Express Osaka Shinsaibashi	Fixed-lease	Fixed + Variable	K.K. HOTEL ORIENTAL EXPRESS (*)		10	Mar. 2028	JPY110.4MM/year + when Hotel AGOP exceeds JPY128MM, the excess x 91% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
41	Hilton Tokyo Odaiba	Fixed-lease	Fixed + Variable	Tokyo Humania Enterprise Inc. (*)		11	Dec. 2029	JPY1,600MM/year + when Hotel AGOP exceeds JPY1,660MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Jan. 2023	Modified structure	-	-
42	UAN kanazawa	Fixed-lease	Fixed + Revenue sharing	Solare Hotels and Resorts Co., Ltd.	SHR Hotels Co., Ltd.	25	Oct. 2042	JPY9MM/month + when annual room sales exceeds JPY270MM, the excess x 30% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
43	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Fixed-lease	Fixed + Revenue sharing	Sotetsu Hotel Development Co., Ltd.	Sotetsu Hotel Management CO., LTD.	3	Mar. 2026	JPY17MM/month + Revenue-sharing rent	The same rent will be applied until expiration of the contract.	-	-	-	-
44	La'gent Stay Sapporo Odori	Fixed-lease	Variable	AB Accommo. Co. Ltd.		3.6	Dec. 2027	Linked to Hotel GOP	The same rent will be applied until expiration of the contract.	May 2024	Changed calculation formula	-	-
45	Oriental Hotel Kyoto Rokujo	Fixed-lease	Fixed + Variable	Kyoto Horikawa Operations Co., Ltd. (*)		14.2	Dec. 2033	JPY14.25MM/month + when Hotel AGOP exceeds JPY183MM/year, the excess x 93.5% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
46	Hotel Oriental Express Fukuoka Nakasukawabata	Fixed-lease	Fixed + Variable	Fukuoka Tenyamachi Operations Co., Ltd. (*)		12.7	Dec. 2033	JPY14.5MM/month + when Hotel AGOP exceeds JPY189MM/year, the excess x 92% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
47	Hotel JAL City Kannai Yokohama	Fixed-lease	Fixed + Variable	K.K. Yokohama Yamashita-cho Operations (*)	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2033	JPY11.25MM/month + when Hotel AGOP exceeds JPY150MM/year, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
48	MIMARU Tokyo Shinjuku West (*5)	Fixed-lease	Fixed + Variable	Cosmos Initia Co., Ltd.		20	Feb. 2040	Fixed rent (Nondisclosure ^(*)4)) + Variable rent (Linked to Hotel GOP)	Rent can be modified through mutual agreement every five years.	-	-	-	Rent revision (Apr.)
49	HOTEL AMANEK Shinjuku-Kabukicho. (*5)	Fixed-lease	Fixed + Variable	AMANEK Corporation		20	Mar. 2043	Fixed rent (Nondisclosure ^(*)4)) + Variable rent (Linked to Hotel GOP)	Rent can be modified through mutual agreement every five years.	-	-	-	-
50	OKINAWA HARBORVIEW HOTEL (*5)	Fixed-lease	Fixed + Variable	THE HOTELIER GROUP NAHA K.K. (*)		19	Dec. 2034	[until July 31, 2026] JPY87.5MM/month [on and after August 1, 2026] JPY55MM/month + when Hotel AGOP exceeds JPY720MM/year, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	-	-	-	-
51	Southern Beach Hotel & Resort OKINAWA (*5)	Fixed-lease	Fixed + Variable	Okinawa Hotel Management Co., Ltd.		10	Dec. 2025	JPY50MM/month + Linked to Hotel GOP	In principle, the same rent will be applied until expiration of the contract.	-	-	-	To be expired (Dec.)

(*1) Rent structure is as follows:

Fixed: Fixed rent

Variable: Variable rent

Management contract: Management contract

Fixed + Variable: Property paying both fixed and variable rent

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

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

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

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

(*5) Since those properties were acquired in July 2024, the summary of the lease contracts at acquisition is shown.

7. Balance Sheet

				(JPY MM)			
(as of)	FY12/2023 End of Fiscal Year December 31, 2023	FY12/2024 End of Fiscal Year June 30, 2024	Variance	(as of)	FY12/2023 End of Fiscal Year December 31, 2023	FY12/2024 End of Fiscal Year June 30, 2024	Variance
ASSETS				LIABILITIES			
Current Assets	34,049	25,754	(8,295)	Current Liabilities	44,585	19,445	(25,139)
Cash and Deposits ^(*1)	28,515	21,594	(6,921)	Operating Accounts Payable	2,506	485	(2,021)
Operating Accounts Receivables	4,850	3,254	(1,596)	Short-term Loans	15,568	—	(15,568)
Others	684	906	222	Current Portion of Investment Corporation Bond	3,000	3,000	—
Noncurrent Assets	395,769	395,835	66	Current Portion of Long-term Loans Payable	21,521	14,100	(7,421)
Net Property and Equipment	360,081	359,749	(331)	Accounts Payable	1,130	1,036	(94)
Buildings in Trust ^(*2)	119,571	119,035	(536)	Advances Received	764	770	6
Land in Trust	237,641	237,641	—	Others	94	53	(40)
Others ^(*3)	2,867	3,072	204	Long-term Liabilities	140,390	163,543	23,153
Intangible Assets	32,271	32,164	(106)	Investment Corporation Bonds	33,900	33,900	—
Other Assets	3,416	3,921	504	Long-term Loans Payable	101,242	124,231	22,989
Leasehold and Security Deposits	152	152	—	Tenant Leasehold and Security Deposits	4,780	4,818	38
Others	3,264	3,769	504	Derivative Liabilities	1	—	(1)
Deferred Assets	136	112	(23)	Others	465	593	127
				TOTAL LIABILITIES	184,975	182,988	(1,986)
				NET ASSETS			
				Unitholders' Capital	199,051	199,051	—
				Capital Surplus	21,746	21,746	—
				Reserve for Temporary Difference Adjustment	9,600	8,754	(845)
				Reserve for Special Advanced Depreciation	1,174	1,174	—
				Unappropriated Retained Earnings	13,137	7,435	(5,701)
				Others	270	550	280
TOTAL ASSETS	429,955	421,703	(8,251)	TOTAL NET ASSETS	244,980	238,714	(6,265)
				TOTAL LIABILITIES AND NET ASSETS	429,955	421,703	(8,251)

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

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

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

Appendix 3

Investors Composition and Investment Unit Price

1. Major Unitholders and Classifications of Unitholders

Top 10 Major Unitholders

As of the end of December 2023

Rank	Name	No. of Units	%(*)
1	The Master Trust Bank of Japan, Ltd. (Trust)	941,008	20.29
2	Custody Bank of Japan, Ltd. (Trust)	841,944	18.15
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	255,752	5.51
4	BNYM AS AGT/CLTS 10 PERCENT	96,115	2.07
5	SSBTC CLIENT OMNIBUS ACCOUNT	81,205	1.75
6	STATE STREET BANK CLIENT - TREATY 505234	75,764	1.63
7	STATE STREET BANK AND TRUST COMPANY 505103	74,474	1.60
8	JP MORGAN CHASE BANK 385781	63,009	1.35
9	GOLDMAN SACHS INTERNATIONAL	62,840	1.35
10	STATE STREET BANK AND TRUST COMPANY 505223	57,473	1.23
Total		2,549,584	54.98

As of the end of June 2024

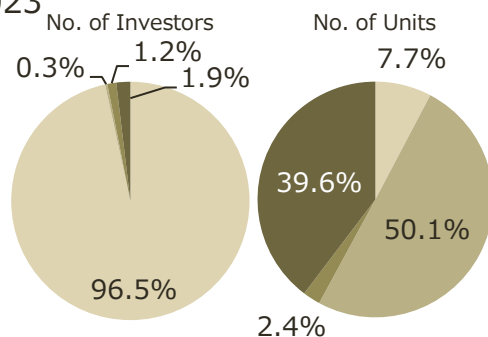
Rank	Name	No. of Units	%(*)
1	Custody Bank of Japan, Ltd. (Trust)	837,524	18.06
2	The Master Trust Bank of Japan, Ltd. (Trust)	822,909	17.74
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	240,391	5.18
4	BNYM AS AGT/CLTS 10 PERCENT	97,444	2.10
5	GOLDMAN SACHS INTERNATIONAL	89,657	1.93
6	SSBTC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

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

Classifications of Unitholders

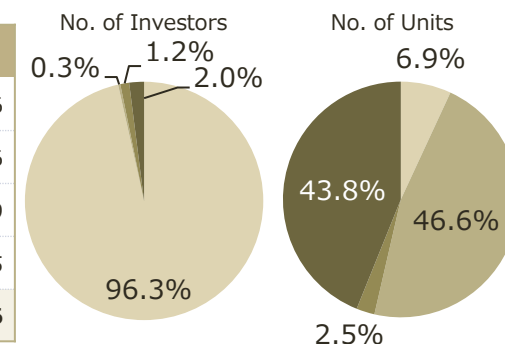
As of the end of December 2023

Owners	No. of Investors	No. of Units
Individuals & Others	25,727	357,171
Financial Institutions (Incl. Securities Firms)	87	2,326,452
Other Domestic Firms	325	113,839
Foreign Firms & Individuals	509	1,839,544
Total	26,648	4,637,006



As of the end of June 2024

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



Individuals & Others
 Financial Institutions (Incl. Securities Firms)
 Other Domestic Firms
 Foreign Firms & Individuals

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

2. Changes in Investment Unit Price and Market Capitalization

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

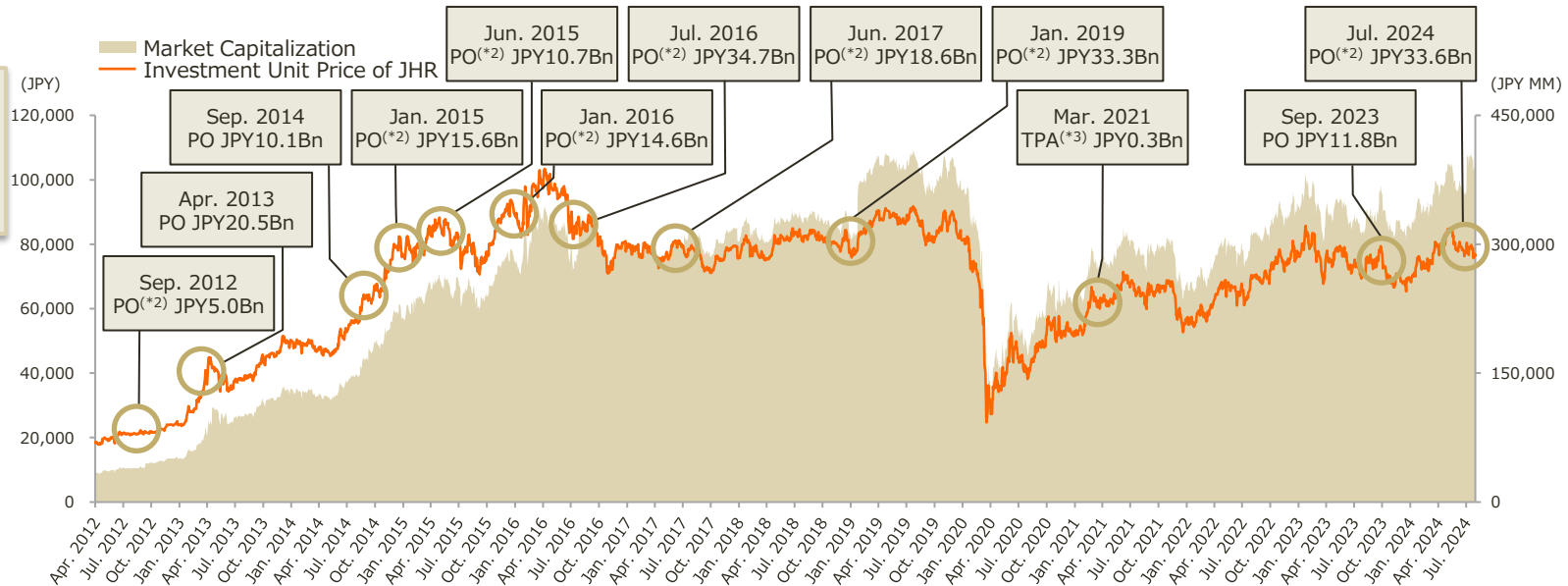
Price of the investment unit:
JPY76,800

Total market capitalization:
JPY391.4Bn
(based on the closing price of July 31, 2024)

(*1) Price of the real estate investment securities may fall depending on the fluctuations of price of the real estate under management or profitability, etc., and investors may suffer losses. Investors may also suffer losses through the bankruptcy or deteriorated financial condition of the issuer. For the risks of investing in JHR's investment securities, please refer to JHR's securities report dated March 21, 2024 and the securities registration statement dated June 24, 2024.

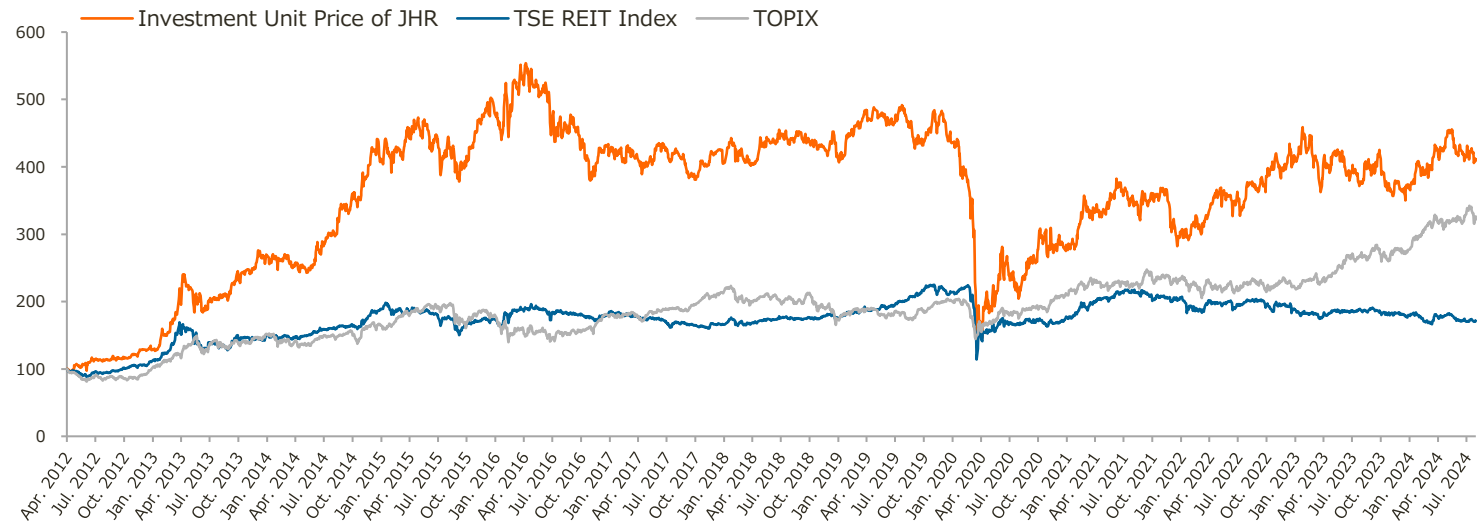
(*2) Including OA

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



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

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



Appendix 4

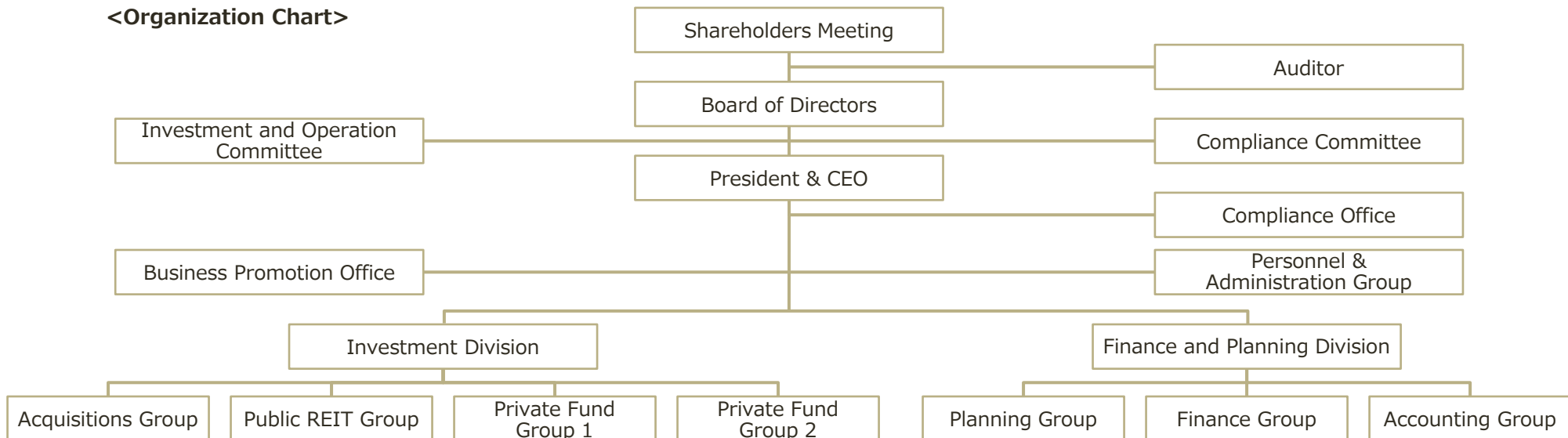
Summary of the Asset Management Company

1. Summary of the Asset Management Company

(as of August 22, 2024)

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

<Organization Chart>



Mission Statement

Connecting hotels, people, and the future

We explore the possibility of hotels.

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

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

We connect hotels, people, and a bright future.

Ideas behind the new mission statement

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

Code of Conduct

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

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

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

Challenge

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



Teamwork

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

Advanced Expertise

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

Ensured Independence

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

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