

Japan Hotel REIT Investment Corporation (TSE: 8985)

Midterm Financial Results

FY12/2021 (22nd Period)

August 25, 2021

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

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I . Midterm Settlement of Accounts for FY12/2021 — Highlights

1. Highlights of Midterm for FY12/2021

1. Status of Hotel Operations

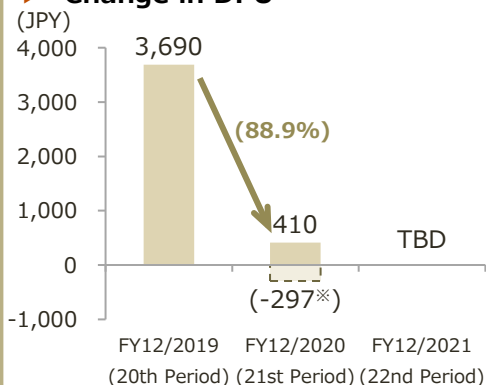
▶ Performance of The 24 Hotels with Variable Rent, etc. (*1)

◆ Revenue forecast for FY12/2021 is undecided and will be announced later

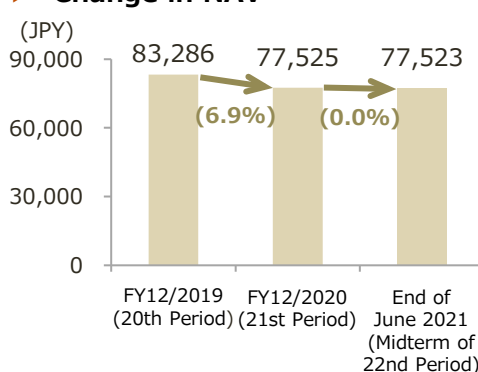
	First Half of 2019 Result	First Half of 2020 Result	First Half of 2021 Result
Occupancy	85.1%	34.0%	30.6%
RevPAR	JPY13,348	JPY4,536	JPY3,320
Variance of RevPAR	vs 1H 2019	(66.0%)	(75.1%)
	vs 1H 2020	-	(26.8%)
GOP	JPY9,067MM	(JPY213MM)	(JPY65MM)

2. Change in DPU and NAV

▶ Change in DPU



▶ Change in NAV



* Rough estimate in case gain on sale was excluded (*2)

(*1) The 24 Hotels with Variable Rent, etc. refers to 24 hotels: 14 hotels, which are 5 hotels of Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila, Oriental Hotel Hiroshima ("The Five HMJ Hotels"), plus Okinawa Marriott Resort & Spa, Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER CITY HIROSHIMA), Oriental Hotel Fukuoka Hakata Station, Holiday Inn Osaka Namba, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi, and Hilton Tokyo Odaiba ("The HMJ Group Hotels"), plus 4 hotels of the b ikebukuro, the b hachioji, the b hakata, and the b suidobashi ("The Ishin Group Hotels") and 6 hotels of ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka ("The Accor Group Hotels"). The same shall apply hereinafter.

(*2) Rough estimate calculated by excluding the amount equivalent to the gain on sale of Sotetsu Fresa Inn Shimbashi-Karasumoriguchi sold in July 2020 from the distributable profit.

(*3) The figure represents balance of cash and deposits after exclusion of various reserves for trust, etc.

3. Financial Soundness

▶ Conservative Financial Management

◆ Maintain a solid financial base (as of the end of June 2021)

LTV	Costs for Interest-bearing Debt	Average Life of Interest-bearing Debt	Free Cash (*3)
42.7%	1.0%	3.8 years	JPY 17.0 Bn

◆ Refinancing results in 1H 2021 and schedule in 2H 2021

First Half of 2021 Result	Second Half of 2021 (schedule)
JPY 7.7 Bn	JPY 18.3 Bn (Of these, Investment Corporation Bonds JPY1.5Bn)

4. Rebranding

▶ Rebranding to Oriental Hotel (The HMJ Group)

◆ Rebranding to The HMJ Group was implemented/is planned to be implemented at three hotels, aiming at upside in market recovery period

Old	Hotel Keihan Universal City	Okinawa Marriott Resort & Spa
HOTEL ASCENT FUKUOKA		
New	Hotel Oriental Express Fukuoka Tenjin	Oriental Hotel Okinawa Resort & Spa
	Grand opening June 18, 2021	Grand opening (schedule) October 1, 2021
	Pre-open July 1, 2021	
	Grand opening (schedule) December 2021	

II. Summary of Midterm Settlement of Accounts

1. Midterm Results for the Fiscal Year Ending December 2021

(Unit: JPY MM)

	FY12/2020 (21st Period)	FY12/2021 (22nd Period)	FY12/2021 (22nd Period)	Variance with the Previous Result		Variance with the Previous Forecast		
	Midterm Result (A)	Midterm Previous Forecast ^(*1) (B)	Midterm Result ^(*2) (C)	(C)-(A)	%	(C)-(B)	%	
Properties	No. of Properties	43	42	42	(1)	-	-	-
	Acquisition Price	374,508	370,031	370,031	(4,477)	-	-	-
Profit and Loss	Operating Revenue	5,536	4,556	4,589	(947)	(17.1%)	32	0.7%
	Real Estate Operating Revenue	5,536	4,556	4,589	(947)	(17.1%)	32	0.7%
	Fixed Rent	80.3% 4,446	71.9% 3,278	72.0% 3,302	(1,143)	(25.7%)	23	0.7%
	Other Income	8.0% 443	10.0% 456	9.7% 445	1	0.3%	(10)	(2.4%)
	Variable Rent	11.7% 646	18.0% 821	18.3% 841	194	30.2%	19	2.4%
	NOI^(*3)	3,588	2,533	2,513	(1,074)	(29.9%)	(19)	(0.8%)
	Depreciation	2,365	2,368	2,334	(31)		(34)	
	Asset Retirement Obligations Expenses	1	0	0	0		0	
	Loss on Retirement of Noncurrent Assets	0	11	7	6		(4)	
	NOI after Depreciation^(*3)	1,220	152	171	(1,048)	(85.9%)	19	12.8%
	Other Operating Expenses	894	902	871	(23)	-	(30)	-
Operating Income	325	(750)	(699)	(1,025)	-	50	-	
Non-operating Income	35	0	76	41		76		
Non-operating Expenses	911	886	864	(46)		(21)		
Ordinary Income	(550)	(1,636)	(1,488)	(937)	-	148	-	
Net Income	(551)	(1,637)	(1,488)	(937)	-	148	-	

Variance with the Previous Result

Fixed rent

• The HMJ Group Hotel	(JPY794MM)
• Other hotels and tenants	(JPY200MM)
• Sold property ^(*4)	(JPY149MM)
total	(JPY1,143MM)

Variable rent

• The HMJ Group Hotels	JPY248MM
• Other hotels and tenants	JPY12MM
• Sold property ^(*4)	(JPY66MM)
total	JPY194MM

Variance with the Previous Forecast

Fixed rent

• Tenants other than hotels	JPY23MM
total	JPY23MM

Variable rent

• The HMJ Group Hotels	(JPY15MM)
• The Ishin Group Hotels (the b)	73MM
• Other hotels and tenants	(JPM38MM)
total	JPY19MM

(*1) Stating the forecast announced in the Financial Report for the Fiscal Year Ended December 31, 2020 (January 1, 2020–December 31, 2020) dated February 25, 2021.

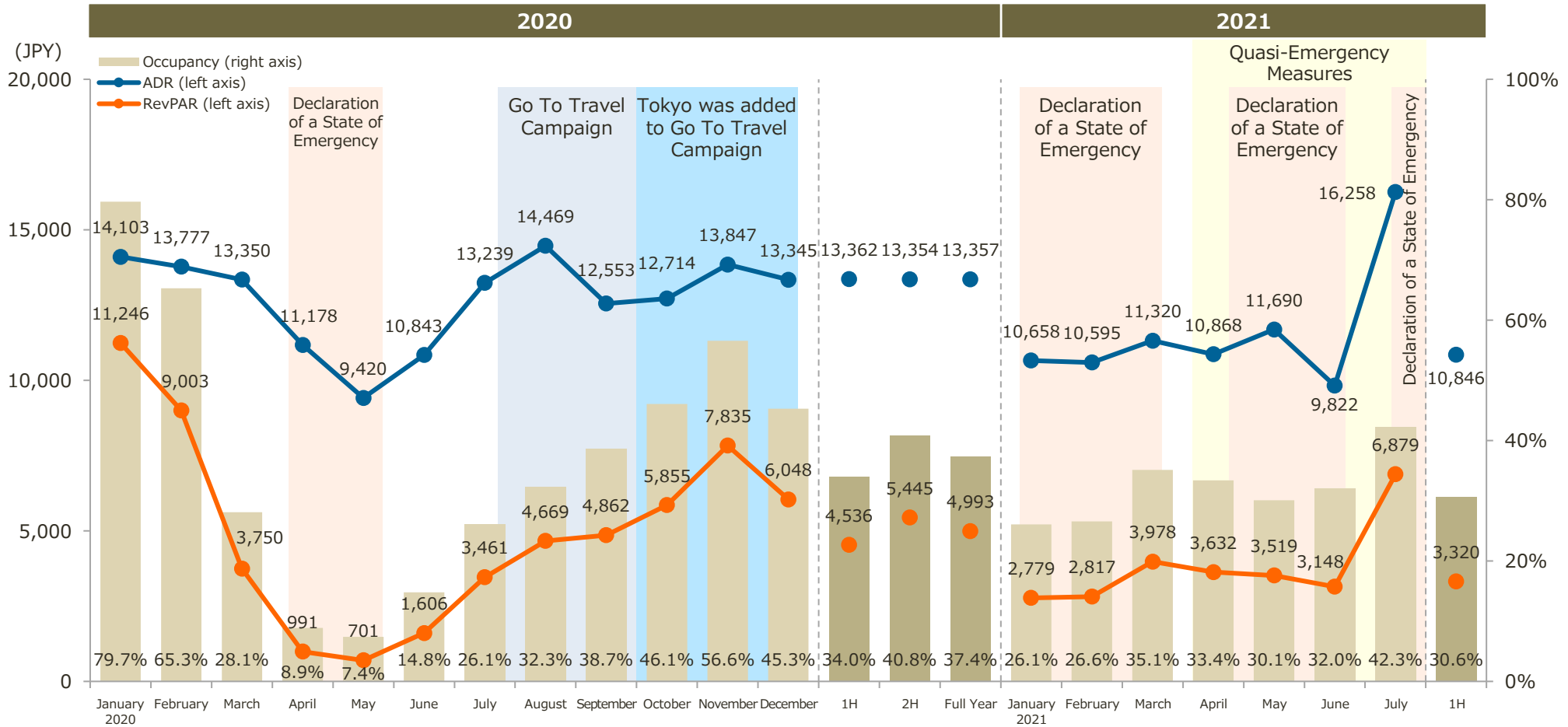
(*2) For detail, please refer to Midterm Financial Report for the Fiscal Year Ending December 31, 2021 (January 1, 2021–June 30, 2021) dated August 25, 2021.

(*3) Each is calculated using the following formula: NOI (Net Operating Income) = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses. NOI after depreciation = Real estate operating revenue – Real estate operating costs

(*4) Stating the impact by Sotetsu Fresa Inn Shimbashi-Karasumoriguchi sold in July 2020.

III. Status of Hotel Operations

1. Monthly Performance of The 24 Hotels with Variable Rent, etc.



<RevPAR comparison with the same period of 2019 and 2020>

vs 2019	+1.6%	(29.6%)	(72.7%)	(93.5%)	(95.0%)	(87.7%)	(78.1%)	(75.3%)	(63.4%)	(59.2%)	(44.9%)	(54.6%)	(66.0%)	(63.7%)	(64.8%)	(74.9%)	(78.0%)	(71.0%)	(76.3%)	(75.1%)	(75.9%)	(56.5%)	(75.1%)
vs 2020				(75.3%)	(68.7%)	+6.1%	+266.5%	+401.8%	+96.0%	+98.7%	(26.8%)												

<Number of hotels temporarily closed of The 24 Hotels with Variable Rent, etc. >

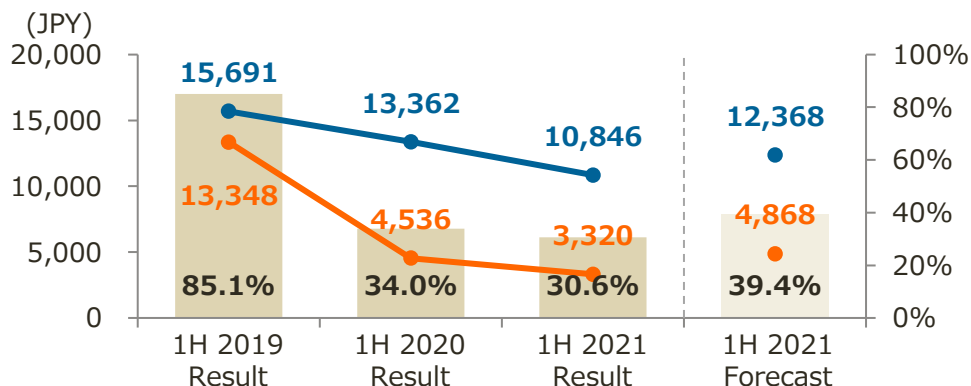
No. of hotels closed	0	0	0	10	16	9	4	2	2	2	2	3	-	-	-	5	5	4	2	3	3	2	-
% of No. of guest rooms of the hotels closed	0	0	0	15.3%	70.5%	33.9%	8.1%	5.6%	5.6%	5.6%	5.6%	7.4%	-	-	-	10.3%	17.4%	7.1%	6.4%	6.6%	8.9%	6.4%	-

2. Performance of the Hotels

First Half Result of Major Indicators

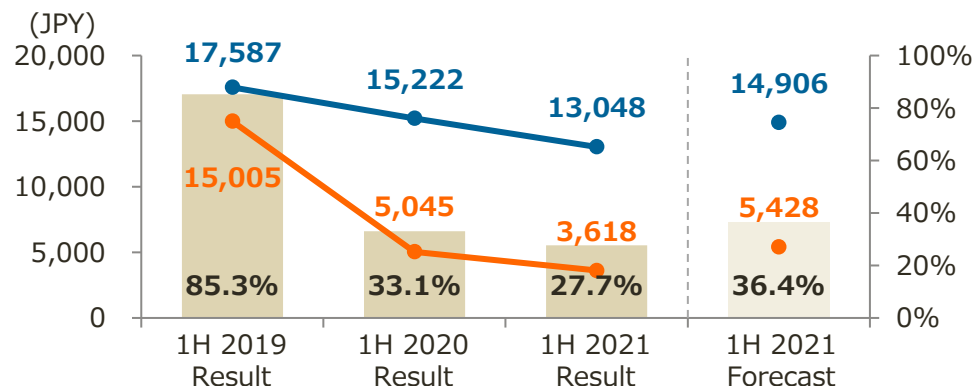
Occupancy (right axis) ADR (left axis) RevPAR (left axis)

Total of The 24 Hotels with Variable Rent, etc.



RevPAR	vs 2019	(66.0%)	(75.1%)	—
	vs 2020	—	(26.8%)	—
	vs forecast	—	(31.8%)	—

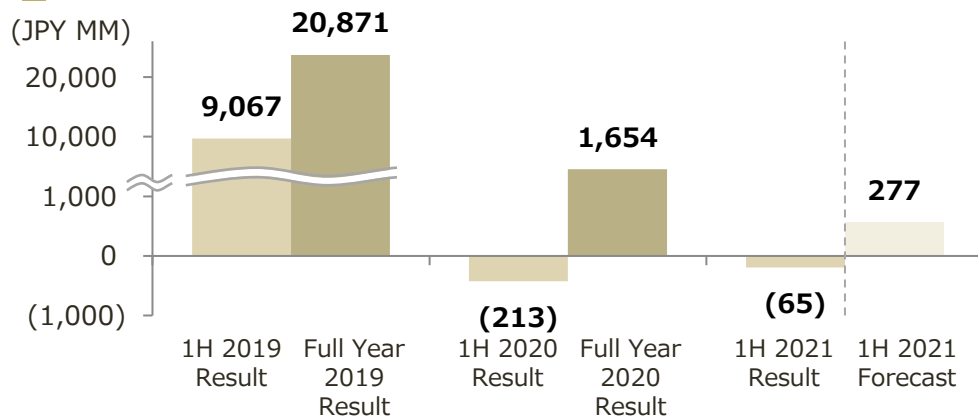
The HMJ Group Hotels



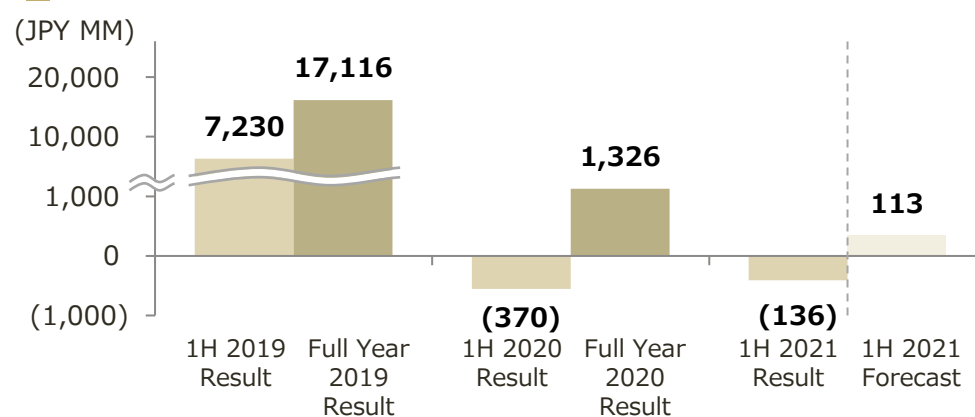
RevPAR	vs 2019	(66.4%)	(75.9%)	—
	vs 2020	—	(28.3%)	—
	vs forecast	—	(33.3%)	—

Result and Forecast of GOP

Total of The 24 Hotels with Variable Rent, etc.



The HMJ Group Hotels



(*) The forecast for the first half 2021 states the forecast announced in the Financial Report for the Fiscal Year Ended December 31, 2020 (January 1, 2020–December 31, 2020) dated February 25, 2021.

3. Response to Lessees/Operators

◆ Most of the negotiations with lessees/operators have finished

Response to Lessees/Operators

The HMJ Group

The lease contract was changed on August 25, 2020

2020	Change to variable rent only on and after February	
2021	Variable rent only	
2022 onwards	Fixed rent	Same amount as the previous lease contract ^(*1)
	Variable rent	Review the GOP base amount for each property and set variable rent ratio with appropriate rent burden ratio ^(*2)

(*1) The fixed rent of Hilton Tokyo Odaiba is the same amount as the fixed rent on and after 2022 (JPY1.6Bn), which was stipulated in the contract before revision.

(*2) When AGOP of each hotel exceeds AGOP base, the fixed rent is calculated by multiplying the amount by the fixed rent set for each hotel.

The Ishin Group

The lease contract was changed on October 30, 2020

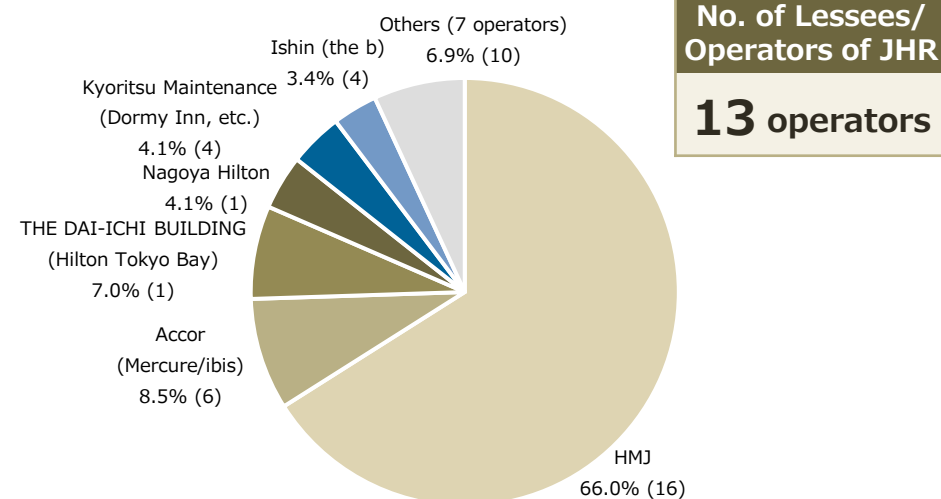
Before change: Fixed rent (JPY428MM/year) + Variable rent (linked to GOP)

April 2020 onwards	Fixed rent (waived) + Variable rent	
2021	Fixed rent (JPY100MM) + Variable rent	
2022 onwards	Fixed rent (JPY214MM) + Variable rent	
Contract term	the b ikebukuro the b hachioji the b hakata	January 31, 2015 to July 31, 2024 (extended by two and a half years)
	the b suidobashi	January 1, 2020 to December 31, 2026

Other Operators

Under discussion with several operators on request for rent reduction, etc.

Status of Lessees/Operators



(*) Based on acquisition price. A parenthesis represents the number of hotel. As of August 25, 2021.






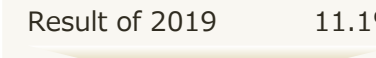

➡ The number of hotels that HMJ is the lessee increased to 16 from 14

Rebranding to HMJ

- Rebranding to HMJ, the biggest strategic operator for JHR
- Further promote restructuring, centered on cost reduction
- Aim to increase rent by setting appropriate rent burden ratio (increase rent burden ratio)
- Promote branding strategy of "Oriental Hotels & Resorts" since 2021 at HMJ

4. Change in Lessees/Rebranding

◆ Upside by change in lessees/rebranding

Hotel Name (date of rebranding)	Points of the Change	Points of Lease Contract	Revenue Upside, etc.
 January 1, 2021	<ul style="list-style-type: none"> Accepted a request for early-cancellation of the ordinary lease contract The lessee was changed to Solare Hotels & Resorts Co., Ltd. and the hotel was rebranded 	<ul style="list-style-type: none"> Changed to fixed-term lease contract from ordinary lease contract Term: January 2021 to December 2025 Changed to variable rent from fixed rent + revenue sharing 	<NOI Yield Assumption> Result of 2019 6.5%  Market recovery period ^(*1) 8.8%
 June 18, 2021	<ul style="list-style-type: none"> The grade of the hotels has been changed from economy to mid-price Changed the lessee to The HMJ Group in accordance with the withdrawal of the former lessee. More efficient operations will be carried out through sharing back offices with The HMJ Group Hotels located in Fukuoka 	<ul style="list-style-type: none"> Fixed-term lease contract Term: June 2021 to December 2031 Changed to fixed rent + variable rent from fixed rent only (same scheme as the other HMJ group hotels) 	<NOI Yield Assumption> Result of 2019 6.1%  Market recovery period ^(*1) 8.3%
 July 1, 2021	<ul style="list-style-type: none"> Changed the lessee to The HMJ Group in accordance with the expiration of the lease contract with the former lessee. Aim at more efficient operations utilizing business resources at The HMJ Group Hotels in Osaka Aim to maximize revenue from the hotel in the recovery period of domestic demand as a theme park hotel adjusted to Universal Studios Japan 	<ul style="list-style-type: none"> Changed to fixed-term lease contract from ordinary lease contract Term: July 2021 to December 2031 Changed to fixed rent + variable rent from fixed rent + revenue sharing (same scheme as the other HMJ group hotels) 	<NOI Yield Assumption> Result of 2019 11.1%  Market recovery period ^(*1) 18.4%
 October 1, 2021 (schedule)	<ul style="list-style-type: none"> The name will be changed to Oriental Hotel Okinawa Resort & Spa of The HMJ Group in line with the expiration of the franchise contract^(*2) with the Marriott group Plan to conduct renovation at lobby, pool, guest rooms, etc. 2022 onwards 	<ul style="list-style-type: none"> No change 	<ul style="list-style-type: none"> Reduce the franchise fee Improve brand recognition of Oriental Hotel brand Promote branding strategy of "Oriental Hotels & Resorts"

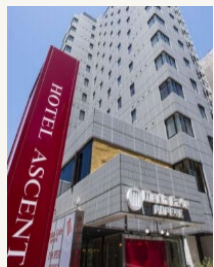
(*1) Market recovery period refers to the yield when the market recovers, and RevPAR is at the same level as the 2019 results.

(*2) Stating a contract between the hotel operating company and Global Hospitality Licensing S.a r.l., a franchisor of the international brand, Marriott.

4. Change in Lessees/Rebranding (cont.)

Hotel Oriental Express Fukuoka Tenjin (former, HOTEL ASCENT FUKUOKA)

Before



Exterior

After



A distinctive facade was newly established at the top of the entrance to improve visibility



Lobby



Using indirect lighting, the entire lobby makes a bright impression



Guest room



Changing to natural colors for appeal to broad customer base from business to leisure

Oriental Hotel Okinawa Resort & Spa (current, Okinawa Marriott Resort & Spa)

Before



Pool

After (plan)



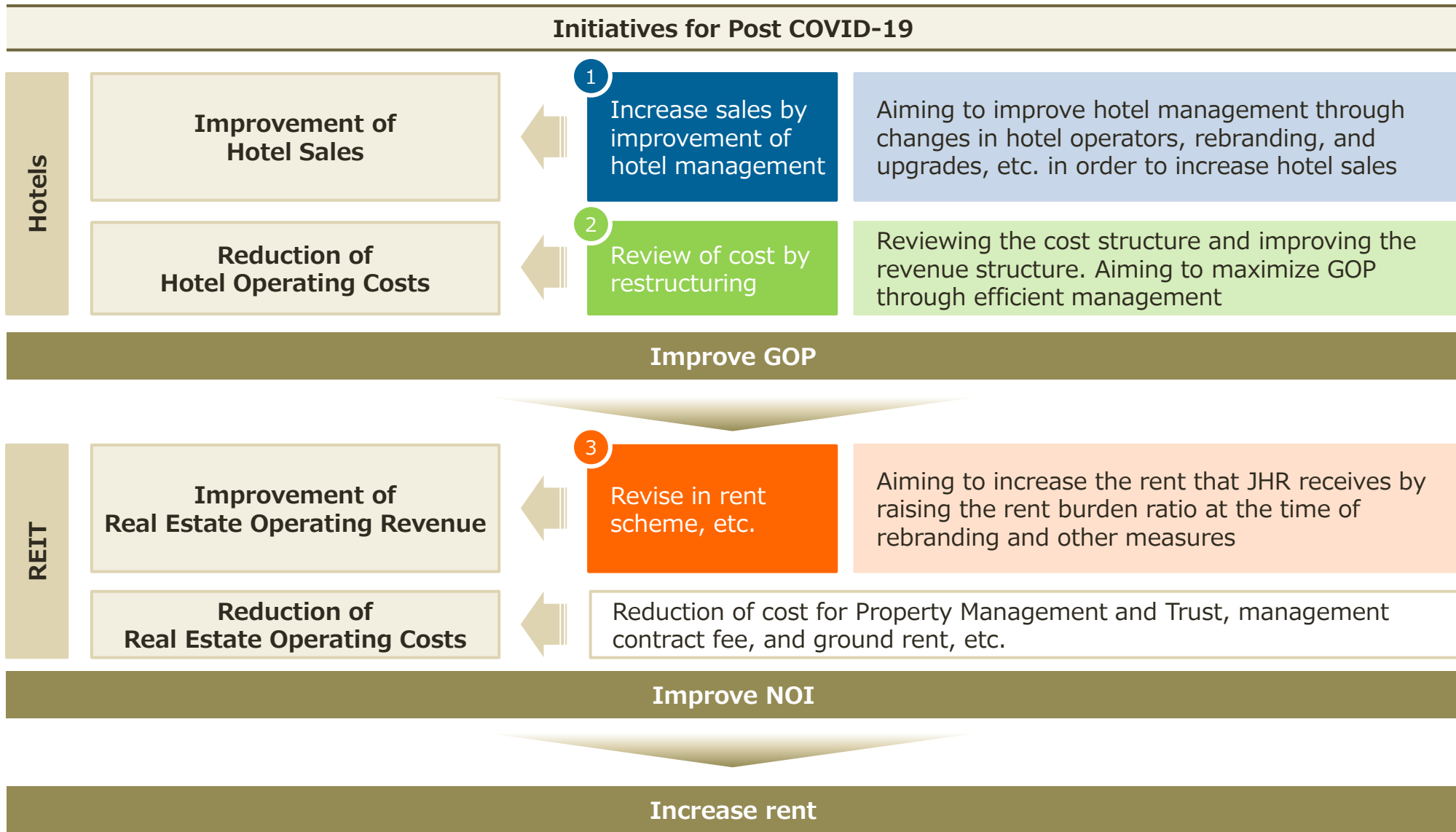
Expanded the poolside to allow more guests to enjoy the pool more comfortably



Photogenic resort pool is produced in the night pool by light direction

5. Active Asset Management for Post COVID-19

◆ Potential upside by active asset management



6. Acquisition of Property

Part of Site of Oriental Hotel Universal City (July 2021)

- ◆ Pursuant to the provisions at the time of expiration of the ground lease contract with Osaka City, part of the hotel site that was under ground lease was acquired
- ◆ Increase asset value by becoming a wholly owned real estate
- ◆ Improve cash flow since the increase in fixed asset tax taxes, city planning taxes, etc. is smaller than the ground rent payment

Oriental Hotel Universal City

Asset	Co-owner's interest of the land at part of site of the hotel	Seller	Osaka City
Asset Area	8,788.67m ²		
Acquisition Price	JPY754MM	Buyer	Mitsubishi UFJ Trust and Banking (MUTB) (trustee of JHR)
Appraisal Value	JPY763MM		

Overview of Rights about Universal Citywalk Osaka (outline drawing)

Building	Name	Oriental Hotel Universal City	Hotel Kintetsu Universal City	Commercial tower Cooling facility	Business tower
	Exclusively-owned area (voting right ratio)	Trustee : MUTB Beneficiary : JHR (22.15%)	Compartmentalized owner A (31.18%)	Compartmentalized owner B (25.22%)	Compartmentalized owner C (21.45%)
	Common area	Parking lot, and other facilities			
Land	Land A (co-owner's interest)	MUTB (19.06%)	Compartmentalized owner A (26.83%)	Compartmentalized owner B (54.11%)	
	Land B (co-owner's interest) (formerly owned by Osaka City. Acquired this time)	MUTB (19.06%)	Compartmentalized owner A (26.83%)	Compartmentalized owner B (54.11%)	

Acquired this time

7. Sustainability Initiatives

In order to achieve a mid to long-term growth that coexists with society and environment, aiming to enhance sustainability through appropriate actions for ESG issues^(*1)

ESG Initiatives to date

Sustainability Policy

- ◆ Formulated in December 2017

GRESB Real Estate Assessment^(*2)

- ◆ Acquired "Green Star" for three consecutive years from 2018



G R E S B[®]
REAL ESTATE
Sector Leader 2020

- ▶ In 2020, JHR was selected for "Sector Leader" in Asian hotel sector

- ▶ Acquired "4-star" in GRESB Rating



G R E S B
★★★★☆ 2020

Disclosure of Environmental Performance

- ◆ Measure energy consumption (electricity and gas), water consumption and amount of waste generated and disclose them on the website of JHR

Aim to expand disclosure of ESG-related information and obtain green building certification in the future

Green Building Certification

- ◆ Promote to obtain BELS/CASBEE certification despite limited number of certification that covers hotel

Ratio of certification obtained: **17.2%** (based on the floor area)

◆ BELS Certification^(*3)

Mercure Okinawa Naha
February 2018



Hotel Nikko Alivila
February 2018



◆ CASBEE Certification for Buildings^(*4)

Oriental Hotel Fukuoka Hakata Station
May 2021

CASBEE Certification for Buildings "B+: Good"



Hilton Tokyo Odaiba
April 2020

CASBEE Certification for Buildings "B+: Good"



(*1) For sustainability policy and examples of initiatives by JHR, please see websites of JHR (<https://www.jhrth.co.jp/en/about/sustainability.html>).

(*2) The GRESB is an annual benchmarking program to evaluate ESG considerations of property companies and real estate funds. The GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of initiatives for sustainability of property companies, REITs and real estate funds, not of individual properties. GRESB rating is a relative evaluation based on comprehensive scores and the highest being "5-stars."

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

(*4) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. CASBEE Certification for Buildings is granted for assessment results provided by CASBEE for New Construction, Existing Buildings, and Renovation. Assessment results by CASBEE are indicated in a scale of the following five ranks: "S: Superior," "A: Very Good," "B+: Good," "B-: Slightly Poor," and "C: Poor."

7. Sustainability Initiatives (cont.)

Working on to prevent the spread of COVID-19

Efforts to Prevent the Spread of COVID-19 at Hotels

Accommodation of COVID-19 Patients

Accommodation of COVID-19 patients with mild or no symptoms at seven hotels

- Of COVID-19 patients, seven hotels have accommodated patients with mild or no symptoms
- Introduced cleaning and welcoming robots to make stay at hotels safer and more comfortable



COVID-19 Prevention Measures (Digital Transformation (DX))

Introduction of automatic check-in machine

- Introduced automatic check-in machines to prevent the spread of infection and reduce cost at Hotel Oriental Express Fukuoka Tenjin
- Plan to introduce the machine to other HMJ group hotels in the future



Vaccine Rollout

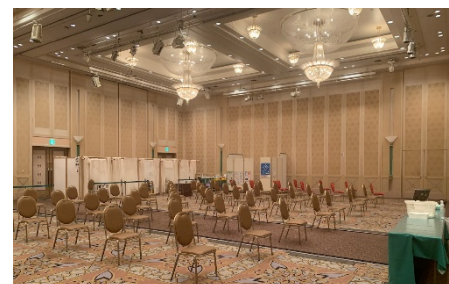
Vaccine rollout at The HMJ Group

- To ensure the safety of hotel guests at hotels, The HMJ Group Hotels conducted vaccinations for all employees (including part-time employees) and their families who want it at all hotels



Provide banquet rooms

- Provide banquet rooms, etc. in Oriental Hotel Tokyo Bay and Hotel Nikko Nara as vaccination of local workers and residents



IV. Financial Conditions

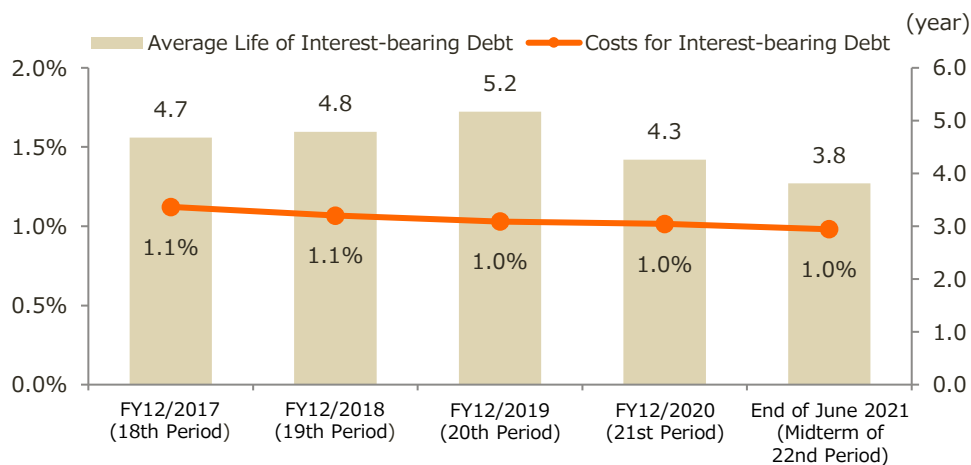
1. Financial Conditions

Main Financial Indicators

(as of the end of June 2021)

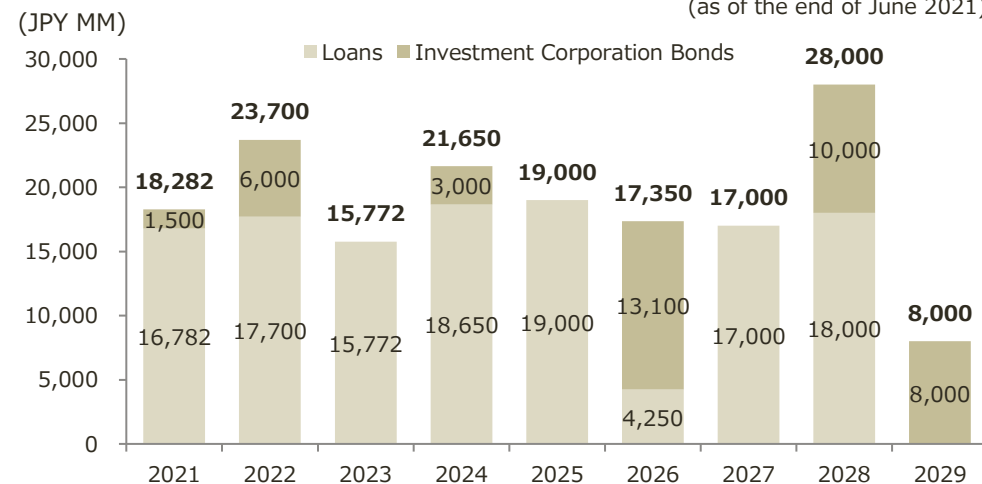
LTV (total asset base)	42.7%
Cost for all interest-bearing debt ^(*1)	1.0%
Average life of interest-bearing debt ^(*2)	3.8 years
Free cash ^(*3)	JPY 17.0 Bn
Unrealized gain	JPY 127.9 Bn

Changes in Costs for Interest-bearing Debt^(*1) and Average Life of Interest-bearing Debt^(*2)



Repayment Schedule of Interest-bearing Debt

(as of the end of June 2021)



Refinancing Result and Schedule in 2021

Repayment Date	Balance
First Half (result)	JPY7,735MM
Second Half (schedule)	JPY18,282MM (Of these, Investment Corporation Bonds JPY1,500MM)

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

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

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

Japan Hotel REIT Investment Corporation

1. Financial Conditions (cont.)

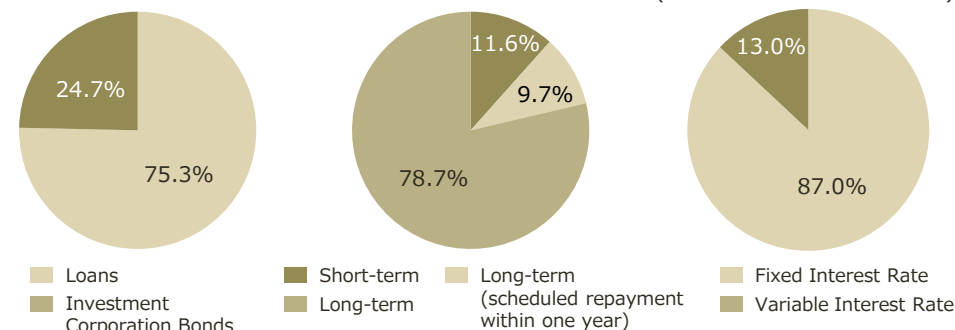
Lender List for Interest-bearing Debt

(Unit: JPY MM)

Lenders/Bond Name	Balance (as of the end of December 2020)		Balance (as of the end of June 2021)		Variance
	Balance	%	Balance	%	
Sumitomo Mitsui Banking Corporation	32,388	19.2%	32,850	19.5%	462
Mizuho Bank, Ltd.	19,370	11.5%	19,646	11.6%	276
Shinsei Bank, Ltd.	19,015	11.3%	19,015	11.3%	-
Sumitomo Mitsui Trust Bank, Limited	13,825	8.2%	14,022	8.3%	197
Resona Bank, Limited	10,126	6.0%	10,126	6.0%	-
Development Bank of Japan Inc.	5,900	3.5%	5,900	3.5%	-
Fukuoka Bank, Ltd.	4,750	2.8%	4,750	2.8%	-
The Nomura Trust and Banking Co., Ltd.	4,660	2.8%	4,660	2.8%	-
Aozora Bank, Ltd.	3,435	2.0%	3,435	2.0%	-
MUFG Bank, Ltd.	4,135	2.5%	3,200	1.9%	(935)
The Chiba Bank, Ltd.	2,900	1.7%	2,900	1.7%	-
The Nishi-Nippon City Bank, Ltd.	2,750	1.6%	2,750	1.6%	-
Hiroshima Bank, Ltd.	1,900	1.1%	1,900	1.1%	-
Sompo Japan Insurance Inc.	1,500	0.9%	1,500	0.9%	-
The Shizuoka Bank, Ltd.	500	0.3%	500	0.3%	-
Total of Bank Loans	127,154	75.3%	127,154	75.3%	-
Investment Corporation Bonds (for institutional investors)					
4th Investment Corporation Bonds without Collateral	1,500	0.9%	1,500	0.9%	-
6th Investment Corporation Bonds without Collateral	3,000	1.8%	3,000	1.8%	-
8th Investment Corporation Bonds without Collateral	1,100	0.7%	1,100	0.7%	-
9th Investment Corporation Bonds without Collateral	1,000	0.6%	1,000	0.6%	-
12th Investment Corporation Bonds without Collateral	2,000	1.2%	2,000	1.2%	-
Total of Investment Corporation Bonds (for institutional investors)	8,600	5.1%	8,600	5.1%	-
Investment Corporation Bonds (for individual investors)					
5th Investment Corporation Bonds without Collateral	6,000	3.6%	6,000	3.6%	-
7th Investment Corporation Bonds without Collateral	9,000	5.3%	9,000	5.3%	-
10th Investment Corporation Bonds without Collateral	10,000	5.9%	10,000	5.9%	-
11th Investment Corporation Bonds without Collateral	8,000	4.7%	8,000	4.7%	-
Total of Investment Corporation Bonds (for individual investors)	33,000	19.6%	33,000	19.6%	-
Total of Investment Corporation Bonds	41,600	24.7%	41,600	24.7%	-
Total of Interest-bearing Debt	168,754	100.0%	168,754	100.0%	-

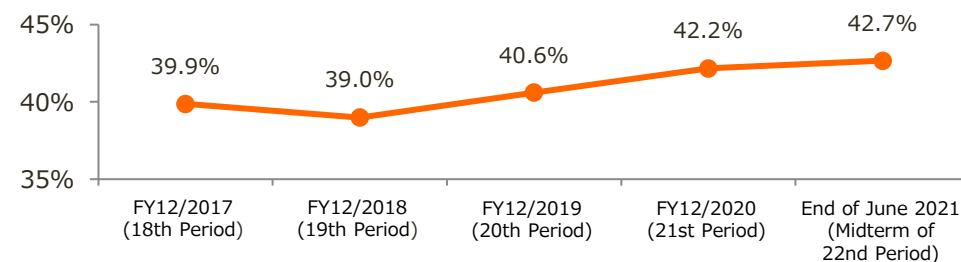
Changes in LTV (total asset base)

(as of the end of June 2021)



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

Changes in LTV (total asset base)



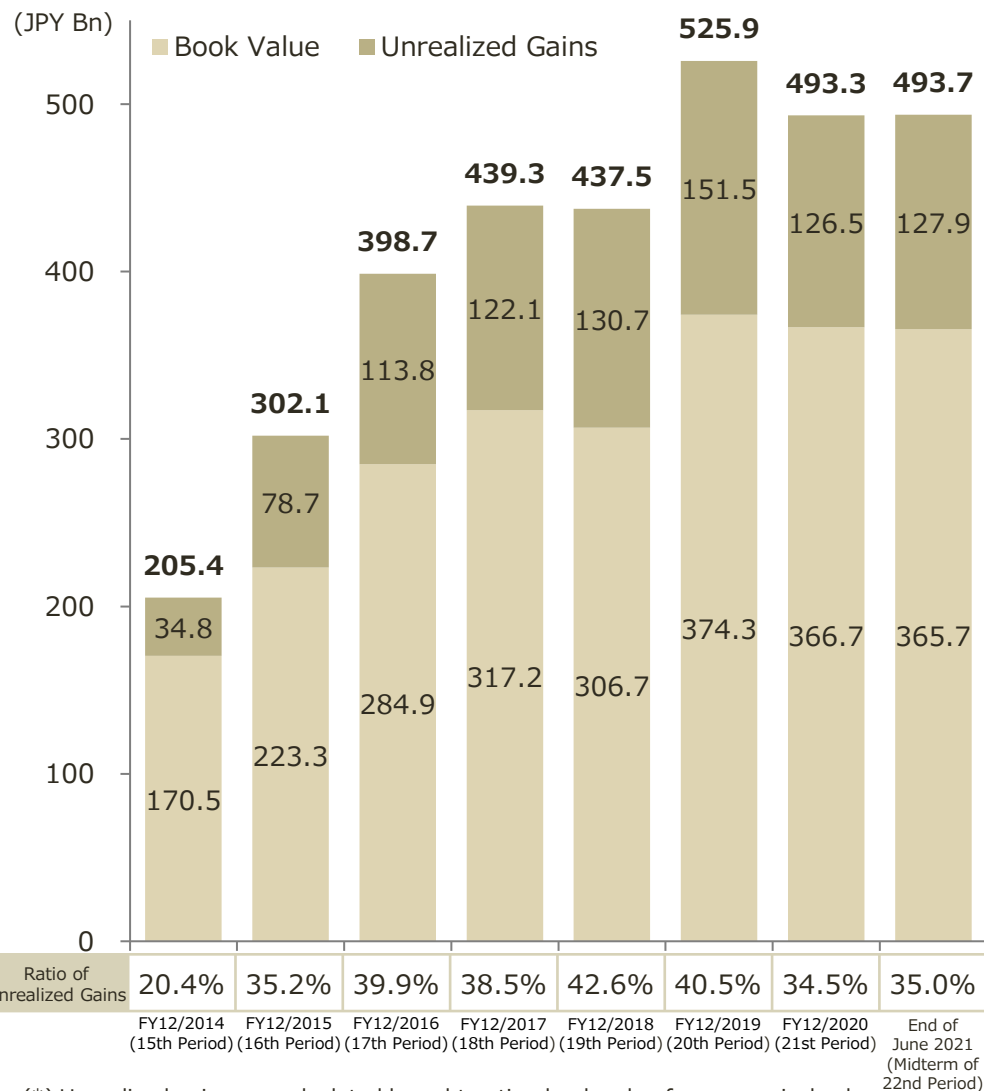
(*) LTV as of the end of each period/year.

Status of Credit Rating

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

1. Financial Conditions (cont.)

Changes in Appraisal Value (Unrealized Gains)



(*) Unrealized gains are calculated by subtracting book value from appraisal value.

Variance in Appraisal Value

	End of FY12/2019	End of June 2020	End of FY12/2020	End of June 2021	
No. of Property ^(*2)	42	42	42	42	
Acquisition Price (JPY MM)	369,708	369,708	370,031	370,071	
Appraisal	Appraisal Value (JPY MM)	516,960	494,690	493,330	493,730
	Variance of Appraisal Value	-	(4.3%)	(0.3%)	0.1%
	CAP Rate ^(*3)	4.5%	4.5%	4.6%	4.6%
	Variance of Cap Rate ^(*3)	-	+0.1pt	+0.0pt	(0.0pt)
	Net Cash Flow (JPY MM)	23,098	22,422	22,566	22,556
	Variance of Net Cash Flow ^(*3)	-	(2.9%)	0.6%	(0.0%)

(*1) Based on the appraisal value at each period.

(*2) For the end of FY12/2019 and the end of June 2020, stating figures for 42 properties excluding Sotetsu Fresa Inn Shimbashi-Karasumoriguchi sold in July 2020.

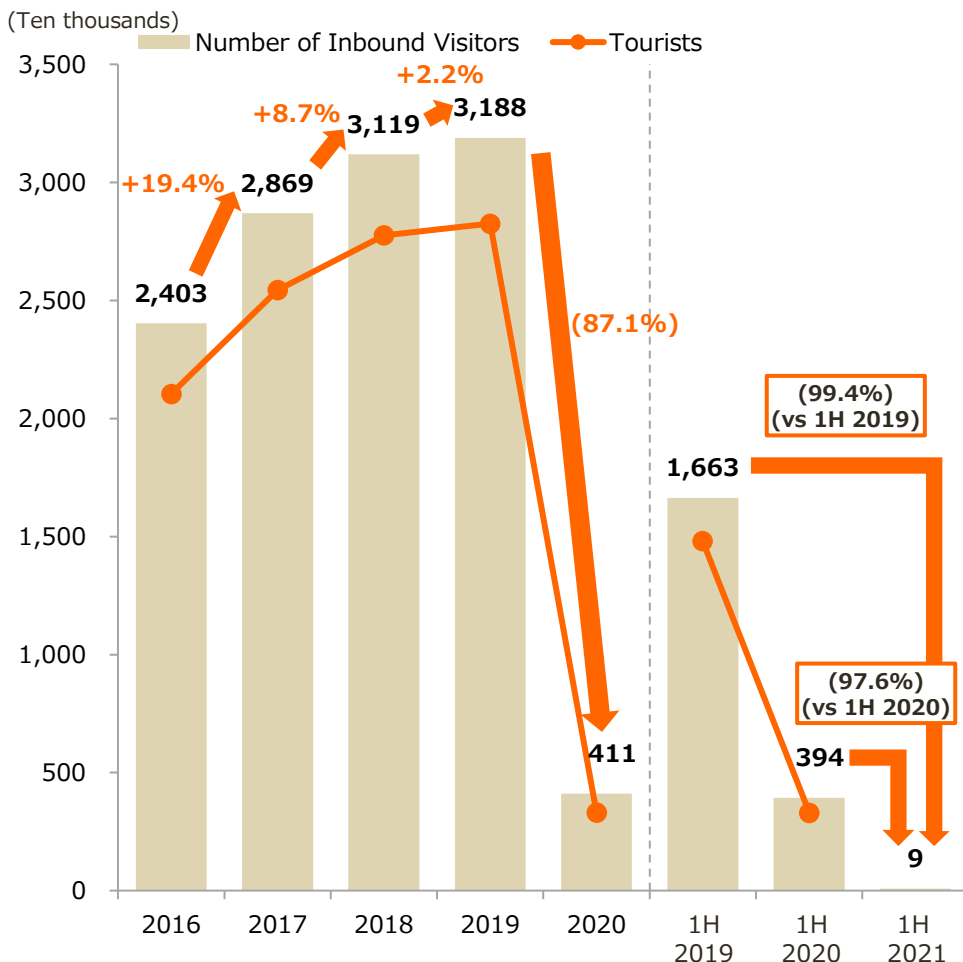
(*3) Cap rate, variance of cap rate and net cash flow are rounded off.

V . Market Environment

1. Market Environment

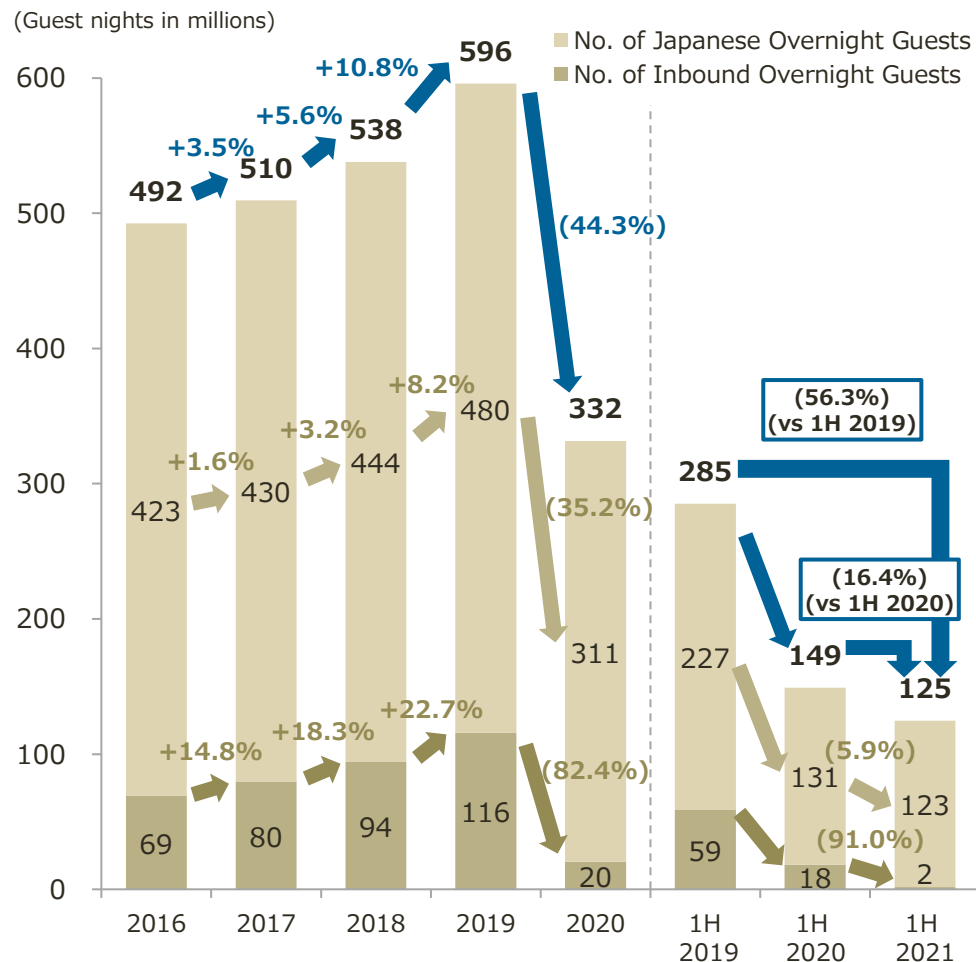
- ◆ Inbound for tourism purposes is restricted and international travel constraints continue

Changes in Number of Inbound Visitors



- ◆ The total number of overnight guests in the first half of 2021 decreased by 16.4% year-on-year and by 56.3% compared to the same period in 2019

Changes in Number of Overnight Guests in Japan

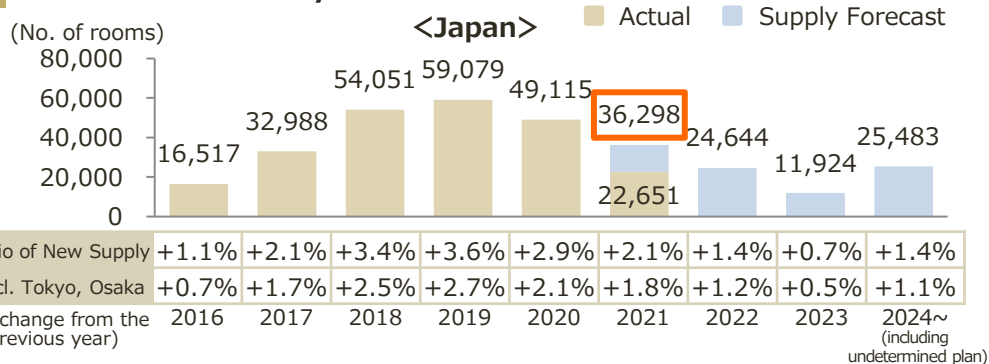


1. Market Environment (cont.)

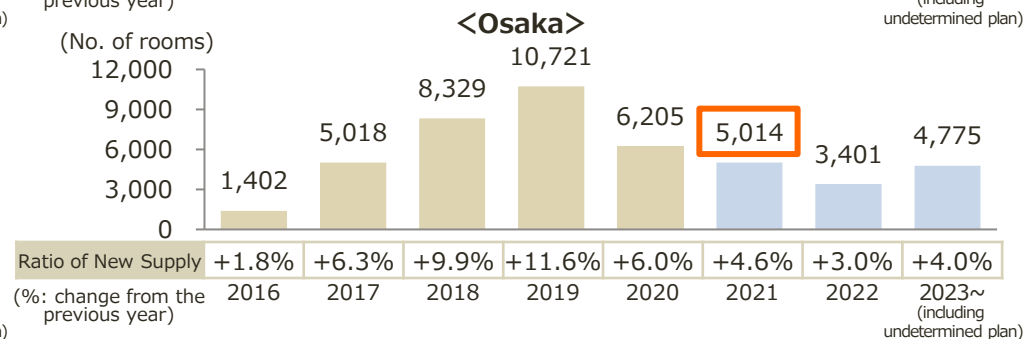
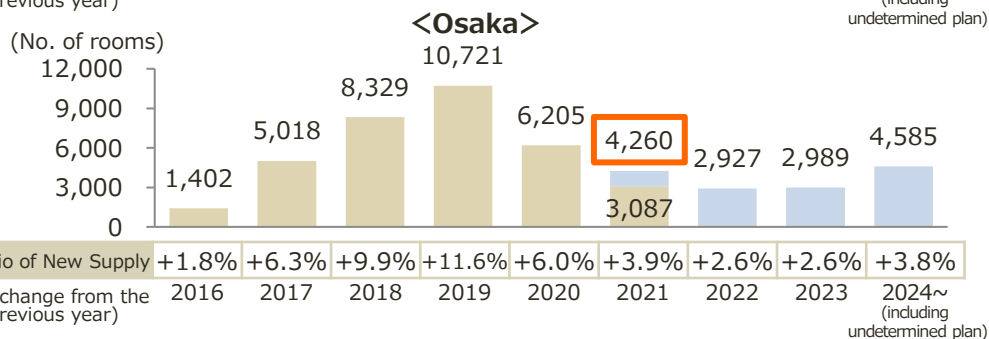
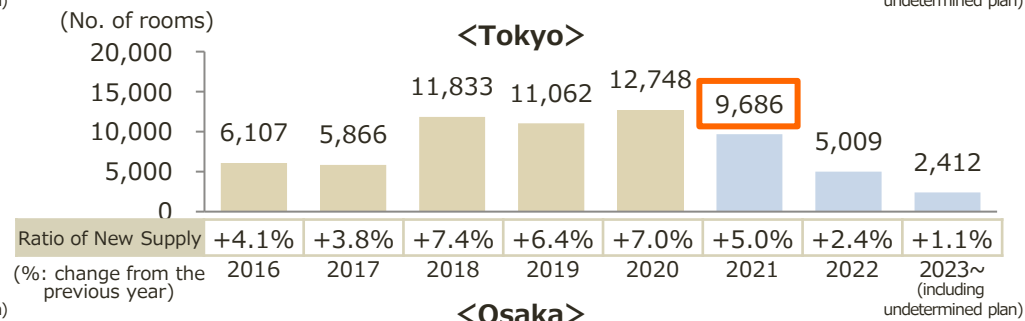
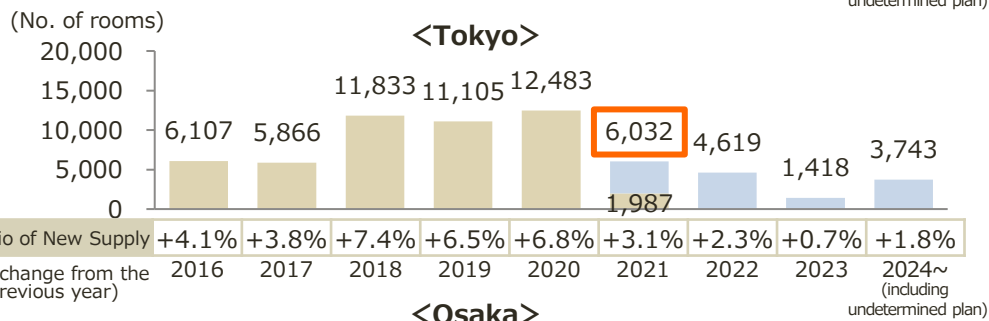
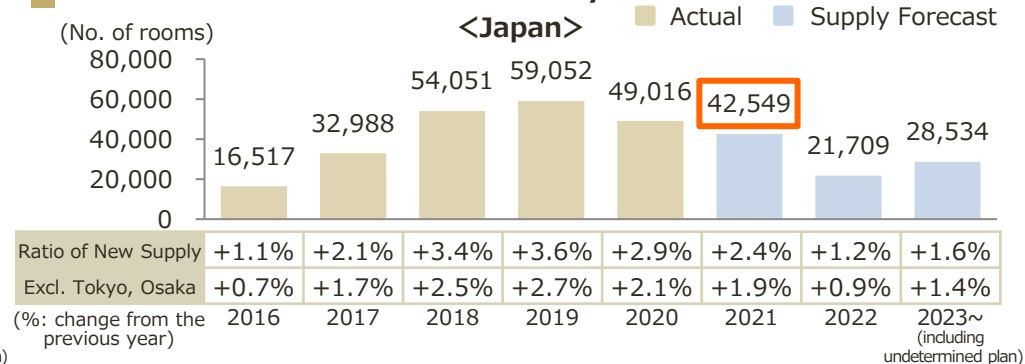
◆ New supply in 2021 decreased by more than 6,000 rooms compared to the forecast of half a year ago

Supply of Rooms in Hotels/Ryokans in Japan

As of the end of July 2021



Reference: as of the end of January 2021^(*)



Source: Estimated by the Asset Management Company using data from "Public Health Administration Report" by Ministry of Health, Labour and Welfare (MHLW), a weekly hotel & restaurant magazine (HOTERES), and Nikkei Telecom.
 (*1) Ratio of new supply is the ratio of new rooms to be supplied in a year to the stock of rooms at the beginning of the year. With regard to the above data, please note that in case the number of rooms are stated as "to be determined" by hotels, the asset management company has used 180, the average number of new supply of hotel rooms, for calculation.
 (*2) The figures were announced in the Financial Results Briefing for the fiscal year ended December 2020.

1. Market Environment (cont.)

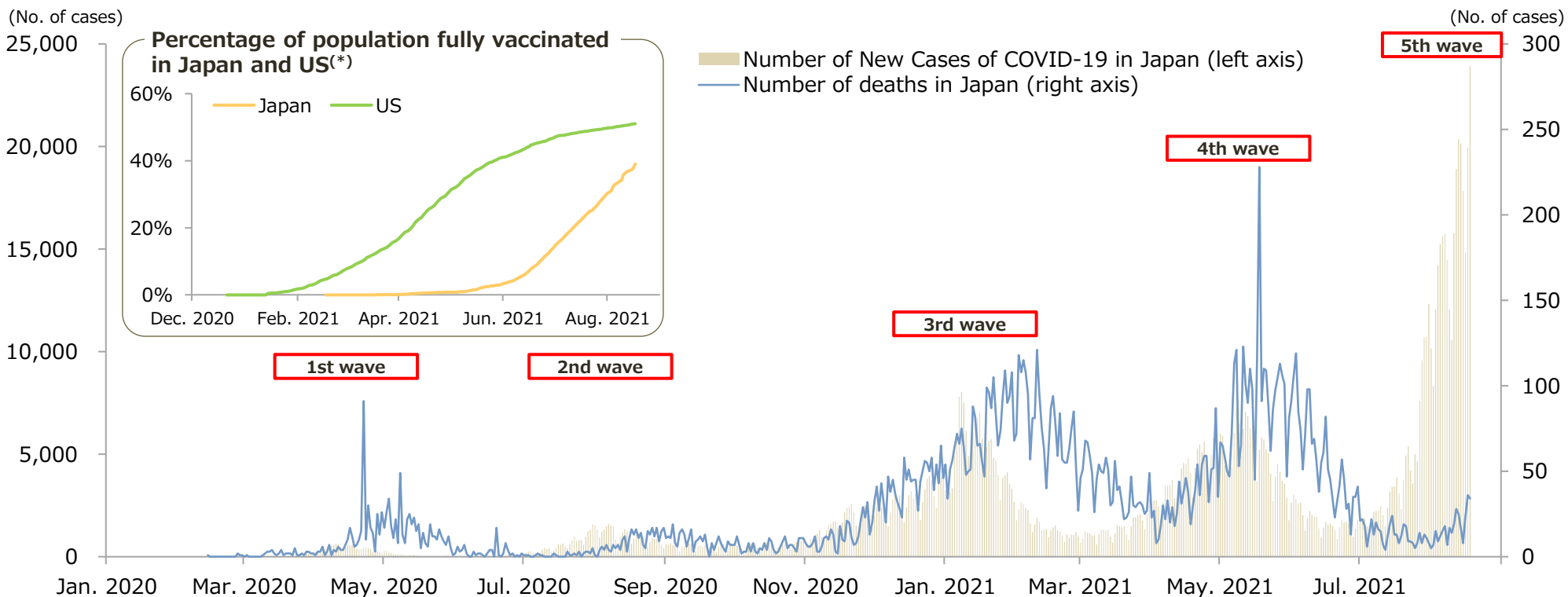
Number of New Cases of COVID-19 in Japan and Events in the World and Japan

Events in the World

- January 23, Wuhan lockdown
- January 30, Public Health Emergency by WHO
- March 13, National Emergency in the United States
- March 6, non-essential travel restrictions to EU for a period of 30 days, and EU started lockdown measures
- March 24, Postponement of Tokyo Olympics and Paralympics was decided
- October 14, Public Health Emergency Declaration again in France
- December 2, Vaccine rollout started in the UK
- December 14, Vaccine rollout started in the United States
- July 19, Lockdown rules eased in the UK
- July 23, Tokyo Olympics started

Events in Japan

- April 7, State of Emergency declared in Japan (Tokyo metropolitan area, Kansai area, Fukuoka)
- April 16, State of Emergency was expanded nationwide
- May 25, State of Emergency was lifted nationwide
- July 22, "Go To Travel" campaign started
- January 8, State of Emergency (Tokyo metropolitan area)
- February 17, Vaccine rollout to medical workers
- April 12, Vaccine rollout to people aged 65 or older
- April 25, State of Emergency (Tokyo, Osaka, Kyoto, Hyogo)
- May 23, State of Emergency (Okinawa)
- July 12, State of Emergency (Tokyo)
- August 2, State of Emergency (Saitama, Chiba, Kanagawa, Osaka)
- December 28, "Go To Travel" Campaign was temporally suspended



Source: "Coronavirus disease" Ministry of Health, Labour and Welfare, and One World in Data (https://ourworldindata.org/covid-vaccinations?country=OWID_WRL)

(*) As of August 17, 2021. Stating percentage of population fully vaccinated against COVID-19.

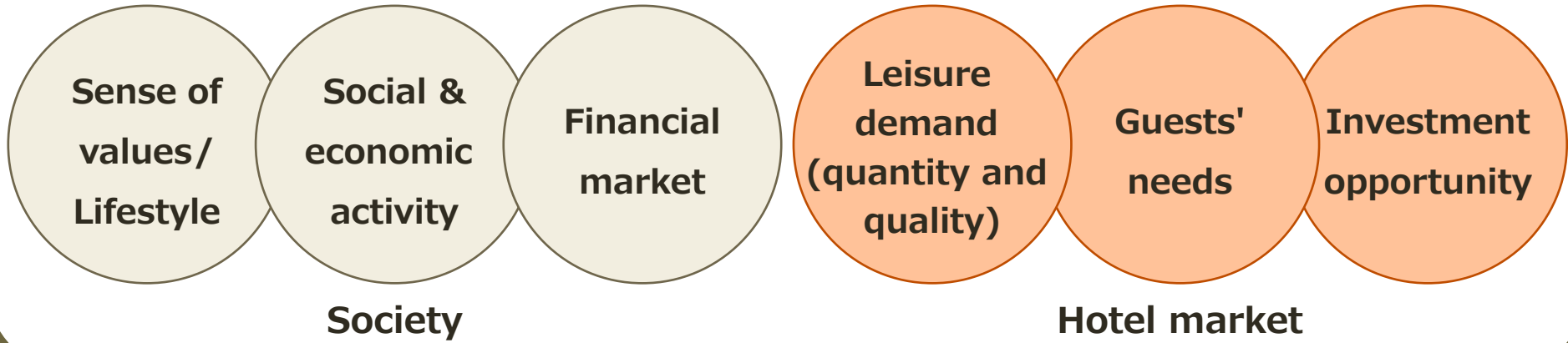
VI. Takeaways

1. Takeaways

● Development and distribution of effective vaccine and medicine



Change



Respond flexibly to change

Survive the "with COVID-19" period

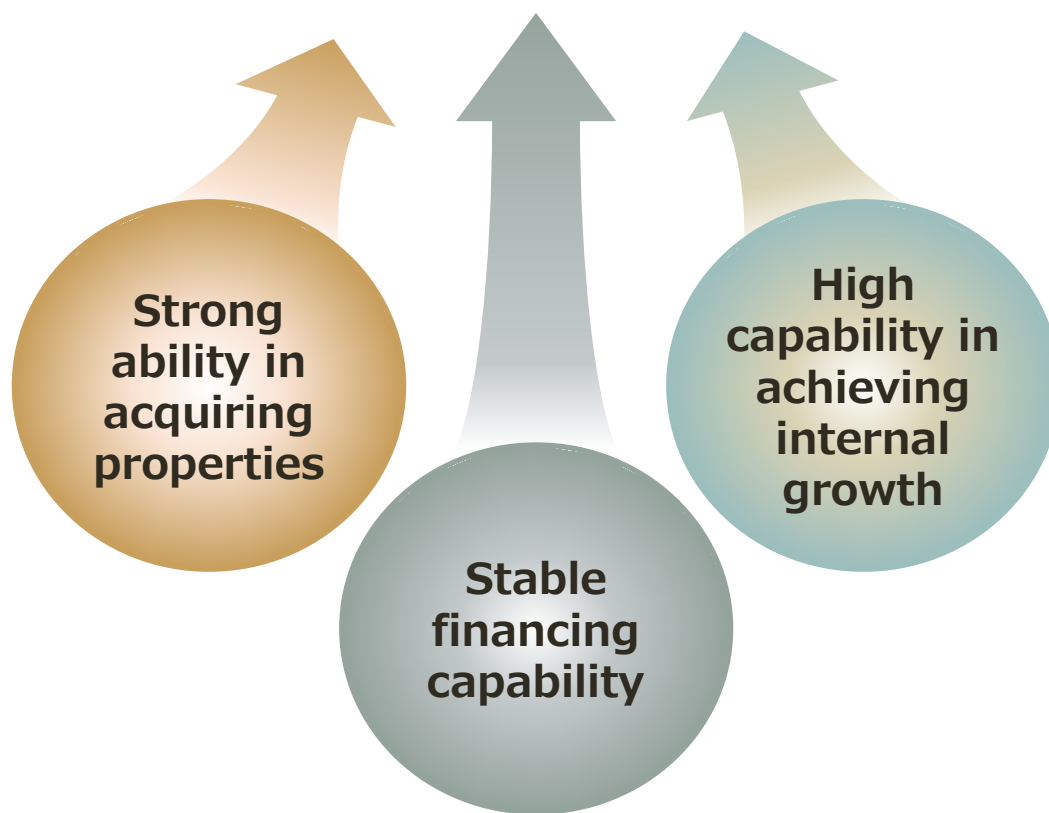
Aim to become a front-runner adopting to the "post COVID-19" period

A series of horizontal dashed lines spanning the width of the page, intended for handwritten notes or a memo.

Appendix 1

JHR's Characteristics and Strategy

Aim to increase dividend for mid to long term



Strong ability in acquiring properties

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

High capability in achieving internal growth

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

Stable financing capability

- Secure sound and stable finance
- Diversify financing methods

2. Simultaneous Pursuit of Stability and Upside Potential

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

Ensure Stable Revenue

Fixed rent structure

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

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

Pursue Upside

Management contract structure

Variable rent structure

Revenue sharing structure

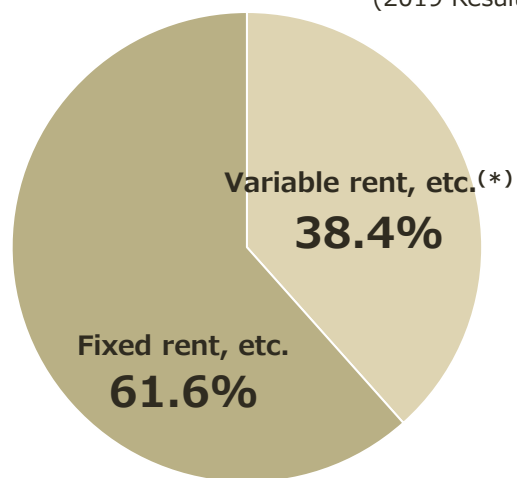
Active Asset Management Strategies

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

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

Proportion of Rental Income

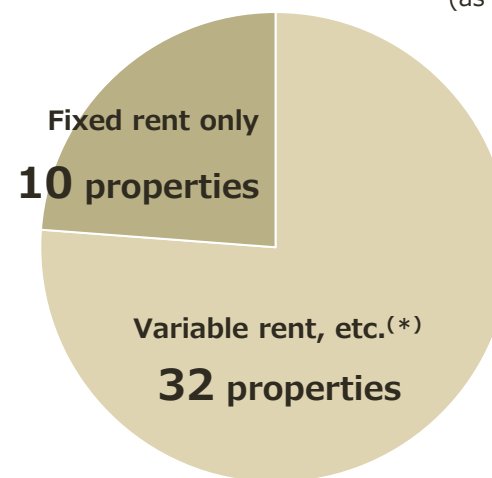
(2019 Results (annualized))



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

Proportion of Rent Structures

(as of August 25, 2021)



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

3. External Growth Strategy

Recognition of External Environment

Trend of the Hotel Investment Market

- Infection by COVID-19 has not yet settled, and an emergency declaration has been issued repeatedly, therefore, the economy has continued to worsen, and economic activity has been restrained. Under such circumstances, the slump in hotel revenues has become prolonged, and we have seen events such as tenant requests for rent reduction, early cancellations the contracts and credit uncertainty of hotel operators. The hotel market has continued to be in the challenging management environment.
- In the short term, market uncertainty and the cautious lending attitudes of financial institutions and other factors have kept both sellers and buyers to quietly review market trends, and hotel transactions have been stagnant. On the other hand, transactions are gradually starting to appear, such as transactions aimed at off-balancing by business companies, and such transactions may increase in the future.
- For medium to long term, demand for domestic and overseas accommodations is expected to recover as a result of the rise in coronavirus vaccine rollout and other factors. As the market recovers, the hotel investment may be revitalized again. However, the competitiveness of hotels is becoming more evident in accordance with the hotel specifications, locations, and the abilities of hotel operators, and it is important to differentiate each hotel.

Basic Policies

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

Key Measures

- Emphasize the superiority of buildings and facilities (infrastructure), operations (services), and locations of hotel real estate, etc.
 - The prime investment targets are "full-service hotels" and "resort hotels" that have high barriers to entry due to operation and management know-how, capital outlay and locations
 - In the case of "limited-service hotels," the creditworthiness of the hotel lessee, the age of the building, location, guest room composition and profitability are important
 - For limited-service hotels specialized in selling single rooms, consider acquisition individually, taking into account the hotel specifications and the possibility of achieving the upside
 - Especially, proactively review the purchase of hotels that have potential for internal growth by implementing active asset management strategy or hotels that synergy effect are expected with the existing properties
- Strategic investment areas
 - Hokkaido area, Tokyo and bay area, Osaka/Kyoto area, Fukuoka area, and Okinawa area
- Investigation and planning of the internal growth strategy upon property acquisition
 - Investigate the appropriate rent level and rent structure upon renewal, etc., cost reduction possibilities, and possibilities to improve buildings and facilities
 - Particularly, if the hotel pays variable rent, etc., promote internal growth through collaboration with lessees and/or operators
- Use HMJ's efficient hotel operation platform and know-how to improve operation, etc. to respond to new investment opportunities (including sales aimed at off-balancing by business companies and sales of hotels without operators, etc.) caused by the impact of COVID-19

4. Internal Growth Strategy

Recognition of External Environment

Hotel Market Environment

- Due to the spread of infection by COVID-19, both inbound and domestic demand have been stagnant. On the other hand, inbound and domestic demand are also expected to gradually recover due to the distribution of vaccines domestically and internationally and measures by the national and local governments to stimulate demand after the spread of infections comes to an end.
- Although there are supply-demand imbalances depending on the market due to the continued supply of new hotels against the backdrop of robust hotel demand in recent years, there are no changes to the medium to long term trend of expansion in the tourism market accompanying economic growth in the Asia region.
- As hotel operators are temporarily exposed to significant deterioration in the market environment, they are required to respond flexibly to changes, such as a defensive strategy to maintain management soundness and a shift to an aggressive strategy that captures the momentum for recovery.

Basic Policies

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



Key Measures

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

Recognition of External Environment

Trend of Financing Environment and Interest Rates

- The TSE REIT Index rose for eight consecutive months from November 2020 to June 2021, against the backdrop of large-scale monetary easing by central banks and expectations of normalization of economic activities due to the coronavirus vaccine rollout. There were 12 public offerings by J-REITs in the first half of 2021, which is in trend of recovery against the backdrop of strong unit prices.
- Although there has been no change in supportive attitude by financial institutions. However, some sectors, such as hotels, have seen a cautious stance toward long-term loan and upward pressure on interest rates due to the spread of infection by COVID-19.
- Both short-term and long-term interest rates remain at low levels due to the monetary easing policy.
- As for investment corporation bonds, the amount of issuance of investment corporation bonds increased from the previous year. The Green, Social and Sustainability Bonds accounted for more than 70% of the amount issued.

Basic Policies

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



Key Measures

- Secure the internal reserve and further strengthen the financial base by controlling capital expenditures, etc.
- Maintain LTV level at a maximum of 50% (total asset base) for the time being
- Diversify financing methods such as public offerings and issuance of investment corporation bonds
- Improve financial stability by diversifying repayment periods and fixing interest rates, etc. as necessary
- Optimize borrowing costs

6. Benefits Program for Unitholders

JHR implemented benefits program for unitholders to obtain a better understanding, improve their satisfaction and expand the investor base

◆ **Eligible recipients of complimentary coupons**

Complimentary coupons will be sent to those who hold ten or more JHR units at the end of June every year (end of the midterm settlement)
<FY2020>

Eligible unitholders: 13,175

Valid period: One year between October 1, 2021 to September 30, 2022

◆ **Details of the benefits program**

Five complimentary coupons for accommodations and five complimentary coupons for restaurants(*)
10% discount from the best rate for accommodation by each hotel and 10% discount for restaurants

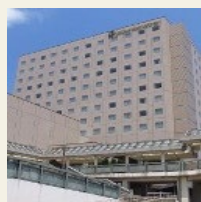
(*) Complimentary coupons for restaurants are only available at selected hotels.

Hotels that offer the Benefits Program

The HMJ Group Hotels



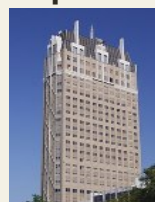
Kobe Meriken Park Oriental Hotel



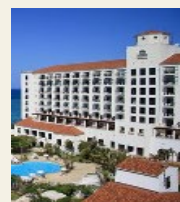
Oriental Hotel tokyo bay



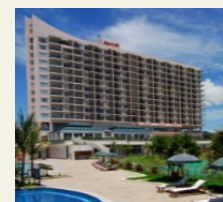
Namba Oriental Hotel



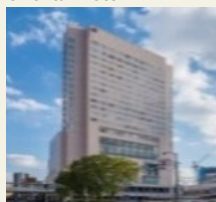
Oriental Hotel Hiroshima



Hotel Nikko Alivila



Okinawa Marriott Resort & Spa



ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)



Oriental Hotel Fukuoka Hakata Station



Holiday Inn Osaka Namba



Hilton Tokyo Narita Airport



International Garden Hotel Narita

Newly Added



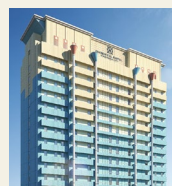
Hotel Nikko Nara



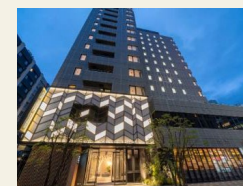
Hilton Tokyo Odaiba



Hotel Oriental Express Osaka Shinsaibashi



Oriental Hotel Universal City

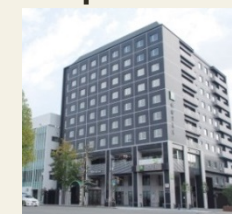


Hotel Oriental Express Fukuoka Tenjin

The Accor Group Hotels



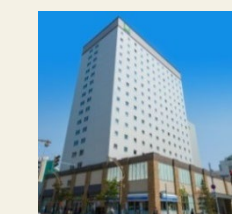
ibis Tokyo Shinjuku



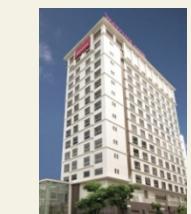
ibis Styles Kyoto Station



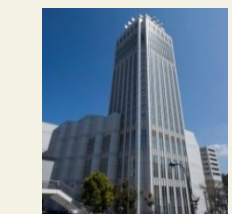
Mercure Sapporo



ibis Styles Sapporo



Mercure Okinawa Naha



Mercure Yokosuka

Appendix 2
Information on Properties

1. Portfolio

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

Portfolio Summary

(as of the end of June 2021)

Total Assets^(*1)

JPY370.0Bn

No. of Hotels

42 Hotels

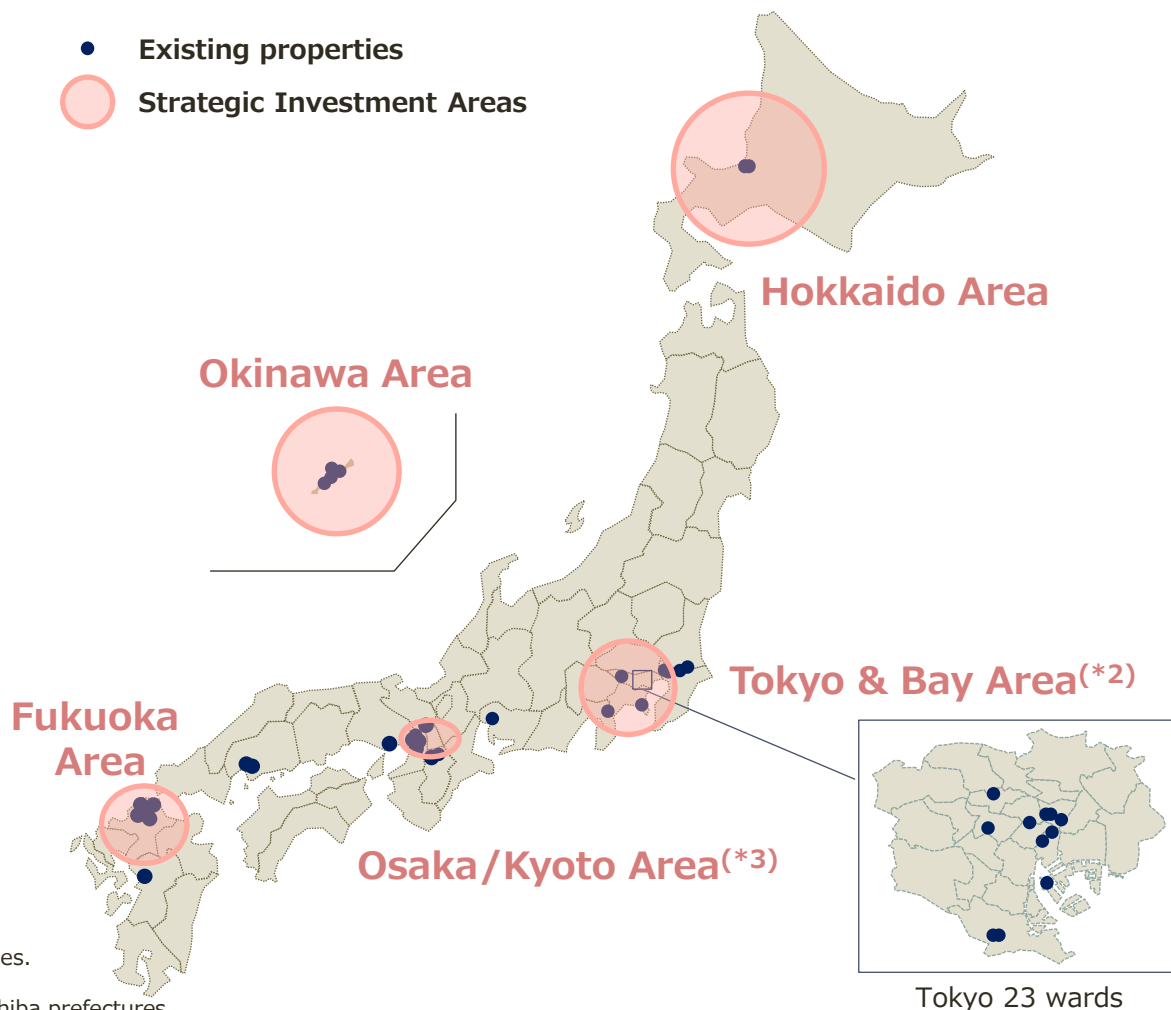
(33 in Strategic Investment Areas)

No. of Guest Rooms

11,485 Rooms

Strategic Investment Areas and Locations of Properties

- Existing properties
- Strategic Investment Areas



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

(*2) Bay Area includes the coastal area of Tokyo Bay in Kanagawa and Chiba prefectures.

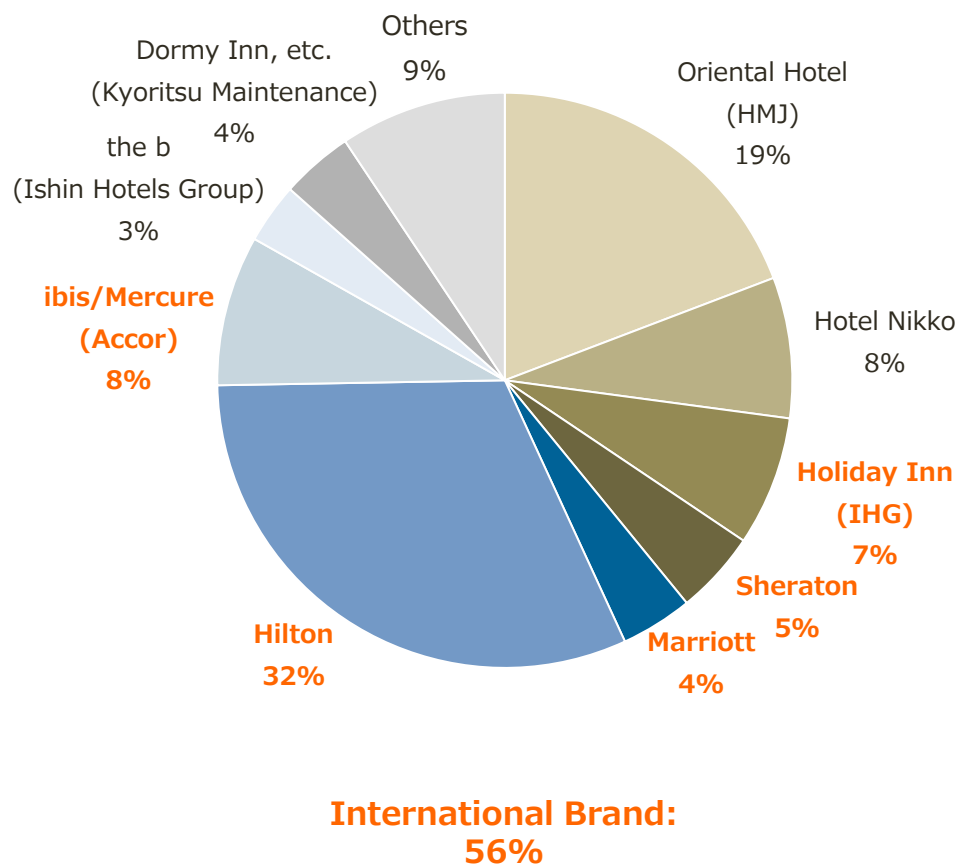
(*3) Osaka/Kyoto Area refers to Osaka and Kyoto prefectures.

2. Portfolio Diversification

- ◆ Widely diversified and high-quality portfolio
- ◆ Appeal to inbound visitors by international brands

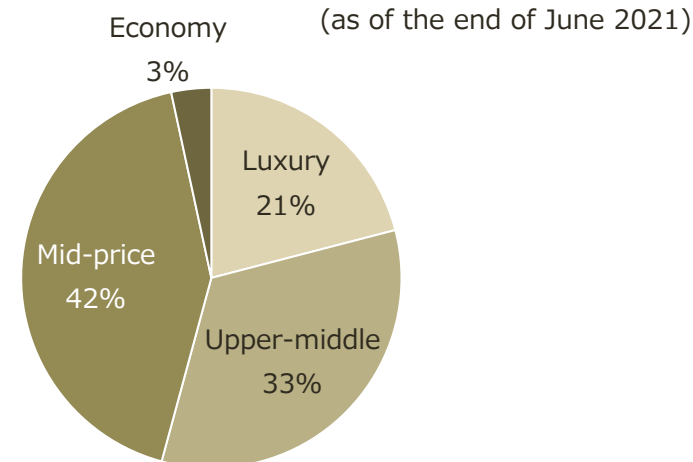
By Hotel Brand

(as of August 25, 2021)



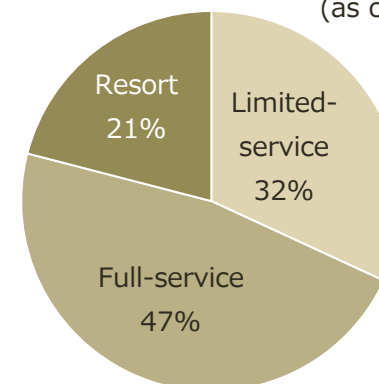
By Grade

(as of the end of June 2021)



By Hotel Type

(as of the end of June 2021)



(*) Based on the acquisition price.

3. Property List (1/2)

(as of the end of June 2021)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)
									21st Period (as of December 31, 2020)		22nd Period (as of June 30, 2021)					
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate				
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	323	Hyogo	26.0	10,900	9,576	13,900	4.8%	14,000	4.8%	2.9%	969	(123,965)	(267,192)
2	Oriental Hotel tokyo bay	Full-service	Mid-price	511	Chiba	26.2	19,900	17,215	32,100	4.4%	32,200	4.4%	5.4%	-	(59,239)	(240,276)
3	Namba Oriental Hotel	Limited-service	Mid-price	258	Osaka	25.3	15,000	14,457	31,400	4.1%	31,400	4.1%	4.1%	140,717	88,108	17,321
4	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Hiroshima	27.8	4,100	4,088	4,130	4.9%	4,220	4.9%	1.1%	22,609	513	(43,018)
5	Hotel Nikko Alivila	Resort	Luxury	397	Okinawa	27.2	18,900	17,899	28,800	4.8%	28,900	4.8%	5.1%	49,816	(24,348)	(160,265)
6	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	17.3	7,610	6,443	10,000	4.4%	10,000	4.4%	2.1%	255,504	232,689	171,847
7	Hakone Setsugetsuka	Resort	Mid-price	158	Kanagawa	14.7	4,070	3,622	5,300	4.9%	5,270	4.9%	1.1%	147,469	134,832	87,123
8	Dormy Inn Kumamoto	Limited-service	Mid-price	291	Kumamoto	13.4	2,334	2,146	3,030	5.6%	2,950	5.6%	0.6%	97,230	85,457	61,520
9	the b soudobashi	Limited-service	Mid-price	99	Tokyo	34.8	1,120	1,174	2,280	4.1%	2,280	4.1%	0.3%	6,499	510	(12,433)
10	dormy inn·global cabin Asakusa	Limited-service	Economy	75	Tokyo	24.3	999	929	1,280	4.0%	1,280	4.0%	0.3%	31,997	27,604	21,202
11	Hakata Nakasu Washington Hotel Plaza	Limited-service	Mid-price	247	Fukuoka	26.3	2,130	2,067	4,510	4.4%	4,530	4.4%	0.6%	120,000	112,000	99,000
12	Nara Washington Hotel Plaza	Limited-service	Mid-price	204	Nara	21.3	2,050	1,754	2,430	5.0%	2,430	5.0%	0.6%	75,000	67,000	48,000
13	R&B Hotel Ueno-hirokoji	Limited-service	Economy	187	Tokyo	19.2	1,720	1,802	1,910	4.0%	1,900	4.0%	0.5%	48,645	41,345	33,029
14	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	13.4	3,746	3,473	5,390	4.4%	5,350	4.4%	1.0%	135,763	119,473	101,078
15	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	24.3	2,108	2,036	2,930	4.1%	2,930	4.1%	0.6%	67,200	59,333	48,747
16	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	257	Fukuoka	19.8	1,652	1,391	2,750	4.5%	2,750	4.5%	0.4%	70,519	63,636	54,531
17	Oriental Hotel Universal City (*8)	Resort	Mid-price	330	Osaka	20.0	6,000	5,924	15,400	5.0%	15,400	5.0%	1.6%	290,788	234,452	186,149
18	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	18.2	823	770	1,370	4.6%	1,370	4.6%	0.2%	421	(3,099)	(7,826)
19	Chisun Hotel Kamata (*9)	Limited-service	Economy	105	Tokyo	29.4	1,512	1,483	2,010	4.8%	2,020	4.8%	0.4%	70	(7,300)	(23,067)
20	Hilton Tokyo Bay	Resort	Luxury	828	Chiba	33.0	26,050	26,226	39,900	4.3%	40,300	4.3%	7.0%	989,235	847,882	754,430
21	ibis Tokyo Shinjuku	Limited-service	Mid-price	206	Tokyo	40.8	7,243	7,858	9,900	4.1%	9,900	4.1%	2.0%	67,209	12,928	(42,133)
22	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kyoto	12.3	6,600	6,626	10,200	4.3%	9,990	4.3%	1.8%	23,193	(19,990)	(38,026)
23	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	10.9	6,797	6,486	11,100	4.7%	11,100	4.7%	1.8%	25,132	(38,935)	(79,477)

3. Property List (2/2)

(as of the end of June 2021)

No.	Property Name	Hotel Type (*1)	Grade (*2)	No. of Guest Rooms	Location	Age (*3)	Acquisition Price (JPY MM) (*4)	Book Value (JPY MM) (*5)	Appraisal Value				Investment Ratio (*6)	Revenue from Real Estate Operation (JPY1,000) (*7)	NOI (JPY1,000) (*7)	P/L from Real Estate Operation (JPY1,000) (*7)
									21st Period (as of December 31, 2020)		22nd Period (as of June 30, 2021)					
									Appraisal Value (JPY MM)	CAP Rate	Appraisal Value (JPY MM)	CAP Rate				
24	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	12.2	6,000	5,753	10,500	4.7%	10,500	4.7%	1.6%	55,243	(66,887)	(112,292)
25	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	11.9	3,000	2,813	6,940	4.7%	6,950	4.7%	0.8%	-	(28,115)	(59,716)
26	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	39.0	6,520	6,581	6,980	4.2%	7,020	4.2%	1.8%	169,338	155,109	139,282
27	the b hachioji	Limited-service	Mid-price	196	Tokyo	34.9	2,610	2,695	2,560	5.1%	2,570	5.1%	0.7%	22,336	9,788	(6,897)
28	the b hakata	Limited-service	Mid-price	175	Fukuoka	23.8	2,300	2,341	4,330	4.3%	4,330	4.3%	0.6%	17,761	11,245	103
29	Hotel Francs	Full-service	Mid-price	222	Chiba	29.9	3,105	3,128	4,080	4.6%	4,040	4.7%	0.8%	150,000	119,016	95,844
30	Mercure Yokosuka	Full-service	Mid-price	160	Kanagawa	27.7	1,650	1,627	3,310	4.6%	3,340	4.6%	0.4%	124,002	79,273	61,327
31	Okinawa Marriott Resort & Spa	Resort	Upper-middle	361	Okinawa	16.4	14,950	14,742	17,200	4.9%	17,200	4.9%	4.0%	-	(42,120)	(179,550)
32	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Hiroshima	10.8	17,320	17,190	21,000	4.6%	20,700	4.6%	4.7%	408,764	228,078	117,191
33	CANDEO HOTELS UENO-KOEN	Limited-service	Mid-price	268	Tokyo	11.5	6,705	6,593	7,430	4.0%	7,440	4.0%	1.8%	174,985	161,900	141,739
34	Oriental Hotel Fukuoka Hakata Station	Full-service	Upper-middle	221	Fukuoka	36.0	7,197	9,318	15,200	4.6%	15,200	4.6%	1.9%	81,313	(43,183)	(253,874)
35	Holiday Inn Osaka Namba	Limited-service	Mid-price	314	Osaka	12.9	27,000	26,861	26,500	4.3%	26,500	4.3%	7.3%	-	(24,501)	(105,166)
36	Hotel Oriental Express Fukuoka Tenjin (*10)	Limited-service	Mid-price	263	Fukuoka	22.2	5,248	5,849	6,650	4.8%	6,480	4.8%	1.4%	274,043	206,261	184,654
37	Hilton Nagoya	Full-service	Luxury	460	Aichi	32.3	15,250	15,667	15,000	4.2%	14,800	4.2%	4.1%	352,822	65,360	(21,967)
38	Hilton Tokyo Narita Airport	Full-service	Upper-middle	548	Chiba	27.9	13,175	13,291	13,400	4.6%	13,600	4.6%	3.6%	-	(42,457)	(147,853)
39	International Garden Hotel Narita	Full-service	Mid-price	463	Chiba	25.1	9,125	9,125	9,500	4.8%	9,520	4.8%	2.5%	76,576	54,329	(20,189)
40	Hotel Nikko Nara	Full-service	Upper-middle	330	Nara	23.3	10,373	10,298	9,790	4.8%	9,890	4.8%	2.8%	-	(24,144)	(98,497)
41	Hotel Oriental Express Osaka Shinsaibashi	Limited-service	Mid-price	124	Osaka	3.4	2,738	2,823	2,840	4.7%	2,880	4.7%	0.7%	-	(7,022)	(13,753)
42	Hilton Tokyo Odaiba	Full-service	Upper-middle	453	Tokyo	25.5	62,400	63,581	68,100	3.7%	68,300	3.7%	16.9%	-	(165,255)	(306,978)
Total or Average		-	-	11,485	-	23.4	370,031	365,741	493,330	-	493,730	-	100.0%	4,573,905	2,498,490	184,486

(*1) Under the category of Hotel Type, "Full-service" is full-service hotel, "Resort" is resort hotel, and "Limited-service" is limited-service hotel.

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

(*3) Average age: Weighted average calculated as follows. The sum of (acquisition price of each property x property age)/total acquisition price.

(*4) The acquisition price in the Purchase & Sale Agreement for the Beneficial Interest in Trust or real estate is indicated. (Consumption tax, amount equivalent to consumption tax, brokerage fee, and other purchase-related costs are excluded.)

(*5) Book value as of the end of June 2021.

(*6) Investment ratio indicate percentage of the acquisition price of each asset to the total acquisition price. Numbers beyond one decimal place is rounded off.

(*7) Actual for six months from January to June 2021. Since the lessees did not agree to disclose numbers in units of JPY1,000 for No. 11 and 12, amounts are rounded down to the nearest JPY million.

(*8) The name has changed from Hotel Keihan Universal City on July 1, 2021.

(*9) The name has changed from Hotel Vista Kamata Tokyo on January 1, 2021.

(*10) The name has changed from HOTEL ASCENT FUKUOKA on June 18, 2021.

4. Summary of Lease Contracts (1/3)

(as of the end of June 2021)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee	Hotel Operator/Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*2)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2021 to 2022)	
										Timing	Condition	2021	2022
1	Kobe Meriken Park Oriental Hotel	Fixed-lease	Fixed + Variable	Hotel Management Japan Co., Ltd.	Hotel Management Japan Co., Ltd.	15	Dec. 2034	[2021] Hotel AGOP x 86% (If the amount is below JPY0, it will be JPY0) [2022] The Five HMJ Hotels amount (JPY3,221MM/year) + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
2	Oriental Hotel tokyo bay							[2021] Hotel AGOP x 79% (If the amount is below JPY0, it will be JPY0) [2022] The Five HMJ Hotels amount (JPY3,221MM/year) + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid					
3	Namba Oriental Hotel							[2021] Hotel AGOP x 91% (If the amount is below JPY0, it will be JPY0) [2022] The Five HMJ Hotels amount (JPY3,221MM/year) + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid					
4	Oriental Hotel Hiroshima							[2021] Hotel AGOP x 89% (If the amount is below JPY0, it will be JPY0) [2022] The Five HMJ Hotels amount (JPY3,221MM/year) + when Hotel AGOP exceeds JPY4,120MM, the excess x 85% is paid					
5	Hotel Nikko Alivila							Okura Nikko Hotel Management Co., Ltd.					
6	The Beach Tower Okinawa	Fixed-lease	Fixed	Kyoritsu Maintenance Co., Ltd.	Washington Hotel K.K.	20	Jun. 2026	JPY42MM/month	The same rent will be applied until expiration of the contract.	-	-	-	-
7	Hakone Setsugetsuka	Fixed-lease	Fixed			20	Oct. 2026	JPY24MM/month	The same rent will be applied until expiration of the contract.	-	-	-	-
8	Dormy Inn Kumamoto	Fixed-lease	Fixed			12	Mar. 2023	JPY16MM/month	Rent can be modified through mutual agreement every three years.	Apr. 2020	Same	-	-
9	dormy inn·global cabin Asakusa	Lease	Fixed			3	Mar. 2023	JPY5MM/month	Rent can be modified through mutual agreement every three years.	Apr. 2020	Same	-	-
10	Hakata Nakasu Washington Hotel Plaza	Lease	Fixed	Washington Hotel K.K.	Washington Hotel K.K.	3	Mar. 2024	JPY20MM/month	Rent can be modified through mutual agreement.	Apr. 2021	Same	-	-
11	Nara Washington Hotel Plaza	Lease	Fixed			3	Mar. 2023	JPY11MM/month	Rent can be modified through mutual agreement.	Mar. 2020	Same	-	-
12	R&B Hotel Ueno-hirokoji	Lease	Fixed			20	Apr. 2022	JPY8MM/month	Rent can be modified through mutual agreement.	Apr. 2011	Increased (+3.0%)	-	To be expired (Apr.)
13	Comfort Hotel Tokyo Higashi Nihombashi	Fixed-lease	Fixed + Revenue sharing	Greens Co., Ltd.	20	Jan. 2028	JPY21MM/month + Revenue sharing	Rent can be modified through mutual agreement every five years.	Apr. 2018	Same (Introduced revenue sharing)	-	-	
14	Smile Hotel Nihombashi Mitsukoshimae	Lease	Fixed + Revenue sharing	THE KAMOGAWA GRAND HOTEL, LTD.	3	Mar. 2023	JPY11MM/month + Revenue sharing	Rent can be modified through mutual agreement.	Mar. 2020	Same	-	-	
15	Toyoko Inn Hakata-guchi Ekimae	Lease	Fixed	Toyoko Inn Co., Ltd.	30	Sep. 2031	JPY11MM/month	No rule has been stipulated.	Oct. 2007	Increased (+9.4%)	-	-	

4. Summary of Lease Contracts (2/3)

(as of the end of June 2021)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*2)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2021 to 2022)	
										Timing	Condition	2021	2022
16	Oriental Hotel Universal City (*4)	Fixed-lease	Fixed + Variable	K.K. Osaka Sakurajima Operations		10.5	Dec. 2031	JPY350MM/year + when Hotel AGOP exceeds JPY370MM, the excess x 95% is paid (Fixed rent payments from June 2021 to June 2022 are waived. The starting date of variable rent is January 1, 2022.)	In principle, the same rent will be applied until expiration of the contract.	Jul. 2021	Change in lessee and Modified Structure	-	-
17	Chisun Inn Kamata	Fixed-lease	Variable	Solare Hotels & Resorts Co., Ltd.	SHR Hotels, Co., Ltd.	7	Dec. 2026	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2020	Same	-	-
18	Chisun Hotel Kamata (*5)	Fixed-lease	Variable			5	Dec. 2025	Hotel GOP x 86% (If the amount is below JPY0, it will be JPY0)	-	Jan. 2021	Change in lessee and Modified Structure	-	-
19	Hilton Tokyo Bay	Fixed-lease	Fixed + Revenue sharing	THE DAI-ICHI BUILDING CO., LTD.	Hilton International Company	4	Dec. 2022	JPY163MM/month + Revenue sharing	Rent can be modified through mutual agreement.	Jan. 2019	Renewed (Increased)	-	To be expired (Dec.)
20	ibis Tokyo Shinjuku	-	Management contract	-	AAPC Japan K.K.	12	Jun. 2024	Amount equivalent to hotel GOP	-	Jul. 2012	Modified Structure	-	-
21	ibis Styles Kyoto Station	-	Management contract			12	Dec. 2024	Amount equivalent to hotel GOP	-	-	-	-	-
22	ibis Styles Sapporo	-	Management contract			10	Dec. 2024	Amount equivalent to hotel GOP	-	-	-	-	-
23	Mercure Sapporo	-	Management contract			15	Sep. 2029	Amount equivalent to hotel GOP	-	-	-	-	-
24	Mercure Okinawa Naha	-	Management contract			10	Apr. 2024	Amount equivalent to hotel GOP	-	-	-	-	-
25	Mercure Yokosuka	Fixed-lease	Variable	AAPC Japan K.K.		5	Aug. 2024	Linked to hotel GOP	The same rent will be applied until expiration of the contract.	Aug. 2019	Renewed (Increased)	-	-
26	the b ikebukuro	Fixed-lease	Fixed + Variable	Ishin Ikebukuro Operations K.K.		9.5	Jul. 2024	[2021]JPY38MM/year + Linked to hotel AGOP [2022]JPY80MM/year + Linked to hotel AGOP	The same rent will be applied until expiration of the contract.	Oct. 2020	Fixed rent was changed (Reduction)	-	-
27	the b hachioji	Fixed-lease	Fixed + Variable	Ishin Hachioji Operations, Y.K.		9.5	Jul. 2024	[2021]JPY21MM/year + Linked to hotel AGOP [2022]JPY45MM/year + Linked to hotel AGOP	The same rent will be applied until expiration of the contract.	Oct. 2020	Fixed rent was changed (Reduction)	-	-
28	the b hakata	Fixed-lease	Fixed + Variable	Ishin Hakata Operations K.K.		9.5	Jul. 2024	[2021]JPY28MM/year + Linked to hotel AGOP [2022]JPY59MM/year + Linked to hotel AGOP	The same rent will be applied until expiration of the contract.	Oct. 2020	Fixed rent was changed (Reduction)	-	-
29	the b suidobashi	Fixed-lease	Fixed + Variable	Ishin Suidobashi Operations K.K.		5	Dec. 2026	[2021]JPY13MM/year + Linked to hotel AGOP [2022]JPY30MM/year + Linked to hotel AGOP	The same rent will be applied until expiration of the contract.	Oct. 2020	Fixed rent was changed (Reduction)	-	-
30	Hotel Francs	Fixed-lease	Fixed	K.K. Bridal Produce		19	Oct. 2024	JPY25MM/month	The same rent will be applied until expiration of the contract.	-	-	-	-
31	Okinawa Marriott Resort & Spa	Fixed-lease	Fixed + Variable	Lagoon resort Nago Co., Ltd.		10	Dec. 2030	[2021]Hotel AGOP x 89% (If the amount is below JPY0, it will be JPY0) [2022]JPY550MM/year + when Hotel AGOP exceeds JPY655MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
32	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Fixed-lease	Fixed + Variable	K.K. A.I.C Hiroshima Management	Luxury Hotels International of Hong Kong Limited	11	Dec. 2026	[2021]Hotel AGOP x 93% (If the amount is below JPY0, it will be JPY0) [2022]JPY348MM/year + when Hotel AGOP exceeds JPY360MM, the excess x 90% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-

4. Summary of Lease Contracts (3/3)

(as of the end of June 2021)

No.	Property Name	Lease Type	Rent Structure (*1)	Lessee	Hotel Operator/ Hotel Consulting and Management Company	Lease/ MC Term	Expiration Date of Contract	Contractual Rent (*2)	Rent Modification Summary	Rent Modification Summary (After acquisition)		Rent Modification Schedule (2021 to 2022)	
										Timing	Condition	2021	2022
33	CANDEO HOTELS UENO-KOEN	Fixed-lease	Fixed	Candeo Hospitality Management, Inc.		20	Feb. 2030	Nondisclosure ^(*3)	Rent can be modified through mutual agreement every three years.	Jul. 2016	Nondisclosure ^(*3)	-	-
34	Oriental Hotel Fukuoka Hakata Station	Fixed-lease	Fixed + Variable	Hotel Centraza Co., Ltd.		15	Dec. 2034	[2021]Hotel AGOP x 97% (If the amount is below JPY0, it will be JPY0) [2022]JPY425MM/year + when Hotel AGOP exceeds JPY442MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
35	Holiday Inn Osaka Namba	Fixed-lease	Fixed + Variable	OW Hotel Operations KK		15	Oct. 2031	[2021]Hotel AGOP x 98% (If the amount is below JPY0, it will be JPY0) [2022]JPY576MM/year + when Hotel AGOP exceeds JPY580MM, the excess x 97% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
36	Hotel Oriental Express Fukuoka Tenjin (*6)	Fixed-lease	Fixed + Variable	K.K Fukuoka Tenjin Operations		10.5	Dec. 2031	JPY150MM/year + when Hotel AGOP exceeds JPY165MM, the excess x 97% is paid (Fixed rent payments from June 2021 to June 2022 is waived. The starting date for calculation of variable rent is January 1, 2022.)	In principle, the same rent will be applied until expiration of the contract.	Jun. 2021	Change in lessee and Modified Structure	-	-
37	Hilton Nagoya	Lease	Variable	Nagoya Hilton Co., Ltd.	Hilton International Company	41	Dec. 2029	Nondisclosure ^(*3)	Rent can be modified through mutual agreement.	-	-	-	-
38	Hilton Tokyo Narita Airport	Fixed-lease	Fixed + Variable	KK NaritaKosuge Operations		20	Jun. 2037	[2021]Hotel AGOP x 95% (If the amount is below JPY0, it will be JPY0) [2022]JPY444MM/year + when Hotel AGOP exceeds JPY450MM, the excess x 93% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
39	International Garden Hotel Narita	Fixed-lease	Fixed + Variable	KK NaritaYoshikura Operations		10	Jun. 2027	[2021]Hotel AGOP x 95% (If the amount is below JPY0, it will be JPY0) [2022]JPY336MM/year + when Hotel AGOP exceeds JPY360MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
40	Hotel Nikko Nara	Fixed-lease	Fixed + Variable	Hotel Management Co., Ltd.	Okura Nikko Hotel Management Co., Ltd.	10	Dec. 2030	[2021]Hotel AGOP x 95% (If the amount is below JPY0, it will be JPY0) [2022]JPY420MM/year + when Hotel AGOP exceeds JPY440MM, the excess x 95% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
41	Hotel Oriental Express Osaka Shinsaibashi	Fixed-lease	Fixed + Variable	K.K. HOTEL ORIENTAL EXPRESS		10	Mar. 2028	[2021]Hotel AGOP x 87% (If the amount is below JPY0, it will be JPY0) [2022]JPY110.4MM/year + when Hotel AGOP exceeds JPY128MM, the excess x 91% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-
42	Hilton Tokyo Odaiba	Fixed-lease	Fixed + Variable	Tokyo Humania Enterprise Inc.		11	Dec. 2029	[2021]Hotel AGOP x 97% (If the amount is below JPY0, it will be JPY0) [2022]JPY1,600MM/year + when Hotel AGOP exceeds JPY1,660MM, the excess x 98% is paid	In principle, the same rent will be applied until expiration of the contract.	Aug. 2020	Modified Structure (variable rent only from February 2020 to December 2021) (variable rent ratio was changed for 2022 onwards)	-	-

(*1) Rent structure is as follows:
 Fixed: Fixed rent
 Variable: Variable rent
 Management contract: Management contract
 Fixed + Variable: Property paying both fixed and variable rent
 Fixed + Revenue sharing: When the sales of the hotel exceed pre-determined amount, additional rent is paid

(*2) Amount including car park and CAM without tax.
 (*3) The detailed content of the contract is not disclosed as consent on disclosure has not been obtained from the lessee.
 (*4) As the hotel was rebranded from Hotel Keihan Universal City on July 1, 2021, the conditions of the new contract are stated.
 (*5) As the hotel was rebranded from Hotel Vista Kamata Tokyo on January 1, 2021, the conditions of the new contract are stated.
 (*6) As the hotel was rebranded from HOTEL ASCENT FUKUOKA on June 18, 2021, the conditions of the new contract are stated.

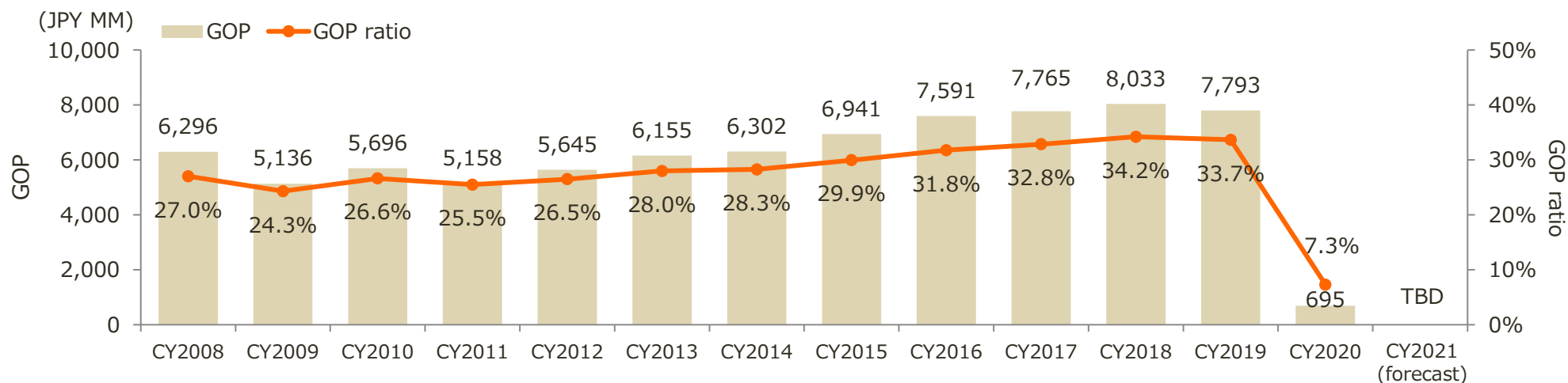
5. Major CAPEX III by Hotels

(Numbers in parentheses are CAPEX amounts: JPY MM)

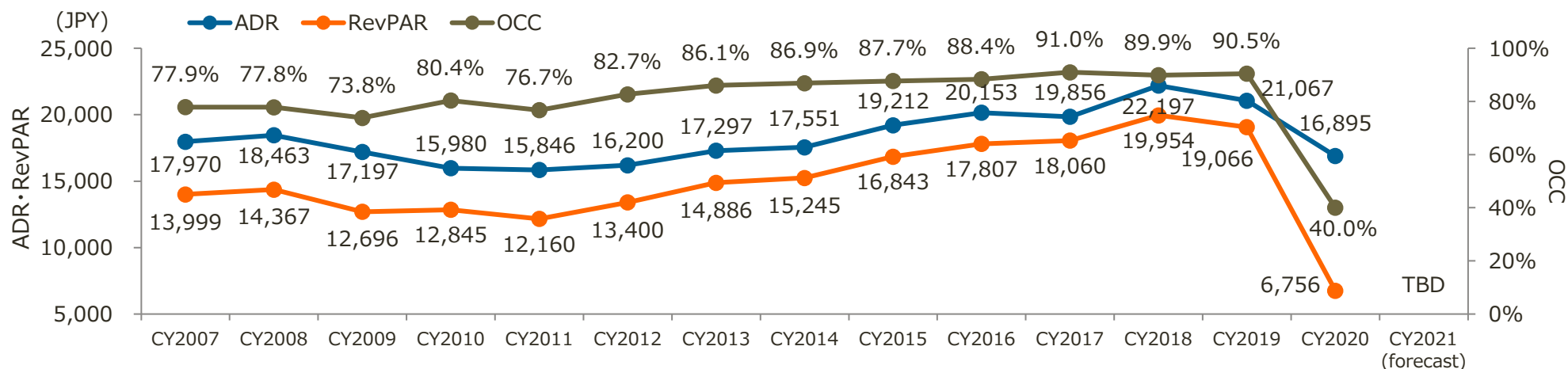
	FY12/2012	FY12/2013	FY12/2014	FY12/2015	FY12/2016	FY12/2017	FY12/2018	FY12/2019	FY12/2020	FY12/2021 Plan
Kobe Meriken Park Oriental Hotel	-	-	-	Chapel (36)	Guest rooms on 7F (50) Balconies on each floor (62) Bar (85)	Bridal salon (76)	Private rooms at restaurant and balcony, etc. on 3F (19)	Restaurant (30) Conversion of brides' room to guest rooms (40)	-	-
Oriental Hotel tokyo bay	-	Restaurant (45)	-	-	Guest rooms on 4F (101)	-	Guest rooms on 11F to 12F (140)	-	-	-
Namba Oriental Hotel	-	Corner rooms on 5F to 8F (10)	-	-	Guest rooms on 9F (91)	Guest rooms on 7F (77)	Guest rooms on 6F (78)	-	-	-
Hotel Nikko Alivila	-	-	Guest rooms on 3F to 8F of North building and 3F to 5F of central building (333)	-	Guest rooms on 9F (55) Restaurant (31)	-	Guest rooms on 1F, etc. (16)	-	-	-
Oriental Hotel Hiroshima	-	-	Banquet room on 23F (10)	-	Guest rooms on 7F to 10F (43) Banquet room on 4F (38)	-	Chapel (10)	Guest rooms on 13F to 14F (14)	Increase number of seats in café (8.5)	-
Ibis Tokyo Shinjuku	Lobby and restaurant on 2F, and guest rooms on 3,5,7,9F (170)	-	-	-	Guest rooms on 3F to 10F (192)	Guest rooms on 3F to 10F (312)	-	-	-	-
Holiday Inn Osaka Namba	-	-	-	-	-	-	Guest rooms on 4,6,7,12F (115)	Guest rooms on 10F to 11F (72) Guest rooms on 8F to 9F (72)	-	-
ibis Styles Sapporo	-	-	-	-	-	-	Vacant space on 1F (28)	-	-	-
Mercure Hotel Sapporo	-	-	-	-	-	-	Banquet room (15)	-	-	-
the b Ikebukuro	-	-	-	-	-	-	Guest rooms on 3F to 10F, etc. (18)	-	-	-
Okinawa Marriott Resort & Spa	-	-	-	-	-	-	-	Restaurant (142)	-	-
Oriental Hotel Fukuoka Hakata Station	-	-	-	-	-	-	-	Large-scale renovation works (1,690)	-	-
Hilton Tokyo Odaiba	-	-	-	-	-	-	-	-	Banquet room (92)	-

6. The Five HMJ Hotels — Highlights

Change in GOP and GOP ratio



Change in KPI



(*) Changes have been made to include service fees in ADR and RevPAR from May 2019 onward to eliminate variations in ADR and RevPAR between hotels due to existence of service fees.

7. Balance Sheet

(Unit: JPY MM)

(as of)	FY12/2020 End of Fiscal Year December 31, 2020	FY12/2021 End of Midterm June 30, 2021	Variance	(as of)	FY12/2020 End of Fiscal Year December 31, 2020	FY12/2021 End of Midterm June 30, 2021	Variance
ASSETS				LIABILITIES			
Current Assets	29,841	26,309	(3,531)	Current Liabilities	28,922	38,157	9,234
Cash and Deposits ^(*1)	28,553	25,225	(3,327)	Operating Accounts Payable	2,654	1,251	(1,403)
Operating Accounts Receivables	672	540	(131)	Short-term Loans	12,782	19,582	6,800
Others	615	542	(73)	Current Portion of Investment Corporation Bond	1,500	1,500	–
Noncurrent Assets	370,221	369,047	(1,174)	Current Portion of Long-term Loans Payable	10,800	14,900	4,100
Net Property and Equipment	333,303	332,275	(1,028)	Accounts Payable	672	527	(144)
Buildings in Trust ^(*2)	114,887	113,853	(1,033)	Advances Received	423	336	(86)
Land in Trust	216,410	216,410	–	Others	90	59	(31)
Others ^(*3)	2,006	2,011	5	Long-term Liabilities	150,172	139,090	(11,081)
Intangible Assets	33,991	33,970	(20)	Investment Corporation Bonds	40,100	40,100	–
Other Assets	2,926	2,801	(124)	Long-term Loans Payable	103,572	92,672	(10,900)
Leasehold and Security Deposits	162	162	–	Tenant Leasehold and Security Deposits	5,397	5,350	(47)
Others	2,763	2,638	(124)	Derivative Liabilities	767	632	(134)
Deferred Assets	233	198	(35)	Others	335	335	0
TOTAL ASSETS	400,296	395,554	(4,741)	TOTAL LIABILITIES	179,095	177,248	(1,846)
				NET ASSETS			
				Unitholders' Capital	186,894	187,194	300
				Capital Surplus	21,746	21,746	–
				Reserve for Temporary Difference Adjustment	10,617	10,311	(305)
				Reserve for Special Advanced Depreciation	1,174	1,174	–
				Unappropriated Retained Earnings	1,527	(1,485)	(3,012)
				Others	(759)	(635)	123
				TOTAL NET ASSETS	221,201	218,306	(2,894)
				TOTAL LIABILITIES AND NET ASSETS	400,296	395,554	(4,741)

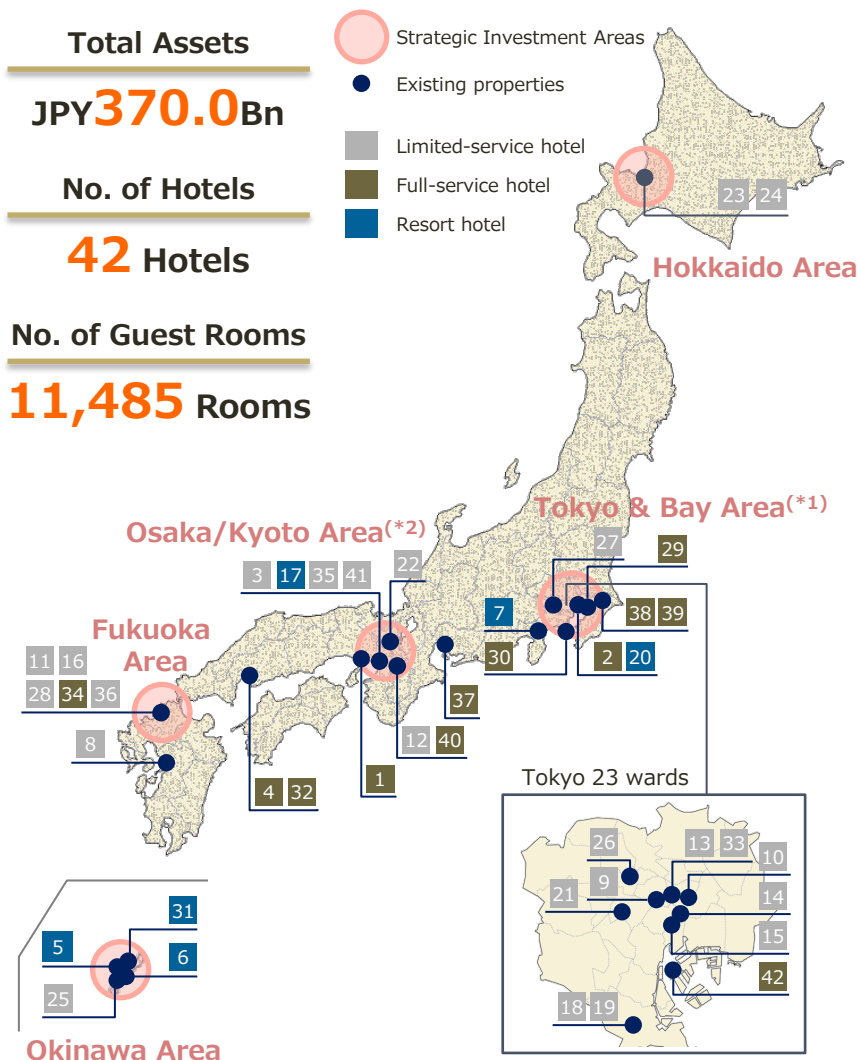
(*1) Cash and deposits in trust is included.

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

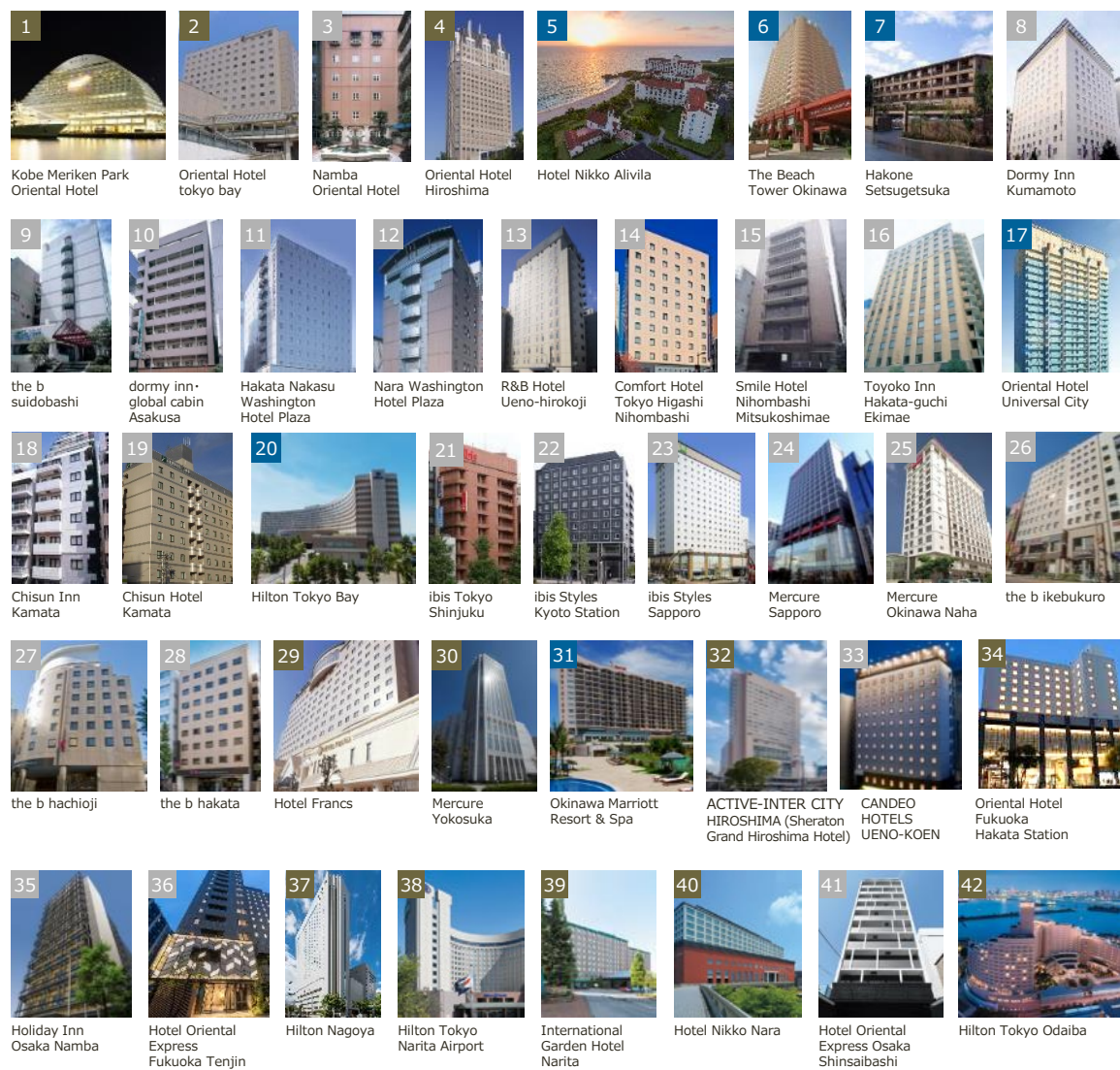
(*3) The sum of machinery and equipment, tools, furniture and fixtures, and construction in progress.

8. Portfolio Map

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



(as of August 25, 2021)



(*1) Bay Area includes the coastal area of Tokyo Bay in Kanagawa and Chiba prefectures.
(*2) Osaka/Kyoto Area refers to Osaka and Kyoto prefectures.

Appendix 3

Investors Composition and Investment Unit Price

1. Major Unitholders and Classifications of Unitholders

Top 10 Major Unitholders

As of the end of December 2020

Rank	Name	No. of Units	% ^(*)
1	The Master Trust Bank of Japan, Ltd. (Trust)	739,108	16.56
2	Custody Bank of Japan, Ltd. (Trust)	429,005	9.61
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	226,474	5.07
4	Custody Bank of Japan, Ltd. (Securities Investment Trust)	162,196	3.63
5	BNYM AS AGT/CLTS 10 PERCENT	158,778	3.55
6	SDSS K INVESTCO LIMITED	117,567	2.63
7	ELLIOTT INTERNATIONAL LP	93,886	2.10
8	THE BANK OF NEW YORK 133970	67,259	1.50
9	THE BANK OF NEW YORK MELLON 140044	63,797	1.42
10	STATE STREET BANK WEST CLIENT - TREATY 505234	63,476	1.42
Total		2,121,546	47.54

As of the end of June 2021

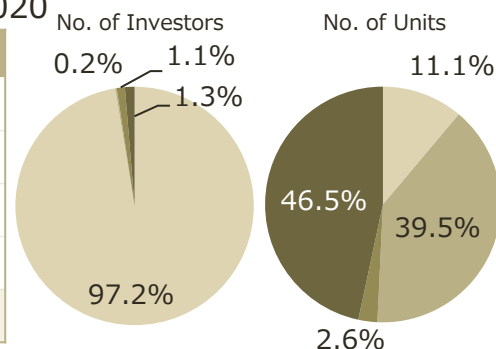
Rank	Name	No. of Units	% ^(*)
1	The Master Trust Bank of Japan, Ltd. (Trust)	738,140	16.52
2	Custody Bank of Japan, Ltd. (Trust)	460,578	10.31
3	Custody Bank of Japan, Ltd. (Securities Investment Trust)	205,527	4.60
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	199,616	4.46
5	SDSS K INVESTCO LIMITED	117,567	2.63
6	ELLIOTT INTERNATIONAL LP	93,886	2.10
7	Credit Suisse	88,010	1.97
8	GOLDMAN SACHS & CO. REG	71,084	1.59
9	GOLDMAN SACHS INTERNATIONAL	68,162	1.52
10	STATE STREET BANK CLIENT - TREATY 505234	66,943	1.49
Total		2,109,513	47.22

(*) The total units held by each investor to the total units issued by JHR as of the end of June 2020 and the end of December 2020, respectively. (Rounded off to two decimal places.)

Owners of the Investment Units

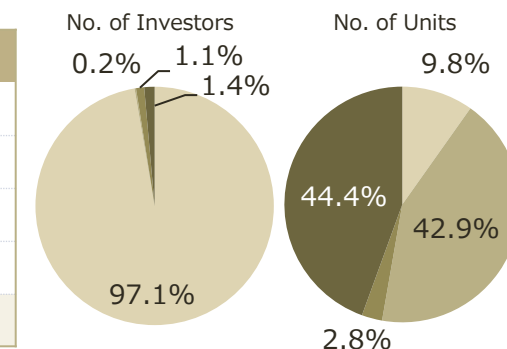
As of the end of December 2020

Owners	No. of Investors	No. of Units
Individuals & Others	34,136	498,318
Financial Institutions (Incl. Securities Firms)	83	1,765,849
Other Domestic Firms	412	119,807
Foreign Firms & Individuals	486	2,078,373
Total	35,117	4,462,347



As of the end of June 2021

Owners	No. of Investors	No. of Units
Individuals & Others	32,189	439,430
Financial Institutions (Incl. Securities Firms)	81	1,917,630
Other Domestic Firms	395	126,029
Foreign Firms & Individuals	468	1,983,917
Total	33,133	4,467,006



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

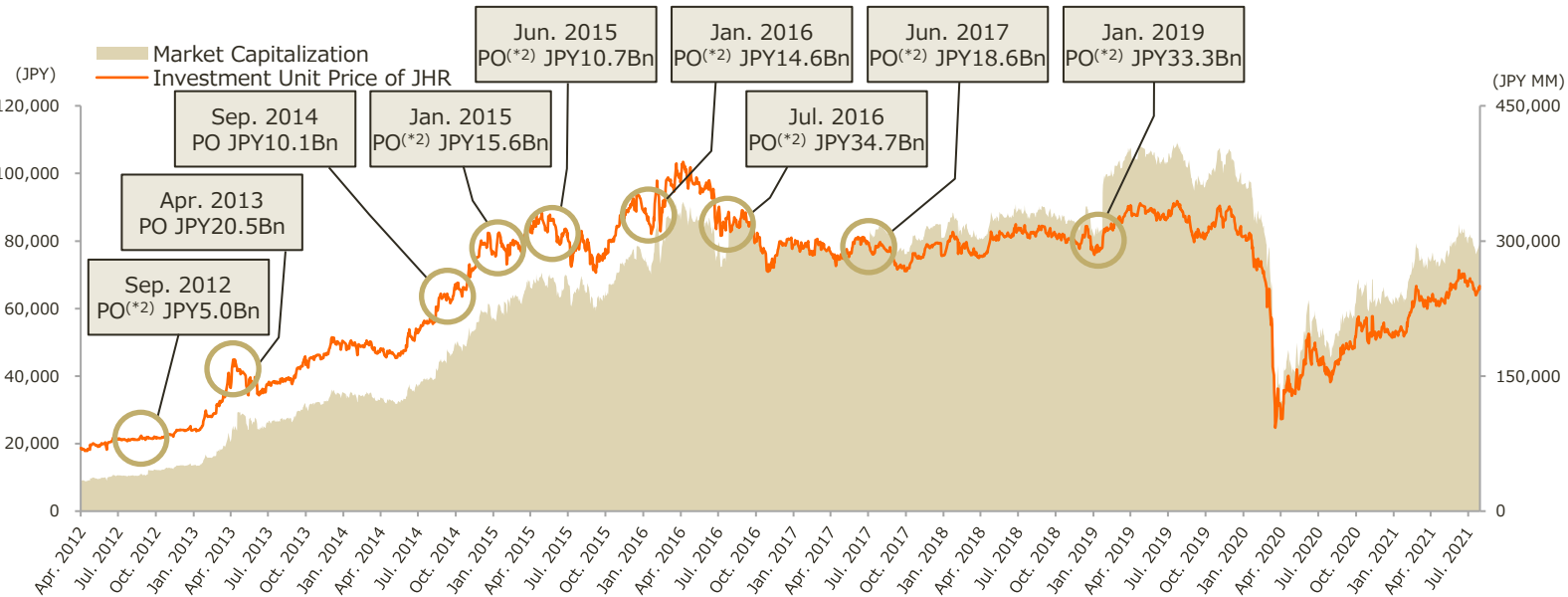
2. Changes in Investment Unit Price and Market Capitalization

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

Price of the investment unit:
JPY66,700
Total market capitalization:
JPY297.9Bn
 (based on the closing price of July 30, 2021)

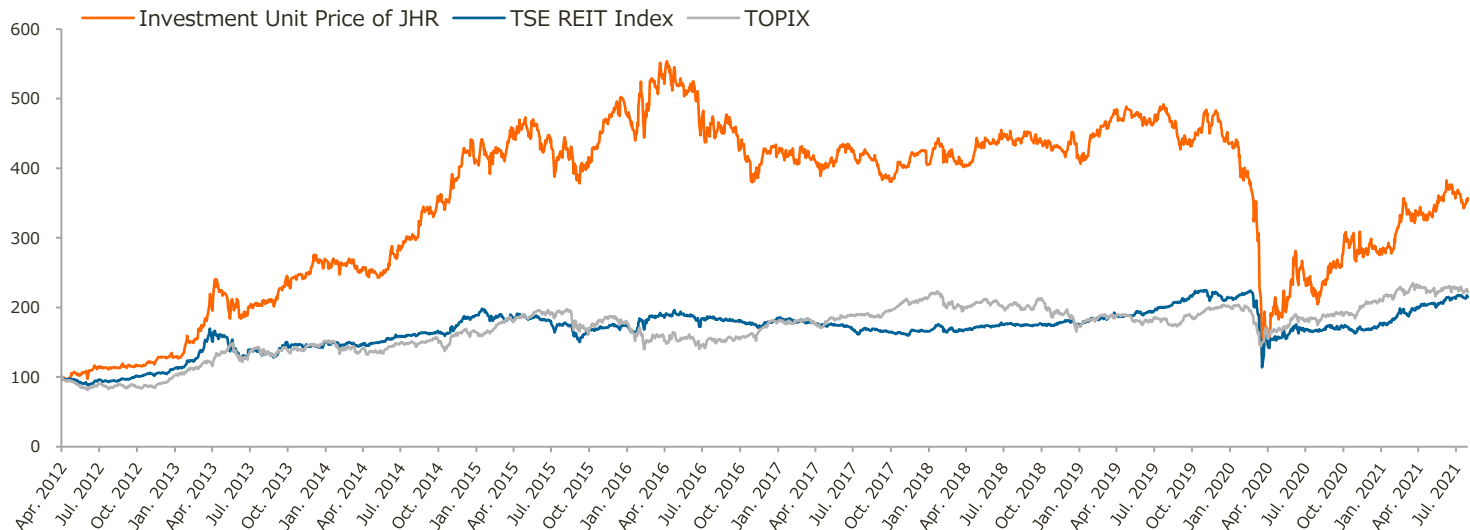
(*1) Price of the real estate investment securities may fall depending on the fluctuations of price of the real estate under management or profitability, etc., and investors may suffer losses. Investors may also suffer losses through the bankruptcy or deteriorated financial condition of the issuer. With reference to the risk of investment in investment securities of JHR, please see Securities Report dated March 25, 2021.

(*2) Including OA



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

(*) 100 is the closing price of JHR unit, REIT index and TOPIX at TSE dated April 2, 2012. REIT Index of TSE is an index of a weighted average of the market capitalization of all REITs listed on TSE.



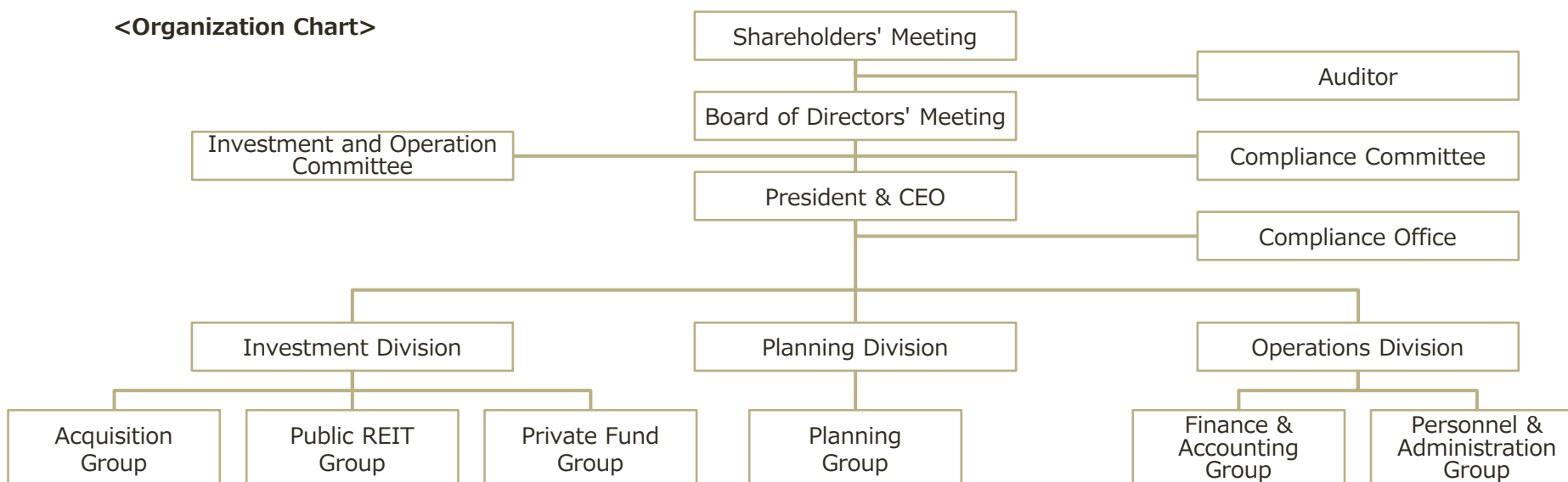
Appendix 4

Summary of the Asset Management Company

1. Summary of the Asset Management Company

Company	Japan Hotel REIT Advisors Co., Ltd.
Location	Ebisu Neonato 4F, 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-0013
Establishment	August 10, 2004
Capital	JPY300MM as of June 30, 2021
Shareholders	SCJ One (S) Pte. Ltd., Kyoritsu Maintenance Co., Ltd., ORIX Corporation
Representative Director	Hisashi Furukawa
Registration and Licenses	Building Lots and Buildings Transaction Business Operator, Governor of Tokyo (4) No. 83613 Discretionary Transaction Agent by Minister of Land, Infrastructure, Transport and Tourism No. 38 Financial Instruments Trading Company, Director-General of Kanto Local Finance Bureau No. 334 Member of The Investment Trusts Association, Japan Member of The Japan Investment Advisers Association

<Organization Chart>



Mission Statement

"Provide attractive hotel investment opportunities to investors as specialist in investment and management of hotel assets. Gain trust from our stakeholders, and contribute to local communities and society through investing and managing hotel assets."

Code of Conduct

As an independent asset management company, all employees and officers at JHRA should have a "**spirit of challenge**" aiming to constantly provide high added value.

Also, "**teamwork**" is inevitable to provide high added value.

JHRA recognizes "**challenge**" and "**teamwork**" as essential value which our code of conduct is based upon.

Challenge

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

Teamwork

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

Advanced Expertise

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

Ensured Independence

- ◆ No director and employee of JHRA is a seconded employee from sponsor.
- ◆ The majority of the Board of Directors of JHRA is composed of full-time directors, who are not related to the main sponsor, SC CAPITAL PARTNERS group.
- ◆ We established a more rigorous decision-making process for transactions with sponsor-related parties. In principle, JHRA undergoes deliberations and resolutions by the Investment and Operation Committee, the Compliance Committee which includes an outside specialist who is authorized to dismiss proposals, and the Board of Directors Meeting of JHRA. In addition, in cases where Japan Hotel REIT Investment Corporation (hereinafter called "JHR") conducts transactions with sponsor-related parties, such transactions shall be conducted upon the approval and resolution by the Board of Directors Meeting at JHR. The officers of JHR are all third parties unrelated to the sponsor-related parties.
- ◆ As our main sponsor, SC CAPITAL PARTNERS group is also an independent asset management company, it fully understands and respects importance of JHRA's independency. JHRA conducts asset management business based upon its own judgement.

This material is prepared and provided solely for the purpose of providing information and not to offer, solicit, or do business, etc. with specific products including purchase of investment units, investment unit subscription rights, or investment corporation bonds of Japan Hotel REIT Investment Corporation ("JHR") or any other particular products. If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.

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This material contains forward-looking statements about financial conditions, operational results, and businesses of JHR, as well as plans and intentions of JHR and its asset management company, Japan Hotel REIT Advisors Co., Ltd ("JHRA"). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or performance of JHR to materially differ from those expressed or implied forecasts. Those forecasts are made based on JHR's present and future business strategies and assumptions relating to the political and economic circumstances surrounding JHR in the future.

Every effort has been made to ensure the accuracy of the information contained in this material. However, there can be no assurance that the information is accurate, complete, appropriate or fair. The information may be revised or retracted without prior notice.

Regarding the offering and trading of investment units, investment unit subscription rights or investment corporation bonds, financial institutions may charge you pre-determined handling fees and other charges aside from the price of the investment units, investment unit subscription rights or investment corporation bonds. Since neither JHR nor JHRA handles the offering and trading of investment units, investment unit subscription rights or investment corporation bonds, please ask financial institutions for the amount, upper limit, and calculation methods of such fees and other charges.

JHR mainly invests in real estate-related assets, primarily hotels which are subject to change in values. Therefore, unitholders, holders of investment unit subscription rights and investment corporation bonds may suffer losses due to economic conditions of the real estate market or securities market, economic situations including interest rate environment, the nature of investment units, investment unit subscription rights, and investment corporation bonds, dependency on mechanisms and related persons of investment corporations, changes in legal systems related to real estate (include tax regulations, building regulations and others), damage caused to the real estate-related assets by natural disasters, fluctuation in prices or profitability of the real estate-related assets, nature of the trust beneficiary rights under management, delisting of the investment units, or worsening financial position or insolvency of JHR. For details, please refer to the Articles of Incorporation, Securities Registration Statement, Annual Securities Report and Extraordinary Report, etc. of JHR.

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