

August 25, 2025

Midterm Financial Report for the Fiscal Year Ending December 31, 2025 (January 1, 2025 – June 30, 2025)

Japan Hotel REIT Investment Corporation

Listing: Tokyo Stock Exchange
Securities code: 8985
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Scheduled date to file midterm Securities Report: September 22, 2025

Scheduled date to file midterm Securities Report: Yes

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

(Amounts are rounded down to the nearest millions of yen)

1. Status summary of operation and assets for the midterm of the fiscal year ending December 31, 2025 (January 1, 2025 – June 30, 2025)

(1) Operating results

(Percentages: full year—changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Net income (loss)	
Midterm period ended	JPY1M	%	JPY1M	%	JPY1M	%	JPY1M	%
June 30, 2025	21,481	49.6	14,457	70.1	12,367	66.4	12,764	71.7
June 30, 2024	14,362	27.2	8,498	47.5	7,434	51.8	7,433	51.8
Fiscal year ended December 31, 2024	33,481	26.0	20,779	38.4	18,273	39.1	18,272	39.1

	Net income for the current midterm period per unit
Midterm period ended	JPY
June 30, 2025	2,504
June 30, 2024	1,603
Fiscal year ended December 31, 2024	3,755

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

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
Midterm period ended	JPY1M	JPY1M	%	JPY
June 30, 2025	555,761	276,578	49.8	54,262
June 30, 2024	421,703	238,714	56.6	51,480
Fiscal year ended December 31, 2024	498,930	283,402	56.8	55,601

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

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
Midterm period ended	JPY1M	JPY1M	JPY1M	JPY1M
June 30, 2025	18,599	(68,459)	44,289	30,459
June 30, 2024	10,871	(3,821)	(13,971)	21,594
Fiscal year ended				
December 31, 2024	22,758	(64,736)	49,492	36,029

2. Operating forecast for the fiscal year ending December 31, 2025 (January 1, 2025 – December 31, 2025)

(Percentages show changes from the previous year)

	Operating revenue		Operating income		Ordinary income		Net income		Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
	JPY1M	%	JPY1M	%	JPY1M	%	JPY1M	%	JPY	JPY
Full year	44,669	33.4	30,221	45.4	25,666	40.5	26,063	42.6	4,830	—

(Reference) Estimated net income per unit for the fiscal year ending December 31, 2025 (full year): ¥5,113 (Calculated based on the estimate of the period-average number of investment units of 5,097,006).

(Note) The source of the dividend payment is planned to be an amount that deducts the reserve for advanced depreciation (¥1,818 million), from the total net income plus the reversed amount for temporary difference adjustment (¥372 million).

* Other

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

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

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

(c) Changes in accounting estimates: No change

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

(2) Total number of investment units issued and outstanding

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

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

As of June 30, 2025	5,097,006 units	As of June 30, 2024	4,637,006 units	As of December 31, 2024	5,097,006 units
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(b) Number of JHR's investment units held at the end of the fiscal year

As of June 30, 2025	0 unit	As of June 30, 2024	0 unit	As of December 31, 2024	0 unit
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(Note) For the number of investment units serving as the basis of computation for calculating net income per unit, please refer to "Notes on per unit information" on page 34.

* Midterm financial reports are not subject to interim audit procedures by accountants.

* Special items

Forward-looking statements presented in this financial report, including operating forecasts, are based on information currently available to us and on certain assumptions we deem reasonable. As such, actual operating and other results may differ materially from these forecasts due to various factors. Furthermore, we do not intend to guarantee any dividend amount by this forecast. For the assumptions of the operating forecast and notes for the use of the operating forecast, please refer to "1.

Operating results; (1) Operating results; (B) Outlook for the second half of the fiscal year" on page 6 and "Assumptions of the operating forecast for the full fiscal year ending December 2025 (26th period)" on page 12.

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1. Operating results

(1) Operating results

(A) Overview of the midterm period under review

(a) Brief history and principal activities

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

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

JHR, the former Nippon Hotel Fund Investment Corporation, merged with Japan Hotel and Resort, Inc. with an effective date of April 1, 2012 (hereinafter referred to as the “Merger”) and changed its name to Japan Hotel REIT Investment Corporation. Since the Merger through the end of the midterm period under review (the six-month period from January 1, 2025, to June 30, 2025), JHR has conducted eleven public offerings for capital increase and continuously acquired highly competitive hotels in mainly strategic investment areas where domestic and inbound leisure demand can be expected over the medium to long term.

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

(b) Investment performance for the midterm period under review

Throughout the midterm period under review (the six-month period from January 1, 2025 to June 30, 2025), the Japanese economy continued to show a gradual recovery trend, supported by increases in capital investment and improvements in the employment situation, despite close monitoring of developments in U.S. trade policy.

Regarding the domestic accommodation and tourism market, in addition to strong domestic accommodation demand, the number of foreign visitors to Japan (hereinafter referred to as “inbound visitors”) is estimated to reach 21.51 million in the first half of 2025, representing a year-on-year increase of 21.0% according to the Japan National Tourism Organization (JNTO), marking the highest number of inbound visitors on record for the midterm period. Based on the preliminary figures from the Overnight Travel Statistics Survey (Japan Tourism Agency), the number of Japanese overnight guests at domestic accommodations in the first half of 2025 was 220 million (down 4.1% year-on-year), showing a steady trend, while the number of foreign overnight guests during the same period was 90 million (up 16.5% year-on-year), significantly exceeding the previous year's level. As a result, the total number of overnight guests in domestic accommodation facilities in the first half of 2025 was 310 million, a year-on-year increase of 1.1%.

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

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

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

As a result of these initiatives, during the midterm period under review, RevPAR (Note 2) of the 28 Hotels with Variable Rent, etc. (Note 1) was ¥17,087 (up 17.0% year-on-year), and GOP (Note 3) was ¥12,922 million (up 18.0% year-on-year), both significantly exceeding that of the same period in the previous year.

For further details of sales, GOP (gross operating profit) and other management indicators for the 28 Hotels with Variable Rent, etc., please refer to “<Reference Information 2> Hotel operation indexes, sales and GOP (gross operating profit) <1> The 28 Hotels with Variable Rent, etc.” on page 17.

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

Kobe Meriken Park Oriental Hotel
Oriental Hotel Tokyo Bay
Namba Oriental Hotel
Hotel Nikko Alivila
Oriental Hotel Hiroshima
Oriental Hotel Universal City
Oriental Hotel Okinawa Resort & Spa
Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER CITY HIROSHIMA)
Oriental Hotel Fukuoka Hakata Station
Holiday Inn Osaka Namba
Hotel Oriental Express Fukuoka Tenjin
Hilton Tokyo Narita Airport
International Garden Hotel Narita
Hotel Nikko Nara
Hotel Oriental Express Osaka Shinsaibashi
Hilton Tokyo Odaiba
Oriental Hotel Kyoto Rokujo
Hotel Oriental Express Fukuoka Nakasukawabata
Hotel JAL City Kannai Yokohama
ibis Styles Kyoto Station
ibis Styles Sapporo
Mercure Sapporo
Mercure Okinawa Naha
Mercure Yokosuka
the b suidobashi
the b ikebukuro
the b hachioji
the b hakata

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

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

(c) Funding status

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

Additionally, JHR borrowed a total of ¥8,000 million to refinance existing loans due for repayment during the midterm period under review for long-term loans with maturities of up to nine years. Of this amount, ¥4,400 million was refinanced with green loans.

Of the total funds raised, ¥61,750 million was borrowed at fixed interest rates or rates fixed through swap agreements, thereby increasing the ratio of fixed interest rate debt.

Consequently, as of the end of the midterm period under review, the balance of interest-bearing debt totaled ¥269,581 million, including short-term loans payable of ¥1,000 million, current portion of long-term loans payable of ¥39,830 million, long-term loans payable of ¥194,851 million, current portion of investment corporation bonds of ¥5,800 million and investment corporation bonds of ¥28,100 million. As a result, the appraisal-based LTV (Note) at the end of the midterm period under review stood at 36.3%, and the ratio of fixed interest rate to total interest-bearing debt at the end of the midterm period under review was at 76.8%.

(Note) Appraisal-based LTV at the end of the midterm period = Balance of interest-bearing debt at the end of the midterm period / (Total assets at the end of the midterm period + unrealized gains and losses) x 100
 Unrealized gains and losses are calculated by deducting the total book value of assets held at the end of the midterm period from the total appraisal value at the end of the midterm period as the date of appraisal. The same shall apply hereinafter.
 The total asset-based LTV at the end of the midterm period is 48.5%.
 Total asset-based LTV at the end of the midterm period = Balance of interest-bearing debt at the end of the midterm period / Total assets at the end of the midterm period x 100

JHR's issuer ratings as of the end of the midterm period under review are as follows.

In May 2025, the issuer outlook by Japan Credit Rating Agency, Ltd. (JCR) has been changed from "A+ (Stable)" to "A+ (Positive)," and in June 2025, the issuer outlook by Rating and Investment Information, Inc. (R&I) has been changed from "A (Stable)" to "A (Positive)."

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

(d) Financial results

As a result of the abovementioned asset management, for the midterm period under review, JHR recorded operating revenue of ¥21,481 million, operating income of ¥14,457 million and ordinary income of ¥12,367 million and net income of ¥12,764 million. Operating revenue includes the variable rents of ¥5,987 million received from the hotels leased to the HMJ Group (Note 1). This amount is calculated based on the AGOP (Note 2) of each hotel of the HMJ hotels for the midterm period under review. The variable rent to be ultimately received from the HMJ hotels will be determined by the full-year AGOP (12-month period) of each hotel of the HMJ hotels.

JHR settles accounts on an annual basis and investment corporations do not have a system for interim dividends under the Investment Trust Act. Accordingly, no distribution of earnings can be made in the midterm period under review. Distribution of earnings will be made based on the earnings for the full year (12-month period from January 1, 2025 to December 31, 2025). With regard to such distribution of earnings, earnings exceeding 90% of JHR's distributable profit as defined by Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended; hereinafter called "the Act on Special Measures Concerning Taxation") will be distributed.

(Note) AGOP (Adjusted GOP) is the amount remaining after deducting certain payments of fees, etc., from GOP. The same shall apply hereafter.

(B) Outlook for the second half of the fiscal year

(a) Investment policies and issues to be addressed

Regarding the outlook for the Japanese economy, although there are many uncertain factors, such as U.S. trade policy, that could affect the global economy, which require continued close monitoring, a gradual recovery is expected due to improvements in the employment and income environment as well as the effects of various government policies.

With regard to the domestic accommodation and tourism market, the growth trend is expected to continue due to continued strong domestic demand for accommodation and brisk inbound demand.

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

profitability. Furthermore, JHR plans to select hotels with particularly high growth potential and implement renovations using strategic CAPEX with the aim of increasing revenue from rooms and other sources.

Given the large potential demand for overseas tourism globally, JHR expects Japan's accommodation demand from inbound visitors will keep growing over the medium-to-long term and believes that the accommodation and tourism market will expand. JHR considers that the asset management capability of the Asset Management Company will particularly lead to the differentiation of the hotels' performance, in addition to their locations, competitiveness and their operator's capability (including the operator's ability to differentiate the hotels they operate from other hotels, improve profitability including cost management and capture demand).

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

Under the recognition of such circumstances, JHR, together with the Asset Management Company, will continue to implement a differentiation strategy that leverages the experience it has accumulated as a J-REIT specializing in hotels and will manage its properties according to the following policy.

Internal growth

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

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

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

(i) Properties under variable rent contracts

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

JHR is collaborating with operators to enhance hotel performance by requesting them to realize synergy effects through implementing marketing strategies to capture a wide range of demand given the expansion of domestic and inbound leisure needs, taking measures to maintain and raise sales unit prices, and reducing costs by managing multiple properties.

Meanwhile, JHR will continue to work closely with the lessees and operators of each hotel to create attractive products and provide added value by fully utilizing the characteristics of the owned properties, effective marketing measures, and expansion of sales channels in order to capture domestic and overseas demand in the future. At the same time, JHR will continue to promote various measures to increase hotel revenues through cost management and streamlining of operations.

Moreover, JHR will strive to improve hotel earnings by accurately grasping the conditions in the domestic accommodation and tourism market, including the changing needs of guests, and implementing strategic CAPEX as necessary. The renovations of all guest rooms at Oriental Hotel Tokyo Bay, which began in 2023, and at La'gent Stay Sapporo Odori, which began in 2024, are scheduled to be completed by the second half of 2025. Additionally, the large-scale renovation of the entire OKINAWA HARBORVIEW HOTEL, including the pool, guest rooms, restaurants, etc., is scheduled to be completed by December 2025.

(ii) Properties under fixed rent contracts

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

External growth

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

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

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

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

Finance strategy

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

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

Policy on handling of negative goodwill

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

set as the maximum reversal amount (Note).

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

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

Initiatives for sustainability

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

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

■ Identification of Materiality (Key Issues) Related to ESG

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

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

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

- GRESB (Note 1) Real Estate Assessment

JHR was named "Sector Leader" in the Listed Asian Hotel Sector in the 2024 GRESB Real Estate Assessment for the fifth consecutive year.

- BELS (Note 2) Certification

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

- CASBEE (Note 3) Certification for Buildings

In April 2020, Hilton Tokyo Odaiba obtained CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Certification for Buildings, marking the first such recognition for an existing hotel property. In May 2021, Oriental Hotel Fukuoka Hakata Station also received CASBEE Certification for Buildings.

- DBJ Green Building Certification (Note 4)

In October 2024, Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara obtained the DBJ (Development Bank of Japan) Green Building Certification, and in January 2025, Kobe Meriken Park Oriental Hotel and Oriental Hotel Tokyo Bay obtained the DBJ Green Building Certification. In August 2025, Oriental Hotel Okinawa Resort & Spa, Hotel Oriental Express Fukuoka Tenjin and MIMARU Tokyo Shinjuku West also obtained the DBJ Green Building Certification.

■ Initiatives for Climate Change

In November 2021, the Asset Management Company has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), and has joined the TCFD Consortium, an organization of Japanese companies that support the TCFD recommendations.

In August 2022, JHR disclosed its efforts to address the four disclosure themes recommended by the TCFD, including the financial impact of climate change scenario analysis. JHR is also progressively clarifying its numerical targets by establishing and disclosing a CO₂ reduction target by 2050 in February 2023.

■ Formulation of Green Finance Framework

In January 2024, JHR formulated the Green Finance Framework as a framework for financing environmentally friendly projects. In March 2025, JHR borrowed ¥4,400 million as a green loan under the framework. JHR will continue to strive to promote initiatives for environmental improvement by utilizing funds procured under the framework.

■ Initiatives in collaboration with hotel lessees, etc.

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

■ Initiatives for employees

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

■ Support for disasters

The Asset Management Company cooperates with donations for disasters in order to assist with aid activities and recovery activities in the affected areas. In 2024, the Asset Management Company assisted with donations for the 2024 Noto Peninsula Earthquake.

■ Release of ESG Report

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

- (Note 1) GRESB, which stands for Global Real Estate Sustainability Benchmark, is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) considerations of real estate companies and funds. It evaluates initiatives for the sustainability of real estate companies, REITs and real estate funds, not of individual properties. The GRESB Rating makes relative assessment based on total scores, with 5 Stars being the highest ranking.
- (Note 2) BELS (Building-Housing Energy-Efficiency Labeling System) is a display system of energy conservation performance of a building set by the Ministry of Land, Infrastructure, Transport and Tourism.
- (Note 3) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for evaluating and rating the environmental performance of buildings. In addition to environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact, it comprehensively evaluates the quality of buildings, including consideration for interior comfort and landscaping.

(b) Significant subsequent events

Not applicable.

(c) Operating forecast

(i) Operating result for the midterm of the fiscal year ending December 2025 (26th period)

The actual results of JHR for the midterm of the fiscal year ending December 2025 (26th period), along with the differences from the previous forecast (Note 1), are detailed below. During the period, JHR's operating revenue increased by ¥1,725 million from the previous forecast, mainly due to an increase in variable rents. Additionally, net income increased by ¥1,747 million from the previous forecast, primarily due to decreases in non-operating expenses.

Midterm of the fiscal year ending December 2025 (26th period)	Actual Results	Previous forecast (Note 1)	Difference	Percent change
Operating revenue	¥21,481 million	¥19,756 million	¥1,725 million	8.7%
Operating income	¥14,457 million	¥12,793 million	¥1,664 million	13.0%
Ordinary income	¥12,367 million	¥10,626 million	¥1,740 million	16.4%
Net income	¥12,764 million	¥11,017 million	¥1,747 million	15.9%

(ii) Operating forecast for the full fiscal year ending December 2025 (26th period)

JHR's operating and dividend forecasts for the full fiscal year ending December 2025 (26th period) are estimated as follows: Operating revenue is expected to increase by ¥1,937 million from the previous forecast, mainly due to an increase in variable rents in the first half. Operating expenses are projected to decrease by ¥78 million after reviewing property-related expenses and operating expenses. Non-operating expenses are expected to increase by ¥183 million, mainly due to an increase in financial costs. As a result, net income is anticipated to rise by ¥1,867 million from the previous forecast.

For the assumptions of these forecasts, please refer to "Assumptions of the operating forecast for the full fiscal year ending December 2025 (26th period)" on page 12.

Full fiscal year ending December 2025 (26th period)	Current forecast	Previous forecast (Note 1)	Difference	Percent change
Operating revenue	¥44,669 million	¥42,732 million	¥1,937 million	4.5%
Operating income	¥30,221 million	¥28,205 million	¥2,016 million	7.1%
Ordinary income	¥25,666 million	¥23,806 million	¥1,860 million	7.8%
Net income	¥26,063 million	¥24,195 million	¥1,867 million	7.7%
Dividend per unit	¥4,830	¥4,461	¥369	8.3%
Dividend per unit resulting from excess of earnings	¥—	¥—	¥—	—%

(Note 1) The figures were announced in the "Financial Report for the Fiscal Year Ended December 31, 2024," dated February 25, 2025. The same shall apply hereinafter.

(Note 2) The forecasted figures above are the current forecasts calculated based on certain assumptions. As such, actual operating revenue, operating income, ordinary income, net income, dividend per unit and dividend per unit resulting from excess of earnings may vary due to changes in the circumstances. Furthermore, the forecasts are not intended to guarantee any dividend amount per unit.

Assumptions of the operating forecast for the full fiscal year ending December 2025 (26th period)

Item	Assumptions																																										
Calculation Period	Full fiscal year ending December 2025 (26th Period): January 1, 2025 through December 31, 2025 (365 days)																																										
Assets under Management	- It is assumed that JHR's portfolio consists of 51 properties as of today, including the following acquisition and disposition (hereinafter referred to as the "Sale"). The Acquired Asset <table> <tr> <th>Acquisition date</th><th>Name</th></tr> <tr> <td>February 21, 2025</td><td>Hilton Fukuoka Sea Hawk</td></tr> </table> The Sold Asset <table> <tr> <th>Disposition date</th><th>Name</th></tr> <tr> <td>January 30, 2025</td><td>Washington Hotel Plaza Hakata, Nakasu</td></tr> </table> - It is assumed that there will be no change (acquisition of new property or disposition of the existing properties, etc.) in assets under management other than the above through the end of the fiscal year ending December 2025 (26th period). However, changes in assets under management may take place.	Acquisition date	Name	February 21, 2025	Hilton Fukuoka Sea Hawk	Disposition date	Name	January 30, 2025	Washington Hotel Plaza Hakata, Nakasu																																		
Acquisition date	Name																																										
February 21, 2025	Hilton Fukuoka Sea Hawk																																										
Disposition date	Name																																										
January 30, 2025	Washington Hotel Plaza Hakata, Nakasu																																										
Operating Revenue	- Gain on sale of real estate properties of ¥2,346 million, is expected to be recognized due to the Sale. - Operating revenue is calculated based on the conditions of the lease and other contracts effective as of today, considering the competitiveness of hotels, market environment and other factors. If there are lease contracts with facilities other than hotels, such as commercial facilities and offices, operating revenue calculated based on the said lease contracts is included. - The variable rents, etc., of the main hotels are calculated as follows: (1) The 28 Hotels with Variable Rent, etc. (Unit: millions of yen) <table> <tr> <th></th><th>Full year</th></tr> <tr> <td>The Five HMJ Hotels (*1)</td><td>3,694</td></tr> <tr> <td>Oriental Hotel Universal City</td><td>1,650</td></tr> <tr> <td>Oriental Hotel Okinawa Resort & Spa</td><td>1,003</td></tr> <tr> <td>Sheraton Grand Hiroshima Hotel (*2)</td><td>559</td></tr> <tr> <td>Oriental Hotel Fukuoka Hakata Station</td><td>1,627</td></tr> <tr> <td>Holiday Inn Osaka Namba</td><td>903</td></tr> <tr> <td>Hotel Oriental Express Fukuoka Tenjin</td><td>712</td></tr> <tr> <td>Hilton Tokyo Narita Airport</td><td>278</td></tr> <tr> <td>International Garden Hotel Narita</td><td>182</td></tr> <tr> <td>Hotel Nikko Nara</td><td>134</td></tr> <tr> <td>Hotel Oriental Express Osaka Shinsaibashi</td><td>152</td></tr> <tr> <td>Hilton Tokyo Odaiba</td><td>1,722</td></tr> <tr> <td>Oriental Hotel Kyoto Rokujo</td><td>225</td></tr> <tr> <td>Hotel Oriental Express Fukuoka Nakasukawabata</td><td>297</td></tr> <tr> <td>Hotel JAL City Kannai Yokohama</td><td>95</td></tr> <tr> <td>ibis Styles Kyoto Station (*3)</td><td>423</td></tr> <tr> <td>ibis Styles Sapporo (*3)</td><td>574</td></tr> <tr> <td>Mercure Sapporo (*3)</td><td>724</td></tr> <tr> <td>Mercure Okinawa Naha (*3)</td><td>349</td></tr> <tr> <td>Mercure Yokosuka</td><td>349</td></tr> </table>		Full year	The Five HMJ Hotels (*1)	3,694	Oriental Hotel Universal City	1,650	Oriental Hotel Okinawa Resort & Spa	1,003	Sheraton Grand Hiroshima Hotel (*2)	559	Oriental Hotel Fukuoka Hakata Station	1,627	Holiday Inn Osaka Namba	903	Hotel Oriental Express Fukuoka Tenjin	712	Hilton Tokyo Narita Airport	278	International Garden Hotel Narita	182	Hotel Nikko Nara	134	Hotel Oriental Express Osaka Shinsaibashi	152	Hilton Tokyo Odaiba	1,722	Oriental Hotel Kyoto Rokujo	225	Hotel Oriental Express Fukuoka Nakasukawabata	297	Hotel JAL City Kannai Yokohama	95	ibis Styles Kyoto Station (*3)	423	ibis Styles Sapporo (*3)	574	Mercure Sapporo (*3)	724	Mercure Okinawa Naha (*3)	349	Mercure Yokosuka	349
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Item	Assumptions		
Operating Revenue			Full year
	the b suidobashi		153
	the b ikebukuro		233
	the b hachioji		120
	the b hakata		253
	Total		16,424
	(*1) The Five HMJ Hotels refer to the following five hotels which JHR leases to HMJ: Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima. The same shall apply hereinafter.		
	(*2) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA.		
	(*3) The management contract system is adopted. The management contract system refers to the operation of the hotel property owned by JHR by entrusting the operation of the hotel to the trustee and incorporating the results of the operation into JHR as income from real estate management. Each hotel's GOP amount is recognized in operating revenues as income from management contracts.		
	(1) Other hotels with variable rent, etc.		
	(Unit: millions of yen)		
			Full year
	dormy inn Kumamoto		68
	Comfort Hotel Tokyo Higashi Nihombashi		86
	Smile Hotel Nihombashi Mitsukoshimae		43
	Chisun Hotel Kamata		171
	Chisun Inn Keikyu Kamata		97
	Hilton Tokyo Bay		Undisclosed (*4)
	Hotel Francs		175
	Hilton Nagoya		Undisclosed (*4)
	UAN kanazawa		23
	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi		154
	La'gent Stay Sapporo Odori		624
	MIMARU Tokyo Shinjuku West		Undisclosed (*4)
	HOTEL AMANEK Shinjuku-Kabukicho.		Undisclosed (*4)
	Southern Beach Hotel & Resort OKINAWA		106
	Total		3,619
(*4) Undisclosed since tenants that concluded lease contracts did not agree to disclose rent revenue, etc.			
(2) The Acquired Asset (Hilton Fukuoka Sea Hawk)			
The rent consists of fixed rent and variable rent, and the variable rent is calculated by the following formula.			
Variable rent = [Hotel AGOP (*5) – JPY2,100 million] x 95%			
However, if the calculated amount is below 0 yen, the variable rent will be 0 yen.			
(Unit: millions of yen)			
	Fixed rent	Variable rent	Total rent
Hilton Fukuoka Sea Hawk	1,879	1,890	3,770
(*5) AGOP (adjusted GOP) is calculated by subtracting certain fees and other items from GOP. GOP (gross operating profit) is the remainder after expenses incurred in hotel operation, such as personnel costs and general and administrative expenses, etc., are deducted from total sales. The same shall apply hereinafter.			
(*6) The annual fixed rent will be JPY2,040 million. The rent for the fiscal year ending December 2025 is an estimated amount including the rent from commercial tenants for the 314-day period from February 21, 2025 to December 31, 2025.			

Item	Assumptions												
Operating Revenue	The following is the breakdown of variable rent, etc. (Unit: millions of yen) <table> <tr> <th></th><th>Full year</th></tr> <tr> <td>The 28 Hotels with Variable Rent, etc.</td><td>16,424</td></tr> <tr> <td>Other hotels with variable rent, etc.</td><td>3,619</td></tr> <tr> <td>The Acquired Asset</td><td>1,890</td></tr> <tr> <td>Office and commercial tenants</td><td>46</td></tr> <tr> <td>Total</td><td>21,981</td></tr> </table> (*8) For details of variable rent, please refer to “3. Reference Information; (1) Information on values of assets under management, etc. B. Assets under management; (C) Other major assets under management; (ii) Rent structures of hotels with variable rent, etc.”		Full year	The 28 Hotels with Variable Rent, etc.	16,424	Other hotels with variable rent, etc.	3,619	The Acquired Asset	1,890	Office and commercial tenants	46	Total	21,981
	Full year												
The 28 Hotels with Variable Rent, etc.	16,424												
Other hotels with variable rent, etc.	3,619												
The Acquired Asset	1,890												
Office and commercial tenants	46												
Total	21,981												
Operating Expenses	- With respect to real estate operating costs, which constitute a major part of the operating expenses, expenses other than depreciation are calculated based on historical data, and variable factors are reflected in the calculation. - It is assumed that ¥2,250 million will be recognized as expenses for fixed asset taxes, city planning taxes, etc. In general, fixed asset taxes and city planning taxes for the year of acquisition on acquired assets are settled with the previous owner on a pro-rata basis over a period of time, and the amount equivalent to such settlement is included in the acquisition cost. Therefore, the fixed asset taxes, city planning tax, etc., of the Acquired Asset are not posted as expenses for the relevant calculation period. - Capital expenditure is assumed to be ¥10,122 million (¥3,904 million for capital expenditure I, ¥832 million for capital expenditure II and ¥5,385 million for capital expenditure III) for the fiscal year ending December 2025 (26th period). (*) JHR classifies capital expenditures into the following three categories. (I) Capital investment related to the renewal of equipment and facilities of buildings which is required to maintain proper values of properties, (II) capital investment for fixtures, furniture, and equipment that are not directly related to the building structure or facilities but necessary for operating hotels, and (III) strategic capital investment such as renovating guest rooms, etc. for improving the competitiveness of the hotels. - Depreciation is calculated using the straight-line method including the planned capital expenditures above and is assumed to be ¥6,602 million. - Repair expenses for buildings are recognized as expenses in the assumed amount necessary for each operating period. Please note that the repair expenses of each operating period may differ materially from the forecast amount for various reasons, such as; (1) Emergency repair expenses may be necessary due to damage to buildings from unexpected causes; (2) The amount of repair expenses generally tends to increase in difference over time; and (3) Repair expenses are not required regularly.												
Non-operating Expenses	¥4,582 million is expected as non-operating expenses for borrowing-related costs and other expenses. Borrowing-related costs include interest expense, amortization for financing fees, and arrangement fee.												
Extraordinary Income	¥398 million is expected as the gain on sale of the trademark rights in accordance with the disposition of the trademark rights on January 24, 2025.												
Interest-bearing Debt	- The balance of interest-bearing debt (sum of loans and investment corporation bonds) as of today is ¥269,581 million, and it is assumed to remain unchanged until the end of the fiscal year ending December 31, 2025 (26th period). - The amount of loans due by the end of the fiscal year ending December 2025 (26th Period) is JPY23,000 million. It is assumed that the entire amount will be refinanced, or investment corporation bonds will be issued. - The amount of investment corporation bonds due by the end of the fiscal year ending December 2025 (26th Period) is ¥2,800 million. It is assumed that investment corporation bonds will be issued.												

Item	Assumptions																
Dividend per Unit	- Dividend per unit for the fiscal year ending December 2025 (26th period) is calculated based on the following assumptions. <table> <tr> <td>Unappropriated retained earnings</td><td>¥26,066 million</td></tr> <tr> <td>Amount of reserve for advanced depreciation (*1)</td><td>(¥1,818 million)</td></tr> <tr> <td>Reversal of reserve for temporary difference adjustment (negative goodwill)</td><td></td></tr> <tr> <td> 50-year amortization amount of negative goodwill (*2)</td><td>¥262 million</td></tr> <tr> <td> Loss on retirement of noncurrent assets (*3)</td><td>¥110 million</td></tr> <tr> <td>Distributable amount</td><td>¥24,620 million</td></tr> <tr> <td>Total number of investment units issued</td><td>5,097,006 units</td></tr> <tr> <td>Dividend per unit</td><td>¥4,830</td></tr> </table> (*1) A portion of the gain on the sale of real estate properties from the Sale is planned to be allocated as reserve for advanced depreciation, utilizing the “Special Taxation Measures for the Replacement of Specified Assets” as stipulated in Article 65-7 of the Act on Special Measures Concerning Taxation, within the scope that does not violate the conduit requirements set forth in Article 67-15 of the same act. (*2) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) is scheduled to be paid out as dividends, with the remaining balance of the reserve for temporary difference adjustment set as the maximum amount, for every fiscal year. (*3) The amount recognized as a loss on retirement of noncurrent assets will be appropriated by the reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on the dividend per unit. - Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from the transfer of assets under management, change of tenants, etc., at hotels, change in the business environment of hotel business for hotel tenants, etc., unexpected repairs, and an actual number of new investment units issued, etc. - The remaining balance of the reserve for temporary difference adjustment (negative goodwill) after the appropriation of the reserve for temporary difference adjustment (negative goodwill) for dividends for the fiscal year ending December 2025 (26th period) is expected to be ¥6,586 million.	Unappropriated retained earnings	¥26,066 million	Amount of reserve for advanced depreciation (*1)	(¥1,818 million)	Reversal of reserve for temporary difference adjustment (negative goodwill)		50-year amortization amount of negative goodwill (*2)	¥262 million	Loss on retirement of noncurrent assets (*3)	¥110 million	Distributable amount	¥24,620 million	Total number of investment units issued	5,097,006 units	Dividend per unit	¥4,830
Unappropriated retained earnings	¥26,066 million																
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50-year amortization amount of negative goodwill (*2)	¥262 million																
Loss on retirement of noncurrent assets (*3)	¥110 million																
Distributable amount	¥24,620 million																
Total number of investment units issued	5,097,006 units																
Dividend per unit	¥4,830																
Dividend per Unit Resulting from Excess of Earnings	It is assumed that the excess of earnings (dividend per unit resulting from an excess of earnings) will not be distributed.																
Others	- It is assumed that there will be no amendments to laws and regulations, the tax system, accounting standards, listing rules, or the regulations of The Investment Trusts Association, Japan, etc., that will affect the above forecast figures. - It is assumed that unexpected major incidents will not occur in the general economy, real estate market, hotel business environment, etc. - The numerical values are rounded down to the nearest millions of yen in the assumptions above.																

<Reference Information 1>

Highlight of operating forecast and dividend estimate

Comparison of operational forecast and estimated dividend for the full fiscal year ending December 2025 (26th period) (current forecast) with the previous forecast and main reasons for the difference

(Unit: millions of yen)

		FY12/2025 (26th Period)	FY12/2025 (26th Period)	Difference		Factors Causing Variance
		Previous Forecast (A)	Current Forecast (B)	(B)-(A)	% of increase/ decrease	
Properties	No. of Properties	51	51	—	—	
	Acquisition Price	515,391	515,391	—	—	
Profit and Loss	Operating Revenue	42,732	44,669	1,937	4.5%	
	Real Estate Operating Revenue	40,383	42,323	1,939	4.8%	
	Fixed Rent	19,246	19,282	36	0.2%	
	Composition	48.9%	46.7%			
	Variable Rent	20,140	21,981	1,841	9.1%	The 28 Hotels with Variable Rent, etc.: +JPY1,538MM The Acquired Asset: +JPY108MM Others: +JPY194MM
	Composition	51.1%	53.3%			
	Other Income	996	1,059	62	6.3%	
	Gain on Sale of Properties	2,348	2,346	(2)	(0.1%)	
	NOI (*)	35,751	37,666	1,914	5.4%	
	NOI after Depreciation (*)	28,903	30,952	2,049	7.1%	
	Operating Income	28,205	30,221	2,016	7.1%	
	Ordinary Income	23,806	25,666	1,860	7.8%	
	Net Income	24,195	26,063	1,867	7.7%	
Dividend	Amount of Reversal from Reserve for Temporary Difference Adjustment (Negative Goodwill)	362	372	10	2.8%	Amount of reversal from reserve for temporary difference adjustments Previous Forecast: 50-year amortization amount on negative goodwill: JPY262MM Loss on retirement of noncurrent assets: JPY 100MM
	Amount of Reserve for Tax Purpose Reduction Entry	(1,818)	(1,818)	—	—	
	Total Dividends	22,737	24,618	1,880	8.3%	Current Forecast: 50-year amortization amount on negative goodwill: JPY262MM Loss on retirement of noncurrent assets: JPY 110MM
	No. of Unit Issued (Unit)	5,097,006	5,097,006	—	—	
	Dividend per Unit (JPY)	4,461	4,830	369	8.3%	

(*) Each figure is calculated using the following formulas. The same shall apply hereinafter.

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

<Reference Information 2>

Hotel operation indexes, sales, and GOP (gross operating profit)

The numeral figures are based on figures obtained from hotel lessees, etc. Please note that these figures have not been audited nor have they gone through other procedures. No guarantee is made as to the accuracy or completeness of the figures and information.

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

<1> The 28 Hotels with Variable Rent, etc.

		Fiscal year ended December 2024		Fiscal year ending December 2025			
		Result	Comparison with previous fiscal year	Previous forecast	Current forecast	Comparison with previous fiscal year	Comparison with previous forecast
Occupancy rate	First half of the year	81.1%	5.2pt	84.5%	85.2%	4.1pt	0.7pt
	Second half of the year	85.2%	4.3pt	88.4%	87.4%	2.2pt	(1.0pt)
	Full year	83.1%	4.8pt	86.4%	86.3%	3.2pt	(0.1pt)
ADR (JPY)	First half of the year	18,014	11.0%	18,840	20,062	11.4%	6.5%
	Second half of the year	20,934	9.1%	21,952	22,301	6.5%	1.6%
	Full year	19,518	9.9%	20,444	21,205	8.6%	3.7%
RevPAR (JPY)	First half of the year	14,601	18.6%	15,911	17,087	17.0%	7.4%
	Second half of the year	17,829	15.0%	19,396	19,486	9.3%	0.5%
	Full year	16,224	16.5%	17,668	18,297	12.8%	3.6%
Sales (JPY1M)	First half of the year	31,388	16.1%	33,747	36,187	15.3%	7.2%
Rooms dept.		20,523	19.3%	22,267	23,914	16.5%	7.4%
F&B dept.		9,664	15.8%	10,228	10,964	13.4%	7.2%
Others		1,202	(19.5%)	1,252	1,310	9.0%	4.6%
Sales (JPY1M)	Second half of the year	38,320	15.4%	40,719	40,926	6.8%	0.5%
Rooms dept.		25,337	15.0%	27,595	27,723	9.4%	0.5%
F&B dept.		11,583	18.5%	11,744	11,819	2.0%	0.6%
Others		1,400	0.5%	1,381	1,385	(1.1%)	0.3%
Sales (JPY1M)	Full year	69,708	15.7%	74,466	77,113	10.6%	3.6%
Rooms dept.		45,860	16.9%	49,862	51,637	12.6%	3.6%
F&B dept.		21,247	17.2%	21,972	22,782	7.2%	3.7%
Others		2,602	(9.8%)	2,633	2,694	3.6%	2.3%
GOP (JPY1M)	First half of the year	10,954	29.4%	11,420	12,922	18.0%	13.1%
	Second half of the year	14,373	16.0%	15,836	15,985	11.2%	0.9%
	Full year	25,326	21.5%	27,256	28,907	14.1%	6.1%

(Note 1) ADR: This represents the average daily rate, calculated by dividing total room revenue for a certain period (including service charges) by the total number of rooms sold during the period. The same shall apply hereinafter.

(Note 2) RevPAR: This represents revenue per available room, calculated by dividing total room revenue for a certain period (including service charges) by the total number of rooms available for sale during the period. The same shall apply hereinafter.

<2> The Acquired Asset (Hilton Fukuoka Sea Hawk)

		Fiscal year ended December 2024		Fiscal year ending December 2025			
		Result	Comparison with previous fiscal year	Previous forecast	Current forecast	Comparison with previous fiscal year	Comparison with previous forecast
Occupancy rate	First half of the year	62.2%	17.1pt	67.0%	64.1%	1.9pt	(2.9pt)
	Second half of the year	65.5%	7.2pt	70.5%	70.3%	4.8pt	(0.2pt)
	Full year	63.8%	12.1pt	68.8%	67.2%	3.4pt	(1.6pt)
ADR (JPY)	First half of the year	22,543	(6.0%)	23,313	24,892	10.4%	6.8%
	Second half of the year	25,795	(2.0%)	25,934	26,147	1.4%	0.8%
	Full year	24,221	(4.3%)	24,667	25,554	5.5%	3.6%
RevPAR (JPY)	First half of the year	14,012	29.6%	15,623	15,953	13.9%	2.1%
	Second half of the year	16,896	10.1%	18,290	18,377	8.8%	0.5%
	Full year	15,462	18.1%	16,968	17,175	11.1%	1.2%
Sales (JPY1M)	First half of the year	4,878	30.0%	5,121	5,273	8.1%	3.0%
Rooms dept.		2,683	30.2%	2,975	3,038	13.2%	2.1%
F&B dept.		2,012	29.9%	1,973	2,041	1.5%	3.5%
Others		183	28.0%	173	194	6.2%	12.2%
Sales (JPY1M)	Second half of the year	5,786	6.7%	6,153	6,264	8.3%	1.8%
Rooms dept.		3,270	10.1%	3,540	3,557	8.8%	0.5%
F&B dept.		2,285	0.9%	2,421	2,513	10.0%	3.8%
Others		230	22.3%	192	194	(16.0%)	1.0%
Sales (JPY1M)	Full year	10,664	16.2%	11,274	11,537	8.2%	2.3%
Rooms dept.		5,953	18.3%	6,515	6,595	10.8%	1.2%
F&B dept.		4,297	12.7%	4,394	4,554	6.0%	3.6%
Others		413	24.7%	365	388	(6.2%)	6.3%
GOP (JPY1M)	First half of the year	1,841	74.8%	1,903	2,096	13.9%	10.1%
	Second half of the year	2,385	15.6%	2,508	2,568	7.7%	2.4%
	Full year	4,225	35.6%	4,411	4,663	10.4%	5.7%

2. Semi-annual financial statements

(1) Semi-annual balance sheets

(Unit: thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	22,933,399	16,347,995
Cash and deposits in trust	13,095,721	14,111,682
Operating accounts receivable	6,045,486	4,418,304
Prepaid expenses	784,753	960,163
Income taxes receivable	450	—
Derivative assets	51,924	17,931
Other current assets	77,567	28,217
Total current assets	42,989,303	35,884,295
Noncurrent assets		
Property and equipment, at cost		
Machinery and equipment	1,106,862	1,166,516
Accumulated depreciation	(543,513)	(596,218)
Machinery and equipment, net	563,348	570,298
Tools, furniture and fixtures	8,067,457	8,345,959
Accumulated depreciation	(5,224,232)	(5,465,698)
Tools, furniture and fixtures, net	2,843,225	2,880,260
Construction in progress	9,116	—
Buildings in trust	*1 167,775,037	*1 185,226,231
Accumulated depreciation	(39,603,644)	(41,811,395)
Buildings in trust, net	128,171,393	143,414,835
Structures in trust	3,707,056	3,796,461
Accumulated depreciation	(807,962)	(851,750)
Structures in trust, net	2,899,093	2,944,710
Machinery and equipment in trust	869,784	864,407
Accumulated depreciation	(305,742)	(322,301)
Machinery and equipment in trust, net	564,041	542,106
Tools, furniture and fixtures in trust	129,718	129,718
Accumulated depreciation	(114,514)	(115,252)
Tools, furniture and fixtures in trust, net	15,204	14,466
Land in trust	283,826,532	330,376,769
Construction in progress in trust	310,797	1,276,965
Net property and equipment	419,202,753	482,020,412
Intangible assets		
Software	185,267	170,836
Trademark rights	299,142	—
Leasehold rights in trust	27,324,752	27,324,752
Fixed-term leasehold rights in trust	4,225,172	4,157,569
Other intangible assets	3,881	3,541
Total intangible assets	32,038,215	31,656,699
Investments and other assets		
Security deposits	12,520	12,520
Leasehold and security deposits in trust	139,668	139,668
Long-term prepaid expenses	2,972,175	3,630,264
Derivative assets	1,033,701	1,917,054
Reserve fund for repairs and maintenance	291,801	302,916
Total investments and other assets	4,449,867	6,002,424
Total noncurrent assets	455,690,836	519,679,536
Deferred assets		
Investment unit issuance costs	184,303	144,956
Investment corporation bond issuance costs	66,343	52,987
Total deferred assets	250,647	197,943
Total assets	498,930,787	555,761,776

(Unit: thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Operating accounts payable	1,942,107	619,851
Short-term loans payable	1,000,000	1,000,000
Current portion of investment corporation bonds	2,800,000	5,800,000
Current portion of long-term loans payable	30,000,000	39,830,000
Accrued expenses	763,229	791,488
Income taxes payable	1,210	605
Consumption taxes payable	800,314	624,036
Advances received	868,275	852,375
Dividends payable	10,275	16,087
Deposits received	32,290	3,785
Other current liabilities	63,203	425,612
Total current liabilities	38,280,906	49,963,841
Long-term liabilities		
Investment corporation bonds	31,100,000	28,100,000
Long-term loans payable	140,331,000	194,851,000
Tenant leasehold and security deposits	1,040,520	1,040,520
Tenant leasehold and security deposits in trust	4,092,485	4,172,581
Derivative liabilities	—	104,136
Deferred tax liabilities	341,537	608,746
Asset retirement obligations	341,696	342,523
Total long-term liabilities	177,247,240	229,219,508
Total liabilities	215,528,147	279,183,349
Net assets		
Unitholders' equity		
Unitholders' capital	232,708,699	232,708,699
Surplus		
Capital surplus	21,746,398	21,746,398
Voluntary reserve		
Reserve for temporary difference adjustment	*2 8,754,629	*2 6,959,044
Reserve for advanced depreciation	1,174,860	1,174,860
Total voluntary reserve	9,929,490	8,133,905
Unappropriated retained earnings (undisposed loss)	18,273,964	12,767,319
Total surplus	49,949,853	42,647,623
Total unitholders' equity	282,658,552	275,356,322
Valuation and translation adjustments		
Deferred gains (losses) on hedges	744,087	1,222,103
Total valuation and translation adjustments	744,087	1,222,103
Total net assets	*3 283,402,640	*3 276,578,426
Total liabilities and net assets	498,930,787	555,761,776

(2) Semi-annual statements of income

(Unit: thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Operating revenue		
Real estate operating revenue	*1 13,842,962	*1 18,585,934
Other real estate operating revenue	*1 519,539	*1 549,145
Gain on sale of real estate properties	—	*2 2,346,230
Total operating revenue	14,362,501	21,481,309
Operating Expenses		
Real estate operating costs	*1 4,777,603	*1 5,544,352
Asset management fee	916,709	1,205,288
Asset custody and administrative service fee	59,681	69,894
Directors' compensation	8,700	8,700
Other operating expenses	101,256	195,534
Total operating expenses	5,863,951	7,023,770
Operating income	8,498,549	14,457,539
Non-operating income		
Interest income	132	26,091
Gain on forfeiture of unclaimed dividends	949	1,135
Interest on tax refunds	—	87
Gain on derivative instruments	532	—
Total non-operating income	1,613	27,313
Non-operating Expenses		
Interest expense	517,765	1,286,107
Interest expense on investment corporation bonds	140,600	133,852
Borrowing costs	376,919	639,431
Amortization of investment corporation bond issuance costs	15,383	13,356
Amortization of investment unit issuance costs	8,054	39,347
Other non-operating expenses	7,112	5,721
Total non-operating expenses	1,065,835	2,117,817
Ordinary income	7,434,327	12,367,035
Extraordinary income		
Subsidy income	*3 213,025	—
Gain on sale of trademark rights	—	398,251
Total extraordinary income	213,025	398,251
Extraordinary loss		
Loss on advanced depreciation of non-current assets	*4 212,779	—
Total extraordinary loss	212,779	—
Income (loss) before income taxes	7,434,572	12,765,287
Income taxes – current	605	605
Total income taxes	605	605
Net income (loss)	7,433,967	12,764,682
Retained earnings brought forward	1,863	2,636
Unappropriated retained earnings (undisposed loss)	7,435,831	12,767,319

(3) Semi-annual statements of changes in net assets

For the six months ended June 30, 2024

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary reserve			Unappropriate d retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Reserve for advanced depreciation	Total voluntary reserve			
Balance, January 1, 2024	199,051,879	21,746,398	9,600,013	1,174,860	10,774,874	13,137,051	45,658,325	244,710,204
Changes of items during the period								
Reversal of reserve for temporary difference adjustment			(845,384)		(845,384)	845,384	—	—
Dividends paid						(13,980,573)	(13,980,573)	(13,980,573)
Net income						7,433,967	7,433,967	7,433,967
Net changes in items other than unitholders' equity								
Total changes in amount during the period	—	—	(845,384)	—	(845,384)	(5,701,220)	(6,546,605)	(6,546,605)
Balance, June 30, 2024	199,051,879 ^{*1}	21,746,398	8,754,629	1,174,860	9,929,490	7,435,831	39,111,719	238,163,599

	Valuation and translation adjustments		Total net assets
	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance, January 1, 2024	270,099	270,099	244,980,303
Changes of items during the period			
Reversal of reserve for temporary difference adjustment			—
Dividends paid			(13,980,573)
Net income			7,433,967
Net changes in items other than unitholders' equity	280,807	280,807	280,807
Total changes in amount during the period	280,807	280,807	(6,265,798)
Balance, June 30, 2024	550,906	550,906	238,714,505

For the six months ended June 30, 2025

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary reserve			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Reserve for advanced depreciation	Total voluntary reserve			
Balance, January 1, 2025	232,708,699	21,746,398	8,754,629	1,174,860	9,929,490	18,273,964	49,949,853	282,658,552
Changes of items during the period								
Reversal of reserve for temporary difference adjustment			(1,795,584)		(1,795,584)	1,795,584	—	—
Dividends paid						(20,066,912)	(20,066,912)	(20,066,912)
Net income						12,764,682	12,764,682	12,764,682
Net changes in items other than unitholders' equity								
Total changes in amount during the period	—	—	(1,795,584)	—	(1,795,584)	(5,506,645)	(7,302,229)	(7,302,229)
Balance, June 30, 2025	232,708,699 ^{*1}	21,746,398	6,959,044	1,174,860	8,133,905	12,767,319	42,647,623	275,356,322

	Valuation and translation adjustments		Total net assets
	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance, January 1, 2025	744,087	744,087	283,402,640
Changes of items during the period			
Reversal of reserve for temporary difference adjustment			—
Dividends paid			(20,066,912)
Net income			12,764,682
Net changes in items other than unitholders' equity	478,015	478,015	478,015
Total changes in amount during the period	478,015	478,015	(6,824,213)
Balance, June 30, 2025	1,222,103	1,222,103	276,578,426

(4) Semi-annual statements of cash flows

(Unit: thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from operating activities		
Income before income taxes	7,434,572	12,765,287
Depreciation and amortization	2,628,540	3,157,991
Loss on retirement of noncurrent assets	42,506	110,094
Loss (profit) on derivative instruments	(532)	—
Subsidy income	(213,025)	—
Loss on advanced depreciation of non-current assets	212,779	—
Amortization of investment corporation bond issuance costs	15,383	13,356
Amortization of investment unit issuance costs	8,054	39,347
Decrease of property and equipment due to sale	—	195
Decrease of property and equipment in trust due to sale	—	2,094,231
Interest income	(132)	(26,091)
Interest expense	658,366	1,419,960
Interest on tax refunds	—	(87)
Gain on sale of trademark rights	—	(398,251)
(Increase) decrease in operating accounts receivable	1,596,486	1,627,181
(Increase) decrease in prepaid expenses	(29,919)	(175,410)
(Increase) decrease in long-term prepaid expenses	(120,289)	(658,089)
Increase (decrease) in operating accounts payable	(382,531)	(143,795)
Increase (decrease) in accrued expenses	(31,878)	30,158
Increase (decrease) in consumption taxes payable	(60,185)	(176,277)
Increase (decrease) in advances received	6,279	(15,899)
Increase (decrease) in deposits received	(224)	(28,505)
Other	(230,688)	366,268
Subtotal	11,533,562	20,001,665
Interest received	132	20,787
Interest paid	(660,577)	(1,421,860)
Interest received on tax refunds	—	87
Income taxes - refunded (paid)	(1,171)	(759)
Net cash provided by (used in) operating activities	10,871,945	18,599,920
Cash flows from investing activities		
Purchase of property and equipment	(1,078,057)	(655,627)
Purchase of property and equipment in trust	(2,919,524)	(68,554,039)
Purchase of intangible assets	(55,014)	(1,876)
Proceeds from sale of intangible assets	—	692,720
Payments of reserve fund for repairs and maintenance	(20,312)	(20,312)
Proceeds from tenant leasehold and security deposits in trust	49,140	216,752
Repayments of tenant leasehold and security deposits in trust	(10,577)	(136,656)
Subsidies received	213,025	—
Net cash provided by (used in) investing activities	(3,821,320)	(68,459,040)
Cash flows from financing activities		
Proceeds from short-term loans payable	800,000	—
Repayments of short-term loans payable	(16,368,000)	—
Proceeds from long-term loans payable	30,989,000	72,350,000
Repayments of long-term loans payable	(15,421,000)	(8,000,000)
Dividends paid	(13,971,703)	(20,060,322)
Net cash provided by (used in) financing activities	(13,971,703)	44,289,677
Net increase (decrease) in cash and cash equivalents	(6,921,078)	(5,569,442)
Cash and cash equivalents at beginning of period	28,515,088	36,029,120
Cash and cash equivalents at end of period	*1 21,594,010	*1 30,459,678

(5) Notes on going concern assumption

Not applicable.

(6) Notes on matters concerning significant accounting policies

1. Method of depreciation and amortization of noncurrent assets	(1) Property and equipment (including trust accounts) Property and equipment are amortized using the straight-line method. The useful lives of major property and equipment components are as follows: <table><tr><td>Machinery and equipment</td><td>2 to 17 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 26 years</td></tr><tr><td>Buildings in trust</td><td>2 to 64 years</td></tr><tr><td>Structures in trust</td><td>2 to 64 years</td></tr><tr><td>Machinery and equipment in trust</td><td>3 to 32 years</td></tr><tr><td>Tools, furniture and fixtures in trust</td><td>2 to 27 years</td></tr></table> (2) Intangible assets Intangible assets are amortized using the straight-line method. The amortization period of major intangible assets is as follows. <table><tr><td>Software (internal use)</td><td>5 years</td></tr><tr><td>Trademark rights</td><td>10 years</td></tr></table> Fixed-term leasehold rights in trust are amortized using the straight-line method based on the remaining period (41 years) of the contract. (3) Long-term prepaid expenses Long-term prepaid expenses are amortized using the straight-line method.	Machinery and equipment	2 to 17 years	Tools, furniture and fixtures	2 to 26 years	Buildings in trust	2 to 64 years	Structures in trust	2 to 64 years	Machinery and equipment in trust	3 to 32 years	Tools, furniture and fixtures in trust	2 to 27 years	Software (internal use)	5 years	Trademark rights	10 years
Machinery and equipment	2 to 17 years																
Tools, furniture and fixtures	2 to 26 years																
Buildings in trust	2 to 64 years																
Structures in trust	2 to 64 years																
Machinery and equipment in trust	3 to 32 years																
Tools, furniture and fixtures in trust	2 to 27 years																
Software (internal use)	5 years																
Trademark rights	10 years																
2. Accounting for deferred assets	(1) Investment unit issuance costs Investment unit issuance costs are amortized using the straight-line method over three years. (2) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the interest method over the respective term of the bond.																
3. Accounting for recognition of revenues and expenses	(1) Revenue recognition The details of main performance obligations concerning revenue generated from contracts with JHR's customers and the ordinary time to fulfill such performance obligations (ordinary time to recognize revenue) are as follows. (a) Sale of real estate properties For the proceeds from sale of real estate properties, JHR recognizes revenue when the purchaser who is a customer obtains control of the relevant real estate properties, etc., as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate, properties, etc. The amount obtained by deducting "Cost of sale of properties," which is the book value of real estate properties, etc. sold, and "Other selling expenses," which are the various expenses directly required in the sale, from "Proceeds from sale of properties," which are the sales proceeds of real estate properties, etc., is indicated as "Gain on sales of real estate properties" or "Loss on sales of real estate properties" in the statements of income. There is no gain or loss on sales of real estate properties in the previous and current midterm periods under review. (b) Utilities income For utilities income, JHR recognizes revenue in accordance with the supply of electricity, water, etc. to the lessee who is a customer based on the lease contracts of real estate properties, etc. and agreements incidental to it. (2) Treatment of property taxes and other taxes For taxes imposed on properties, etc., under management, such as property taxes, city planning taxes, and depreciable asset taxes, the imposed amounts are allocated to the midterm period and expensed as "Real estate operating costs." Cash paid for property taxes and city planning taxes, etc., to the transferor of real estate properties, etc., at acquisition is not recorded as "Real estate operating costs" but capitalized as part of the acquisition cost of the relevant property. The amount of such taxes capitalized in the acquisition cost of real properties, etc. was none for the previous midterm period and was ¥294,794 thousand for the current midterm period under review.																

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

(7) Notes to semi-annual financial statements

Disclosure of notes on “securities” and “share of (profit) loss of entities accounted for using equity method” is omitted because there is thought to be no significant need for disclosure in the midterm financial report.

[Notes to semi-annual balance sheets]

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

(Unit: thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Buildings in trust	230,645	230,645

*2. Provision and reversal of reserve for temporary difference adjustment

As of December 31, 2024

(Unit: thousands of yen)

	Original amount	Balance at beginning of period	Amount of provision during period	Amount of reversal during period	Balance at end of period	Rationale for provision or reversal
Dividend reserve (Note)	13,127,153	9,600,013	—	845,384	8,754,629	Allocation for dividend

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

As of June 30, 2025

(Unit: thousands of yen)

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

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

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

(Unit: thousands of yen)

	As of December 31, 2024	As of June 30, 2025
	¥50,000	¥50,000

[Notes to semi-annual statements of income]

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

(Unit: thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
A. Real estate operating revenue		
Real estate operating revenue		
Fixed rent	7,572,442	9,459,850
Variable rent	5,544,795	8,191,836
Income from management contracts	725,723	934,246
Total	13,842,962	18,585,934
Other real estate operating revenue		
Parking lots	62,381	72,241
Other incidental revenue	54,763	28,331
Utilities	343,207	374,453
Other	59,186	74,118
Total	519,539	549,145
Total real estate operating revenue	14,362,501	19,135,079
B. Real estate operating costs		
Real estate operating costs		
Land lease and other rent expenses	429,492	429,497
Property taxes	1,026,452	1,101,197
Outsourcing expenses (Note)	212,748	222,055
Nonlife insurance	45,173	82,160
Depreciation and amortization	2,628,540	3,157,991
Loss on retirement of noncurrent assets	42,506	110,094
Repairs	5,613	7,006
Utilities	359,756	396,980
Trust fees	20,692	24,914
Other	6,627	12,456
Total real estate operating costs	4,777,603	5,544,352
C. Net real estate operating income (A-B)	9,584,897	13,590,726

(Note) Outsourcing expenses include management contract fees of ¥52,048 thousand for the six months ended June 30, 2024, and ¥54,728 thousand for the six months ended June 30, 2025.

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

For the year ended June 30, 2024
Not Applicable.

For the year ended June 30, 2025

(Unit: thousands of yen)

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

*3. Breakdown of subsidy income

For the six months ended June 30, 2024

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

For the six months ended June 30, 2025

Not applicable.

*4. Loss on tax purpose reduction entry of non-current assets represents the amount directly deducted from the acquisition cost upon receipt of subsidies, and the breakdown is as follows.

(Unit: thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Buildings in trust	212,779	—

[Notes to semi-annual statements of changes in net assets]

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

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Total number of investment units authorized	20,000,000 units	20,000,000 units
Total number of investment units issued and outstanding	4,637,006 units	5,097,006 units

[Notes to semi-annual statements of cash flows]

*1. Relation of the balance of cash and cash equivalents at the end of the period and the amount in semi-annual balance sheet accounts

(Unit: thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash and deposits	10,197,526	16,347,995
Cash and deposits in trust	11,396,483	14,111,682
Cash and cash equivalents	21,594,010	30,459,678

[Notes on lease transactions]

Operating leases (as lessor)

Minimum rental revenue under non-cancellable operating leases

(Unit: thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Due within one year	1,021,632	945,279
Due after one year	2,855,941	2,671,560
Total	3,877,574	3,616,840

[Notes on financial instruments]

Matters concerning fair value, etc., of financial instruments.

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

As of December 31, 2024

(Unit: thousands of yen)

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

As of June 30, 2025

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of investment corporation bonds payable	5,800,000	5,757,200	(42,800)
(2) Current portion of long-term loans payable	39,830,000	39,830,787	787
(3) Investment corporation bonds	28,100,000	26,435,500	(1,664,500)
(4) Long-term loans payable	194,851,000	194,798,720	(52,279)
Total liabilities	268,581,000	266,822,207	(1,758,792)
(5) Derivative transactions (*)	1,830,850	1,830,850	—

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

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

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

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

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

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

(5) Derivative transactions

The information on the fair value of derivative transactions is presented in “Notes on derivative transactions” below.

[Notes on derivative transactions]

1. Derivative transactions to which hedge accounting is not applied

As of December 31, 2024

Not applicable.

As of June 30, 2025

Not applicable.

2. Derivative transactions to which hedge accounting is applied

For derivative transactions in which hedge accounting is not applied, the contract amounts or the principal amounts equivalent to the principal provided in the contracts. etc., as of the interim and year-end account closing dates were as follows:

As of December 31, 2024

(Unit: thousands of yen)

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

As of June 30, 2025

(Unit: thousands of yen)

Method of hedge accounting	Type, etc., of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method to measure the fair value
				Of which, due after one year		
Deferral method	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	161,889,000	148,389,000	1,830,850	The fair value is measured at the quoted price, etc., obtained from the counterparty financial institutions.

[Notes on asset retirement obligations]

Asset retirement obligations recognized on the balance sheet

1. Outline of the subject asset retirement obligations

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

2. Calculation method of the subject asset retirement obligations

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

3. Increase and decrease of the subject asset retirement obligations

(Unit: thousands of yen)

	For the year ended December 31, 2024	For the six months ended June 30, 2025
Balance at beginning of period	340,051	341,696
Adjustment due to passage of time	1,645	826
Balance at end of midterm period (fiscal period)	341,696	342,523

[Notes on segment and related information]

1. Segment information

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

2. Related information

For the six months ended June 30, 2024

(1) Information about products and services

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

(2) Information about geographical areas

(i) Operating revenue

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

(ii) Property and equipment, at cost

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

(3) Information about major customers

(Unit: thousands of yen)

Name of customer	Operating revenue	Name of related segment
Hotel Management Japan Co., Ltd. (Note)	8,675,320	Investment and management of hotel real estate

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

For the six months ended June 30, 2025

(1) Information about products and services

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

(2) Information about geographical areas

(i) Operating revenue

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

(ii) Property and equipment, at cost

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

(3) Information about major customers

(Unit: thousands of yen)

Name of customer	Operating revenue	Name of related segment
Hotel Management Japan Co., Ltd. (Note)	11,867,655	Investment and management of hotel real estate

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

[Notes on rental properties, etc.]

JHR owns rental properties for hotels to earn lease income and income from management contracts. The carrying amounts, changes in such balances, and fair values of such properties were as follows:

(Unit: thousands of yen)

Use		For the year ended December 31, 2024	For the six months ended June 30, 2025
Hotel	Carrying amount		
	Balance at beginning of period	392,339,582	451,231,225
	Net increase (decrease) during period	58,891,642	62,437,912
	Balance at end of midterm period (fiscal period)	451,231,225	513,669,138
	Fair value at end of midterm period (fiscal period)	631,040,000	701,130,000

(Note 1) For the year ended December 31, 2024, the increase was principally due to acquisition of MIMARU Tokyo Shinjuku West (¥10,028,560 thousand), HOTEL AMANEK Shinjuku-Kabukicho. (¥9,190,215 thousand), OKINAWA HARBORVIEW HOTEL (¥22,314,977 thousand) and Southern Beach Hotel & Resort OKINAWA (¥16,318,121 thousand). For the six months ended June 30, 2025, the increase was principally due to acquisition of Hilton Fukuoka Sea Hawk (¥65,186,395 thousand), and the decrease was principally due to disposition of Washington Hotel Plaza Hakata, Nakasu (¥2,094,427 thousand), and depreciation.

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

[Notes on revenue recognition]

For the six months ended June 30, 2024

Breakdown of information on revenue generated from contracts with customers

For the breakdown of information on revenue generated from contracts with customers, please refer to “*1. Components of real estate operating revenue and real estate operating costs” in [Notes to semi-annual statements of income].

“*1. Components of real estate operating revenue and real estate operating costs” include revenue based on the “Accounting Standard for Lease Transactions” (Corporate Accounting Standard No. 13). In addition, the revenue generated from contracts with major customers is “Utilities income.”

For the six months ended June 30, 2025

Breakdown of information on revenue generated from contracts with customers

For the breakdown of information on revenue generated from contracts with customers, please refer to “*1. Components of real estate operating revenue and real estate operating costs” and “*2. Breakdown of gain on sale of real estate properties” in [Notes to semi-annual statements of income].

“*1. Components of real estate operating revenue and real estate operating costs” include revenue based on the “Accounting Standard for Lease Transactions” (Corporate Accounting Standard No. 13). In addition, the revenue generated from contracts with major customers is “Proceeds from sale of properties” and “Utilities income.”

[Notes on per unit information]

Net assets per unit is as follows:

	As of December 31, 2024	As of June 30, 2025
Net assets per unit (JPY)	55,601	54,262

Net income per unit and the basis of computation of net income per unit for midterm are as follows:

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net income (loss) per unit (JPY)	1,603	2,504
[Basis of computation]		
Net income for midterm (JPY 1,000)	7,433,967	12,764,682
Amount not attributable to common unitholders (JPY 1,000)	—	—
Net income for midterm attributable to common investment units (JPY 1,000)	7,433,967	12,764,682
Average number of investment units during period (units)	4,637,006	5,097,006

(Note) Net income per unit for midterm is computed by dividing net income for midterm by the average number of investment units during the midterm period.
Net income per unit for midterm after the adjustment of potentially dilutive units is not presented since there are no potentially dilutive units.

[Notes on significant subsequent events]

Not applicable.

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

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

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

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

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

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

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

3. Reference information

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

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

A. Investment status

The following outlines the investment status of JHR as of the end of the midterm period under review.

Asset category	Hotel type (Note 1)	Prefectural location	Name	As of December 31, 2024		As of June 30, 2025	
				Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)	Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)
Real estate in trust	Full-service hotel	Fukuoka	Hilton Fukuoka Sea Hawk	—	—	64,794	11.7
			Oriental Hotel Fukuoka Hakata Station	8,062	1.6	7,899	1.4
		Tokyo	Hilton Tokyo Odaiba	62,942	12.6	62,818	11.3
			Oriental Hotel Tokyo Bay	17,390	3.5	17,450	3.1
		Chiba	Hilton Tokyo Narita Airport	13,027	2.6	12,934	2.3
			International Garden Hotel Narita	8,824	1.8	8,752	1.6
			Hotel Francs	3,226	0.6	3,223	0.6
		Okinawa	OKINAWA HARBORVIEW HOTEL	22,187	4.4	22,680	4.1
		Hiroshima	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel) (Note 4)	16,742	3.4	16,673	3.0
			Oriental Hotel Hiroshima	3,943	0.8	3,915	0.7
		Aichi	Hilton Nagoya	15,413	3.1	15,341	2.8
		Nara	Hotel Nikko Nara	9,980	2.0	9,930	1.8
		Hyogo	Kobe Meriken Park Oriental Hotel	9,535	1.9	9,439	1.7
		Kanagawa	Mercure Yokosuka	1,639	0.3	1,623	0.3
		Subtotal		192,915	38.7	257,477	46.3
	Limited-service hotel	Tokyo	MIMARU Tokyo Shinjuku West	10,009	2.0	9,996	1.8
			HOTEL AMANEK Shinjuku-Kabukicho.	9,178	1.8	9,166	1.6
			Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	8,449	1.7	8,438	1.5
			the b ikebukuro	6,593	1.3	6,588	1.2
			CANDEO HOTELS Ueno Koen	6,493	1.3	6,471	1.2
			Comfort Hotel Tokyo Higashi Nihombashi	3,370	0.7	3,414	0.6
			the b hachioji	2,674	0.5	2,659	0.5
			Smile Hotel Nihombashi Mitsukoshimae	2,015	0.4	2,007	0.4
			Washington R&B Hotel Ueno-hirokoji (Note 5)	1,789	0.4	1,779	0.3
			Chisun Hotel Keikyu Kamata	1,454	0.3	1,451	0.3
			the b suidobashi	1,143	0.2	1,136	0.2
			dormy inn EXPRESS Asakusa	908	0.2	922	0.2
			Chisun Inn Keikyu Kamata (Note 6)	768	0.2	762	0.1
		Osaka	Holiday Inn Osaka Namba	26,469	5.3	26,415	4.8
			Namba Oriental Hotel	15,342	3.1	15,304	2.8
			Hotel Oriental Express Osaka Shinsaibashi	2,757	0.6	2,751	0.5
		Hokkaido	La'gent Stay Sapporo Odori	10,357	2.1	10,342	1.9
			ibis Styles Sapporo	6,230	1.2	6,196	1.1
			Mercure Sapporo	5,518	1.1	5,492	1.0
		Fukuoka	Hotel Oriental Express Fukuoka Tenjin	5,675	1.1	5,699	1.0
			Hotel Oriental Express Fukuoka Nakasukawabata	4,599	0.9	4,587	0.8
			the b hakata	2,302	0.5	2,307	0.4
			Washington Hotel Plaza Hakata, Nakasu	2,096	0.4	—	—
			Toyoko Inn Hakata-guchi Ekimae	1,328	0.3	1,319	0.2

Asset category	Hotel type (Note 1)	Prefectural location	Name	As of December 31, 2024		As of June 30, 2025	
				Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)	Total amount held (JPY1M) (Note 2)	Ratio to total assets (%) (Note 3)
Real estate in trust	Limited-service hotel	Kyoto	ibis Styles Kyoto Station	6,532	1.3	6,518	1.2
			Oriental Hotel Kyoto Rokujo	4,540	0.9	4,523	0.8
		Kanagawa	Hotel JAL City Kannai Yokohama	4,008	0.8	3,997	0.7
		Okinawa	Mercure Okinawa Naha	2,673	0.5	2,662	0.5
		Kumamoto	dormy inn Kumamoto	2,168	0.4	2,143	0.4
		Ishikawa	UAN kanazawa	2,037	0.4	2,027	0.4
		Nara	Washington Hotel Plaza Nara	1,742	0.3	1,725	0.3
	Subtotal			161,231	32.3	158,811	28.6
	Resort hotel	Okinawa	Hotel Nikko Alivila	17,270	3.5	17,177	3.1
			Oriental Hotel Okinawa Resort & Spa	16,301	3.3	16,194	2.9
			Southern Beach Hotel & Resort OKINAWA	16,196	3.2	16,100	2.9
			The Beach Tower Okinawa	6,422	1.3	6,380	1.1
			Chiba	Hilton Tokyo Bay	26,010	5.2	26,060
		Osaka	Oriental Hotel Universal City	7,171	1.4	7,115	1.3
		Kanagawa	Hakone Setsugetsuka	3,505	0.7	3,457	0.6
	Subtotal			92,878	18.6	92,486	16.6
	Real estate in trust — Total			447,026	89.6	508,775	91.5
	Deposits and other assets (Note 7)			51,904	10.4	46,986	8.5
	Total assets			498,930	100.0	555,761	100.0

	Amount (JPY1M)	Ratio to total assets (%)	Amount (JPY1M)	Ratio to total assets (%)
Total liabilities	215,528	43.2	279,183	50.2
Total net assets	283,402	56.8	276,578	49.8

- (Note 1) Hotels are categorized as limited-service hotels, full-service hotels or resort hotels according to the manner of operation.
- (Note 2) For real estate in trust, “Total amount held” shows the amount calculated by deducting accumulated depreciation from the acquisition price (including expenses incidental to acquisition).
- (Note 3) “Ratio to total assets” shows the ratio of the total amount of each asset held to total assets, rounded off to one decimal place.
- (Note 4) ACTIVE-INTER CITY HIROSHIMA is classified in accordance with the business category of Sheraton Grand Hiroshima Hotel, its main facility.
- (Note 5) R&B Hotel Ueno-hirokoji changed its name to Washington R&B Hotel Ueno-hirokoji as of April 1, 2025. The same shall apply hereinafter.
- (Note 6) Chisun Inn Kamata changed its name to Chisun Inn Keikyu Kamata as of July 1, 2025. The same shall apply hereinafter.
- (Note 7) Includes machinery and equipment, tools, furniture and fixtures, construction in progress, construction in progress in trust, and intangible assets (excluding leasehold rights in trust and fixed-term land lease rights in trust).

B. Assets under management

(A) Major issues of investment securities

Not applicable.

(B) Real estate properties under management

Not applicable.

(C) Other major assets under management

(i) Summary of real estate properties (in trust) under management

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

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

Property No.	Name	Grade (Note 1)	Acquisition price (JPY1M) (Note 2)	Carrying amount at end of period (JPY1M) (Note 3)	Appraisal value at end of period (JPY1M) (Note 4)	Appraisal agency (Note 5)	Investment ratio (Acquisition price) (%) (Note 6)	Collateral (Note 7)
1	Kobe Meriken Park Oriental Hotel	Upper-middle	10,900	9,726	14,800	N	2.1	Unsecured
2	Oriental Hotel Tokyo Bay	Upper-middle	19,900	18,345	35,100	N	3.9	Unsecured
3	Namba Oriental Hotel	Mid-price	15,000	15,454	33,700	N	2.9	Unsecured
4	Hotel Nikko Alivila	Luxury	18,900	17,518	29,100	N	3.7	Unsecured
5	Oriental Hotel Hiroshima	Upper-middle	4,100	3,954	4,340	N	0.8	Unsecured
8	The Beach Tower Okinawa	Mid-price	7,610	6,382	10,200	N	1.5	Unsecured
9	Hakone Setsugetsuka	Mid-price	4,070	3,462	5,620	N	0.8	Unsecured
10	dormy inn Kumamoto	Mid-price	2,334	2,143	3,970	N	0.5	Unsecured
12	the b suidobashi	Mid-price	1,120	1,144	2,530	N	0.2	Unsecured
13	dormy inn EXPRESS Asakusa	Economy	999	922	1,330	J	0.2	Unsecured
15	Washington Hotel Plaza Nara	Mid-price	2,050	1,726	2,450	N	0.4	Unsecured
16	Washington R&B Hotel Ueno-hirokoji	Economy	1,720	1,779	1,880	J	0.3	Unsecured
18	Comfort Hotel Tokyo Higashi Nihombashi	Economy	3,746	3,419	5,910	J	0.7	Unsecured
22	Smile Hotel Nihombashi Mitsukoshimae	Economy	2,108	2,007	3,170	J	0.4	Unsecured
24	Toyoko Inn Hakata-guchi Ekimae	Economy	1,652	1,319	2,770	T	0.3	Unsecured
25	Chisun Hotel Kamata	Economy	1,512	1,457	2,090	T	0.3	Unsecured
26	Chisun Inn Keikyū Kamata	Economy	823	765	1,450	T	0.2	Unsecured
29	Oriental Hotel Universal City	Upper-middle	6,753	7,258	22,300	R	1.3	Unsecured
31	Hilton Tokyo Bay	Luxury	26,050	26,065	42,800	D	5.1	Unsecured
32	ibis Styles Kyoto Station	Mid-price	6,600	6,523	10,000	D	1.3	Unsecured
33	ibis Styles Sapporo	Mid-price	6,797	6,247	11,300	N	1.3	Unsecured
34	Mercure Sapporo	Mid-price	6,000	5,540	12,400	N	1.2	Unsecured
35	Mercure Okinawa Naha	Mid-price	3,000	2,707	7,400	N	0.6	Unsecured
37	the b ikebukuro	Mid-price	6,520	6,595	7,810	N	1.3	Unsecured
39	the b hachioji	Mid-price	2,610	2,669	2,740	N	0.5	Unsecured
40	the b hakata	Mid-price	2,300	2,321	6,120	N	0.4	Unsecured
41	Hotel Francs	Mid-price	3,105	3,225	6,690	D	0.6	Unsecured
42	Mercure Yokosuka	Upper-middle	1,650	1,660	3,640	D	0.3	Unsecured
43	Oriental Hotel Okinawa Resort & Spa	Upper-middle	14,950	16,865	19,700	N	2.9	Unsecured
44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Luxury	17,320	16,894	20,500	D	3.4	Unsecured
45	CANDEO HOTELS Ueno Koen	Mid-price	6,705	6,480	7,620	D	1.3	Unsecured
46	Oriental Hotel Fukuoka Hakata Station	Upper-middle	7,197	7,997	15,700	D	1.4	Unsecured
47	Holiday Inn Osaka Namba	Mid-price	27,000	26,462	27,300	N	5.2	Unsecured
48	Hotel Oriental Express Fukuoka Tenjin	Mid-price	5,248	5,758	7,600	D	1.0	Unsecured
49	Hilton Nagoya	Luxury	15,250	15,346	15,500	D	3.0	Unsecured
50	Hilton Tokyo Narita Airport	Upper-middle	13,175	13,149	13,200	N	2.6	Unsecured

Property No.	Name	Grade (Note 1)	Acquisition price (JPY1M) (Note 2)	Carrying amount at end of period (JPY1M) (Note 3)	Appraisal value at end of period (JPY1M) (Note 4)	Appraisal agency (Note 5)	Investment ratio (Acquisition price) (%) (Note 6)	Collateral (Note 7)
51	International Garden Hotel Narita	Mid-price	9,125	8,820	9,650	N	1.8	Unsecured
52	Hotel Nikko Nara	Upper-middle	10,373	10,010	10,000	D	2.0	Unsecured
53	Hotel Oriental Express Osaka Shinsaibashi	Mid-price	2,738	2,764	2,900	D	0.5	Unsecured
54	Hilton Tokyo Odaiba	Upper-middle	62,400	63,001	72,700	N	12.1	Unsecured
55	UAN kanazawa	Upper-middle	2,050	2,032	2,340	N	0.4	Unsecured
56	Sotetsu Fresa Inn Shimbashi-Karsumoriguchi	Mid-price	8,400	8,438	10,200	D	1.6	Unsecured
57	La'gent Stay Sapporo Odori	Mid-price	10,020	10,869	11,800	N	1.9	Unsecured
58	Oriental Hotel Kyoto Rokujo	Mid-price	4,446	4,569	6,650	N	0.9	Unsecured
59	Hotel Oriental Express Fukuoka Nakasukawabata	Mid-price	4,460	4,620	6,280	N	0.9	Unsecured
60	Hotel JAL City Kannai Yokohama	Mid-price	4,000	4,021	4,580	N	0.8	Unsecured
61	MIMARU Tokyo Shinjuku West	Upper-middle	9,645	9,996	14,200	D	1.9	Unsecured
62	HOTEL AMANEK Shinjuku-Kabukicho.	Mid-price	8,845	9,166	12,900	D	1.7	Unsecured
63	OKINAWA HARBORVIEW HOTEL	Mid-price	21,562	23,020	24,200	N	4.2	Unsecured
64	Southern Beach Hotel & Resort OKINAWA	Mid-price	16,200	16,124	20,300	N	3.1	Unsecured
65	Hilton Fukuoka Sea Hawk	Upper-middle	64,350	64,910	71,700	D	12.5	Unsecured
	Total		515,391	513,669	701,130		100.0	

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

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

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

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

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

N: Nihon Fudosan Kenkyusho (Japan Real Estate Institute)

J: JLL Morii Valuation & Advisory K.K.

T: The Tanizawa Sogo Appraisal Co., Ltd.

R: Rich Appraisal Institute Co., Ltd.

D: DAIWA REAL ESTATE APPRAISAL CO., LTD.

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

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

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

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

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

	End of 21st period December 2020	End of 22nd period December 2021	End of 23rd period December 2022	End of 24th period December 2023	End of 25th period December 2024	End of midterm of 26th period June 2025
Total number of tenants (Note 1)	121	116	110	117	118	141
Total leasable area (Note 2)	741,083.02m ²	733,995.61m ²	733,995.61m ²	767,700.44m ²	832,486.39m ²	963,054.12m ²
Total leased area (Note 3)	740,146.96m ²	732,764.69m ²	732,251.49m ²	765,875.99m ²	831,261.48m ²	962,356.56m ²
Occupancy rate (Note 4)	99.9%	99.8%	99.8%	99.8%	99.9%	99.9%

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

(Note 2) In principle, total leasable area represents leasable area of the building, which does not include leasable area of land (including parking lots on ground), based on a lease contract or plan for each real estate in trust. For properties in which the leased area is not described in the lease contract, leasable area represents the area described in the registration of the building. Furthermore, when the leasable area in the lease contract is indicated in tsubo units, the figure in the table has been converted to the area in metric units (3.30578m² per one tsubo). The same shall apply hereinafter.

(Note 3) In principle, total leased area represents the leased area described in the lease contract of the building. For properties in which the leased area is not described in the lease contract, leased area shows the area described in the registration of the building. Furthermore, when the leased area in the lease contract is indicated in tsubo units, the figure in the table has been converted to the area in metric units (3.30578m² per one tsubo). However, for

properties for which master lease contracts under the pass-through scheme are concluded in which the trustee receives the same amounts of rents, etc. from end tenants as is in principle, the total area for which lease contracts have been concluded with end tenants and which are actually leased is indicated. The same shall apply hereinafter.

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

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

There is no major real estate of which total annual rent accounts for 10% or more of the total annual rent of the entire portfolio.

“Total annual rent” refers to the total amount calculated by multiplying the monthly fixed rent (rent of the building itself only, excluding common area maintenance charges and signage and parking usage fees without factoring in any change in rent during the fiscal year) in lease contracts at the end of the midterm period under review is multiplied by 12, adding assumed amounts of revenue sharing, variable rent and income from management contracts for the full fiscal year.

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

Property No.	Name	Rent type (Note 1)	Real estate operating revenue (JPY 1,000)	NOI (Note 2) (JPY 1,000)	NOI after depreciation (Note 3) (JPY 1,000)
1	Kobe Meriken Park Oriental Hotel	Variable/Fixed	523,901	401,212	230,110
2	Oriental Hotel Tokyo Bay	Variable/Fixed	993,569	928,107	599,180
3	Namba Oriental Hotel	Variable/Fixed	780,984	721,204	633,084
4	Hotel Nikko Alivila	Variable/Fixed	460,716	379,084	254,489
5	Oriental Hotel Hiroshima	Variable/Fixed	109,012	86,395	49,238
8	The Beach Tower Okinawa	Fixed	255,504	232,416	172,652
9	Hakone Setsugetsuka	Fixed	147,469	134,786	85,253
10	dormy inn Kumamoto	Variable/Fixed	116,441	104,723	77,135
12	the b suidobashi	Variable/Fixed	92,929	87,359	74,844
13	dormy inn EXPRESS Asakusa	Fixed	32,537	27,871	21,271
14	Washington Hotel Plaza Hakata, Nakasu (Note 4)	Fixed	18,000	17,000	14,000
15	Washington Hotel Plaza Nara (Note 4)	Fixed	75,000	67,000	49,000
16	Washington R&B Hotel Ueno-hirokoji	Fixed	48,645	40,478	30,514
18	Comfort Hotel Tokyo Higashi Nihombashi	Variable/Fixed (Note 5)	222,557	205,821	182,458
22	Smile Hotel Nihombashi Mitsukoshimae	Variable/Fixed (Note 5)	111,186	102,442	90,720
24	Toyoko Inn Hakata-guchi Ekimae	Fixed	70,519	62,792	53,876
25	Chisun Hotel Kamata	Variable	89,523	82,141	62,514
26	Chisun Inn Keikyu Kamata	Variable	54,779	50,937	44,658
29	Oriental Hotel Universal City	Variable/Fixed	859,053	828,319	754,393
31	Hilton Tokyo Bay	Variable/Fixed (Note 5)	990,009	847,556	741,914
32	ibis Styles Kyoto Station	Management contract	225,380	198,323	183,149
33	ibis Styles Sapporo	Management contract	268,961	214,471	172,784
34	Mercure Sapporo	Management contract	416,391	313,557	267,764
35	Mercure Okinawa Naha	Management contract	174,785	148,287	115,849
37	the b ikebukuro	Variable/Fixed	231,709	216,172	199,852
39	the b hachioji	Variable/Fixed	107,227	94,659	75,995
40	the b hakata	Variable/Fixed	171,503	163,904	152,417
41	Hotel Francs	Variable/Fixed	230,670	200,719	169,987
42	Mercure Yokosuka	Variable	226,694	167,352	147,316
43	Oriental Hotel Okinawa Resort & Spa	Variable/Fixed	417,825	372,357	111,620
44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Variable/Fixed	876,889	625,970	501,201
45	CANDEO HOTELS Ueno Koen	Fixed	174,985	161,457	138,080
46	Oriental Hotel Fukuoka Hakata Station	Variable/Fixed	1,018,937	896,162	712,616
47	Holiday Inn Osaka Namba	Variable/Fixed	715,311	689,360	625,490
48	Hotel Oriental Express Fukuoka Tenjin	Variable/Fixed	467,953	410,082	377,723
49	Hilton Nagoya	Variable	728,218	403,050	305,406
50	Hilton Tokyo Narita Airport	Variable/Fixed	354,114	316,635	197,333
51	International Garden Hotel Narita	Variable/Fixed	250,925	229,260	147,837
52	Hotel Nikko Nara	Variable/Fixed	273,250	248,628	169,190
53	Hotel Oriental Express Osaka Shinsaibashi	Variable/Fixed	132,351	124,816	116,346
54	Hilton Tokyo Odaiba	Variable/Fixed	1,514,687	1,337,267	1,175,782
55	UAN kanazawa	Variable/Fixed (Note 5)	60,964	55,644	45,484
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	Variable/Fixed (Note 5)	311,946	276,770	265,134
57	La'gent Stay Sapporo Odori	Variable	268,614	246,834	206,502
58	Oriental Hotel Kyoto Rokujo	Variable/Fixed	200,664	190,087	170,760
59	Hotel Oriental Express Fukuoka Nakasukawabata	Variable/Fixed	251,334	239,754	226,365
60	Hotel JAL City Kannai Yokohama	Variable/Fixed	99,700	89,559	73,384
61	MIMARU Tokyo Shinjuku West	Variable/Fixed	286,836	276,914	262,847
62	HOTEL AMANEK Shinjuku-Kabukicho.	Variable/Fixed	286,341	278,806	266,596
63	OKINAWA HARBORVIEW HOTEL	Variable/Fixed	525,000	512,109	414,680
64	Southern Beach Hotel & Resort OKINAWA	Variable/Fixed	323,086	305,443	206,535
65	Hilton Fukuoka Sea Hawk (Note 6)	Variable/Fixed	1,481,286	1,440,318	1,163,977
	Total		19,128,177	16,852,737	13,588,499

(Note 1) Under “Rent type,” “Fixed” is a property under a fixed rent structure, “Variable” is a property under a variable rent structure, “Management contract”

is a property under a management contract structure, and “Variable/Fixed” is a property under a combination of fixed and variable rent structures.

(Note 2) $\text{NOI} = \text{Real estate operating revenue} - \text{Real estate operating costs} + \text{Depreciation} + \text{Loss on retirement of noncurrent assets} + \text{Asset retirement obligations expenses}$

(Note 3) $\text{NOI after depreciation (net real estate operating income)} = \text{Real estate operating revenue} - \text{Real estate operating costs}$

(Note 4) For Washington Hotel Plaza Hakata, Nakasu and Washington Hotel Plaza Nara, consent on disclosure of rent in units of thousands of yen has not been obtained from the lessees and numbers are thus rounded down to the nearest millions of yen.
Washington Hotel Plaza Hakata, Nakasu was sold on January 30, 2025.

(Note 5) Comfort Hotel Tokyo Higashi Nihombashi, Smile Hotel Nihombashi Mitsukoshimae, Hilton Tokyo Bay, UAN kanazawa and Sotetsu Fresa Inn Shimbashi-Karasumoriguchi have rent structures with fixed rents and partial revenue sharing.

(Note 6) Hilton Fukuoka Sea Hawk was acquired on February 21, 2025.

(Note 7) The property numbers of assets that were sold before the end of the previous fiscal year are intentionally omitted.

e. Summary of analyses, etc. of earthquake risk

The following is the PML value, etc., of real estate properties (in trust) under management as of the end of the midterm period under review.

Property No.	Name	Probable Maximum Loss (PML) ratio by earthquake risk analyses (%) (Note 1)	Existence of earthquake insurance	Provider of PML value (Note 2)
1	Kobe Meriken Park Oriental Hotel	11.6	None	P
2	Oriental Hotel Tokyo Bay	14.2	None	P
3	Namba Oriental Hotel	13.4	None	P
4	Hotel Nikko Alivila	7.3	None	P
5	Oriental Hotel Hiroshima	10.7	None	O
8	The Beach Tower Okinawa	2.7	None	S
9	Hakone Setsugetsuka	14.4	None	P
10	dormy inn Kumamoto	5.6	None	S
12	the b suidobashi	5.4	None	S
13	dormy inn EXPRESS Asakusa	4.9	None	S
14	Washington Hotel Plaza Hakata, Nakasu	8.2	None	P
15	Washington Hotel Plaza Nara	13.7	None	P
16	Washington R&B Hotel Ueno-hirokoji	3.6	None	S
18	Comfort Hotel Tokyo Higashi Nihombashi	6.7	None	S
22	Smile Hotel Nihombashi Mitsukoshimae	7.5	None	S
24	Toyoko Inn Hakata-guchi Ekimae	Total: 3.8	None	S
25	Chisun Hotel Kamata	9.0	None	S
26	Chisun Inn Keikyu Kamata	4.2	None	S
29	Oriental Hotel Universal City	8.7	None	P
31	Hilton Tokyo Bay	3.2	None	T
32	ibis Styles Kyoto Station	10.5	None	T
33	ibis Styles Sapporo	1.0	None	T
34	Mercure Sapporo	1.0	None	T
35	Mercure Okinawa Naha	0.5	None	T
37	the b ikebukuro	5.3	None	T
39	the b hachioji	4.9	None	T
40	the b hakata	3.3	None	T
41	Hotel Francs	2.5	None	T
42	Mercure Yokosuka	7.1	None	T
43	Oriental Hotel Okinawa Resort & Spa	0.7	None	T
44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	2.0	None	T
45	CANDEO HOTELS Ueno Koen	3.1	None	T
46	Oriental Hotel Fukuoka Hakata Station	2.4	None	T
47	Holiday Inn Osaka Namba	6.5	None	T
48	Hotel Oriental Express Fukuoka Tenjin	3.3	None	T

Property No.	Name	Probable Maximum Loss (PML) ratio by earthquake risk analyses (%) (Note 1)	Existence of earthquake insurance	Provider of PML value (Note 2)
49	Hilton Nagoya	1.7	None	T
50	Hilton Tokyo Narita Airport	2.4	None	T
51	International Garden Hotel Narita	5.2	None	T
52	Hotel Nikko Nara	7.5	None	T
53	Hotel Oriental Express Osaka Shinsaibashi	7.3	None	S
54	Hilton Tokyo Odaiba	4.3	None	T
55	UAN kanazawa	10.0	None	T
56	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	7.0	None	S
57	La'gent Stay Sapporo Odori	2.6	None	T
58	Oriental Hotel Kyoto Rokujo	12.2	None	T
59	Hotel Oriental Express Fukuoka Nakasukawabata	5.2	None	T
60	Hotel JAL City Kannai Yokohama	7.9	None	S
61	MIMARU Tokyo Shinjuku West	4.2	None	T
62	HOTEL AMANEK Shinjuku-Kabukicho.	3.0	None	T
63	OKINAWA HARBORVIEW HOTEL	4.5	None	S
64	Southern Beach Hotel & Resort OKINAWA	10.5	None	S
65	Hilton Fukuoka Sea Hawk	Less than 0.1	None	S

(Note 1) PML (Probable Maximum Loss) represents damage caused by a major earthquake that may occur once every 475 years (estimated probability of such earthquake to occur during the 50 years is 10%.) during expected holding period (50 years = useful life of ordinary buildings). PML is the anticipated percentage of recovery cost against the building replacement cost. JHR will evaluate the possibility to acquire earthquake insurance for the property if the PML of the particular property exceeds 15%. As of the end of the midterm fiscal period under review, there is no property with a plan to be insured by earthquake insurance.

(Note 2) Under "Provider of PML value," the letters indicate the provider as follows.

T: Tokio Marine dR Co., Ltd.

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

O: OBAYASHI CORPORATION

S: SOMPO Risk Management, Inc.

(Note 3) The property numbers of assets sold are intentionally omitted.

(ii) Rent structures of hotels with variable rent, management contract or revenue sharing

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

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

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

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

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

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

business (operation) by the operator and, at the same time, pays a management fee to the operator. This hotel revenue achieved is recognized as “real estate operating revenue through management contract” and is equivalent to the rent, which is the real estate operating revenue under the leasing structure.

- (Note 5) The detailed content of the contract is not disclosed as the consent for disclosure has not been obtained from the lessee.
- (Note 6) The method of calculating variable rent that applies through to December 2025, is indicated. The hotel’s variable rent from January 2026 onward, will be calculated as follows.
January 2026 and after: Amount that is the monthly GOP multiplied by 88.0% (¥0 if the amount is below ¥0)
- (Note 7) The method of calculating variable rent that applies through to December 27, 2025, is indicated. From December 28, 2025, the hotel lessee will change to KK Okinawa Itoman Operations and the hotel’s variable rent will be calculated as follows.
From December 28, 2025 to December 31, 2025: (AGOP – base amount (¥7 million)) x 93.0%
January 2026 and after: (AGOP – base amount (¥650 million/year)) x 93.0%
- (Note 8) Additionally, the rent type of OKINAWA HARBORVIEW HOTEL will change from Fixed to Variable/Fixed from August 2026 onward. The hotel’s variable rent will be calculated as follows.
From August 2026 to December 2026: (AGOP – base amount (¥300 million)) x 95.0%
FY 2027 and after: (AGOP – base amount (¥720 million/year)) x 95.0%

(2) Status of capital expenditures

a. Planned capital expenditures (Note)

The following table shows major estimated capital expenditure items for renovation work, etc., planned as of the end of the midterm period under review. Total capital expenditures for the second half of the year are planned to be ¥8,167 million. Together with the capital expenditures in the first half of the year, total capital expenditures for the full year are planned to be ¥10,122 million.

Name of property, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (JPY1M)	
			Total amount	Total amount paid
Kobe Meriken Park Oriental Hotel (Kobe city, Hyogo)	Renovation of heat sources	From August 2025 to October 2025	69	—
Oriental Hotel Tokyo Bay (Urayasu city, Chiba)	Renewal of hot water supply piping	From January 2025 to November 2025	67	—
Oriental Hotel Tokyo Bay (Urayasu city, Chiba)	Renovation of guest rooms (5th and 6th floor)	From January 2025 to July 2025	499	329
Hotel Nikko Alivila (Nakagami-gun, Okinawa)	Installation of new emergency generator	From October 2023 to October 2025	445	158
the b Ikebukuro (Toshima-ku, Tokyo)	Renewal of hot/cold water generators	From May 2025 to August 2025	67	—
Hilton Tokyo Narita Airport (Narita city, Chiba)	Renovation of guest rooms	From November 2025 to December 2025	103	—
La'gent Stay Sapporo Odori (Sapporo city, Hokkaido)	Renovation of guest rooms	From April 2025 to July 2025	635	465
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of exterior wall	From January 2025 to December 2025	360	—
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renewal of sanitary plumbing for guest rooms (2nd phase)	From June 2025 to November 2025	180	—
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Major renovation works for entire property	From December 2024 to December 2025	3,850	397
Total			6,276	1,350

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

b. Capital expenditures during the period (Note)

Major construction work conducted by JHR during the midterm period under review that represents capital expenditures is outlined below. Capital expenditures for the midterm period under review totaled ¥1,955 million, and repair expenses that were accounted for as expenses for the midterm period under review totaled ¥7 million. In aggregate, ¥1,962 million of construction work was carried out.

Name of property, etc. (Location)	Purpose	Period	Construction costs (JPY1M)
Oriental Hotel Tokyo Bay (Urayasu city, Chiba)	Renovation of guest rooms (3rd, 4th, 11th and 12th floor)	From January 2025 to March 2025	401
Hilton Tokyo Bay (Urayasu city, Chiba)	Renewal of elevators	From January 2025 to February 2025	82
Hilton Tokyo Bay (Urayasu city, Chiba)	Renewal of air-conditioning equipment in guest rooms	From January 2025 to March 2025	72
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renewal of sanitary plumbing for guest rooms (1st phase)	From December 2024 to June 2025	220
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of heat sources	From October 2024 to March 2025	260
OKINAWA HARBORVIEW HOTEL (Naha city, Okinawa)	Renovation of exterior wall (South wing)	From January 2025 to May 2025	99
Other capital expenditures			820
Total			1,955

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